DIVYA ANANTHARAMAN, JEFFREY A. PITTMAN, and NADER WANS
State Liability Regimes within the United States and Auditor Reporting

JOSEPH F. BRAZEL, SCOTT B. JACKSON, TAMMIE J. SCHAEFER, and BRYAN W. STEWART
The Outcome Effect and Professional Skepticism

SCOTT D. DYRENG and KEVIN S. MARKLE
The Effect of Financial Constraints on Income Shifting by U.S. Multinationals

CHRISTINE GIMBAR, BOWE HANSEN, and MICHAEL E. OZLANSKI
The Effects of Critical Audit Matter Paragraphs and Accounting Standard Precision on Auditor Liability

BENG WEE GOH, JIMMY LEE, CHEE YEOW LIM, and TERRY SHEVLIN
The Effect of Corporate Tax Avoidance on the Cost of Equity

CURTIS M. HALL
Does Ownership Structure Affect Labor Decisions?

MOZAFFAR KHAN, GEORGE SERAFEIM, and AARON YOON
Corporate Sustainability: First Evidence on Materiality

MARCUS P. KIRK and STANIMIR MARKOV
Come on Over: Analyst/Investor Days as a Disclosure Medium

THOMAS R. KUBICK, DANIEL P. LYNCH, MICHAEL A. MAYBERRY, and THOMAS C. OMER
The Effects of Regulatory Scrutiny on Tax Avoidance: An Examination of SEC Comment Letters

MARK W. NELSON, CHAD A. PROELL, and AMY E. RANDEL
Team-Oriented Leadership and Auditors’ Willingness to Raise Audit Issues
The American Accounting Association was founded in 1916 as the American Association of University Instructors in Accounting. Its present name was adopted in 1936. The Association is a voluntary organization of persons interested in accounting education, research, and practice.

**Membership in the Association is available at the following annual rates.**

**Full membership:**

Membership dues of $225.00 include *Accounting Education News*, and the online selection of all three Association-wide journals: *The Accounting Review*, *Accounting Horizons*, and *Issues in Accounting Education*. (This does not include Section journals.) Members may also opt to receive hard copies of AAA journals for an additional cost:

- *The Accounting Review* .................................................. with Print Option $45.00 Total U.S. $265.00
- *Accounting Horizons* ................................................... with Print Option $25.00 Total U.S. $245.00
- *Issues in Accounting Education* ........................................ with Print Option $25.00 Total U.S. $245.00
- All three Association-wide journals .................................. with Print Option $95.00 Total U.S. $315.00

**Associate membership:**

Full-time students are eligible for associate membership at $50.00 which includes *Accounting Education News* and access to all three Association-wide journals: *The Accounting Review*, *Accounting Horizons*, and *Issues in Accounting Education*. (This does not include Section journals.) Members may also opt to receive hard copies of AAA journals for an additional cost. (Teaching Notes for *Issues in Accounting Education* are not available to students.)

- *The Accounting Review* .................................................. with Print Option $45.00 Total U.S. $95.00
- *Accounting Horizons* ................................................... with Print Option $25.00 Total U.S. $75.00
- *Issues in Accounting Education* ........................................ with Print Option $25.00 Total U.S. $75.00
- All three Association-wide journals .................................. with Print Option $95.00 Total U.S. $145.00

In addition, full members may belong to one or more Sections: Accounting, Behavior and Organizations; Accounting Information Systems; Accounting Programs Leadership Group; American Taxation Association; Auditing; Diversity; Financial Accounting and Reporting; Forensic Accounting; Gender Issues and Worklife Balance; Government and Nonprofit; International Accounting; Management Accounting; Public Interest; Strategic and Emerging Technologies; Teaching, Learning and Curriculum; and Two-Year College. Each Section assesses its own dues, which are collected by the Association.

New and revised manuscripts must be submitted through the Manuscript Submission and Peer Review System, located at http://accr.allenpress.net. The site contains detailed instructions regarding the preparation of files for submission.

The submission fee of $200.00 for members of the AAA or $400.00 for nonmembers may be paid online (VISA, MasterCard, or American Express only) at https://aaahq.org/AAAforms/journals/tarsubmit.cfm and should be paid before the article is submitted.

Requests for information concerning membership, subscriptions, dues, advertisements, and other matters related to the Association (other than submission of manuscripts) should be sent to the American Accounting Association, 5717 Bessie Drive, Sarasota, Florida 34233-2399

**The Accounting Review** is indexed in the Social Science Citation Index, which is included in Web of Science.
DIVYA ANANTHARAMAN, JEFFREY A. PITTMAN, and NADER WANS
State Liability Regimes within the United States and Auditor Reporting ........................................... 1545

JOSEPH F. BRAZEL, SCOTT B. JACKSON, TAMMIE J. SCHAEFER, and BRYAN W. STEWART
The Outcome Effect and Professional Skepticism ................................................................. 1577

SCOTT D. DYRENG and KEVIN S. MARKLE
The Effect of Financial Constraints on Income Shifting by U.S. Multinationals ......................... 1601

CHRISTINE GIMBAR, BOWE HANSEN, and MICHAEL E. OZLANSKI
The Effects of Critical Audit Matter Paragraphs and Accounting Standard Precision on Auditor Liability .... 1629

BENG WEE GOH, JIMMY LEE, CHEE YEOW LIM, and TERRY SHEVLIN
The Effect of Corporate Tax Avoidance on the Cost of Equity ............................................. 1647

CURTIS M. HALL
Does Ownership Structure Affect Labor Decisions? .......................................................... 1671

