




“From tax forgiveness to financial growth: How tax amnesty can boost stock market listings in an emerging economy”

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FROM TAX FORGIVENESS TO FINANCIAL GROWTH: HOW TAX AMNESTY CAN BOOST STOCK MARKET LISTINGS IN AN EMERGING ECONOMY

Abstract

In Cambodia's emerging economy, characterized by a large informal sector and tax compliance challenges, a successful tax amnesty program could strengthen financial markets by enhancing transparency and boosting investor confidence. The purpose of this study is to investigate how tax amnesty programs can improve investor confidence, regulatory trust, and access to finance, thereby promoting capital market participation. Using a quantitative approach, the study employs Partial Least Squares Structural Equation Modelling (PLS-SEM) to analyze data from 224 businesses. The findings reveal that participation in the tax amnesty program leads to significant improvements in financial transparency, investor confidence, regulatory trust, and access to finance. Moreover, increased investor confidence, desire to access finance, and regulatory trust were found to significantly influence companies' intentions to list on the stock market. The study highlights the critical role of tax amnesty in preparing businesses for stock market listings and supporting capital market development, providing valuable insights for policymakers seeking to attract investment through regulatory reforms. The study contributes to the expanding literature on the importance of tax compliance and market development, offering insights into how tax forgiveness can act as a catalyst for economic growth and enhance capital market development.

Keywords

access to finance, financial transparency, investor confidence, regulatory trust, stock market, tax amnesty

JEL Classification

G10, G18, H25, H26

INTRODUCTION

The informal sector remains a significant feature of many emerging economies, with tax non-compliance acting as a barrier to formal economic integration and financial market development. In Cambodia, a country marked by limited participation in the Cambodian Securities Exchange (CSX) and pervasive financial irregularities, tax evasion has undermined the ability of businesses to access formal financial systems and capital markets. This issue has been exacerbated by companies' reluctance to disclose financial information due to fear of detection, a situation that prevents them from aligning with international accounting standards or listing on the stock exchange.

The problem lies in understanding how government interventions, such as tax amnesty programs, can address these barriers. While such programs have been used globally to reduce tax evasion and expand the tax base, the effects of tax amnesty on financial transparency and capital market participation in emerging economies remain underexplored. In particular, the role of these programs in building regulatory trust, improving investor confidence, and enhancing access to finance

has not been comprehensively studied in the context of Cambodia. The challenge is not only in increasing compliance but also in fostering a regulatory environment where businesses feel incentivized to enter the formal financial system and participate in the stock market.

This study seeks to contribute to the understanding of how tax amnesty can be used as a tool to improve corporate financial practices, increase transparency, and boost investor confidence, ultimately enhancing participation in Cambodia's formal capital markets.

1. LITERATURE REVIEW AND HYPOTHESES

Tax amnesty programs are widely recognized for their potential to address tax evasion and enhance tax compliance. In emerging economies, these programs are often viewed as strategic tools to formalize the informal economy and increase government revenues. However, the relationship between tax amnesty and its broader economic impacts, particularly in relation to financial transparency and capital market participation, remains underexplored (Imbern, 2024; Ma'aji et al., 2024a; Setiawan & Suwandar, 2024). This section critically analyzes key studies and theories that highlight the relevance of tax amnesty programs in improving corporate transparency and fostering investor confidence, with a particular focus on emerging economies like Cambodia.

Tax amnesty programs offer businesses the opportunity to rectify previous tax errors, often by providing legal immunity and reducing penalties. According to Shevlin et al. (2017), the primary function of such programs is to expand the tax base by encouraging businesses to disclose previously unreported income. This is particularly relevant in economies where informal sectors dominate, as these programs can facilitate the integration of businesses into the formal economy. However, while this mechanism appears effective in promoting tax compliance, its true impact on financial transparency – which is central to facilitating capital market participation – remains debated. Middleton and Muttonen (2020) highlight that tax amnesty programs lead to improved financial reporting standards, as businesses correct past mistakes and align their financial statements with regulatory requirements. This can enhance transparency and reduce information asymmetries that typically hinder investment in emerging markets. While their findings are promising, a

critical gap exists in understanding whether these improvements in transparency are sustainable in the long term, particularly in markets where institutional trust is weak. For instance, although businesses may correct their tax records during the amnesty period, the long-term commitment to maintaining accurate and transparent financial reporting often depends on the strength of regulatory frameworks and enforcement mechanisms (Adhariani et al., 2024; Flammer, 2013; Khan & Nuryanah, 2023).

Richards (2021) conducted