MOZAFFAR KHAN, GEORGE SERAFEIM, and AARON YOON
Corporate Sustainability: First Evidence on Materiality .................................................. 1697

MARCUS P. KIRK and STANIMIR MARKOV
Come on Over: Analyst/Investor Days as a Disclosure Medium ........................................ 1725

THOMAS R. KUBICK, DANIEL P. LYNCH, MICHAEL A. MAYBERRY, and THOMAS C. OMER
The Effects of Regulatory Scrutiny on Tax Avoidance: An Examination of SEC Comment Letters .......... 1751

MARK W. NELSON, CHAD A. PROELL, and AMY E. RANDEL
Team-Oriented Leadership and Auditors’ Willingness to Raise Audit Issues .......................... 1781

Gabriel Zucman
The Hidden Wealth of Nations: The Scourge of Tax Havens ........................................... 1807

Baruch Lev and Feng Gu
The End of Accounting and the Path Forward for Investors and Managers .......................... 1812

Annual Report and Editorial Commentary for The Accounting Review .................................. 1817

BOOK REVIEWS, Garry C. Biddle, Editor

TERRY SHEVLIN

Jerold L. Zimmerman

Annual Report and Editorial Commentary for The Accounting Review .......................... 1817

Editorial Policy .................................................................................................................. 1841
Editorial Staff of The Accounting Review
2015–2016

SENIOR EDITOR
Mark L. DeFond, University of Southern California

EDITORS
Mary E. Barth, Stanford University
Anne Beatty, The Ohio State University
Mark T. Bradshaw, Boston College
David C. Burgstahler, University of Washington
Eddy Cardinaels, KU Leuven
Rachel M. Hayes, The University of Utah
Thomas Hemmer, Rice University
Mingyi Hung, The Hong Kong University of Science and Technology
Christopher D. Ittner, University of Pennsylvania
Kathryn Kadous, Emory University
Clive S. Lennox, University of Southern California
Elaine G. Mauldin, University of Missouri
Edward L. Maydew, The University of North Carolina at Chapel Hill
Gregory S. Miller, University of Michigan
Mark E. Peccher, University of Illinois at Urbana-Champaign
K. R. Subramanyam, University of Southern California and Indian School of Business
Irem Tuna, London Business School
Mohan Venkatachalam, Duke University
T. J. Wong, The Chinese University of Hong Kong

EDITORIAL ASSISTANT
Stephanie Austin, American Accounting Association

American Accounting Association
EXECUTIVE DIRECTOR
Tracey E. Sutherland

PUBLICATIONS DEPARTMENT
Susan Rockwell
Stephanie Austin
Nate Smith
Jake Bateman
Jan Kozarik (subcontracted)
Copyediting Team (subcontracted)

OTHER AAA STAFF
Julie Smith David
Randy Greene
Susan Crossom
Shanna Bigelow
Barbara Brady
Barbara Gutierrez
Nancy Maciag
Erica Zakarias
Chad Grondahl
Ruth Sklar
Mark VanZorn
Joe Parisi
Suzanne Mullinnix
Erlinda Jones
Debora Gardner
Bevoly Collins
Peggy Turczyn
Stephanie Glaser
Kelli Gouwens
Jean Thompson
Pat Stein
Mary Beth Gripshover

Editorial Advisory and Review Board

Christopher P. Agoglia, University of Massachusetts
Ashiq Ali, The University of Texas at Dallas
Anwar S. Ahmed, Texas A&M University
Ann Marie Armstrong, University of Pennsylvania
William R. Baber, Georgetown University
Brad A. Badertscher, University of Notre Dame
Christopher S. Ayers, The University of Georgia
Benjamin C. Ayers, The University of Texas at Austin
William A. Baren, The University of Iowa
Tim Baldenius, New York University
Sudipta Basu, Temple University
Jean C. Bedard, Bentley University
Messa D. Benech, Indiana University
Bruce K. Billings, Florida State University
Robert J. Bloomfield, Cornell University
Jennifer L. Blom, University of Pennsylvania
Jasmin C. Bol, Tulane University
Francois Brochet, Harvard University
Lawrence D. Brown, Temple University
Brian J. Bushee, University of Pennsylvania
Brian D. Cadman, The University of Utah
Carolyn M. Callahan, University of Louisville
Joseph V. Carcello, The University of Tennessee
Mary Ellen Carter, Boston College
K. Hung Chan, Lingnan University
Paul K. Chaney, Vanderbilt University
Shaping Chen, The University of Texas at Austin
Qi Chen, Duke University
Qiang Cheng, Singapore Management University
Jung-Hag Choi, Seoul National University
Michael B. Clement, The University of Texas at Austin
Daniel A. Cohen, The University of Texas at Dallas
William M. Cready, University of Texas at Dallas
Hemang A. Desai, Southern Methodist University
Ayaseh Dey, University of Minnesota
Shane S. Dikolli, Duke University
Scott D. Dyreng, Duke University
Christine E. Earley, Providence College
W. Brooke Elliott, University of Illinois at Urbana-Champaign
Michael L. Ettredge, The University of Kansas
David B. Farber, The University of Texas at El Paso
Mei Feng, University of Pittsburgh
Paul E. Fischer, University of Pennsylvania
Jere R. Francis, University of Virginia
Mary Margaret Frank, University of Oregon
James R. Frederickson, The University of Melbourne
Cristi A. Gleason, The University of Iowa
David A. Guenthner, University of Oregon
<table>
<thead>
<tr>
<th>Years</th>
<th>Editors</th>
<th>Years</th>
<th>Editors</th>
</tr>
</thead>
<tbody>
<tr>
<td>1976–1978</td>
<td>Don T. DeCoste</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>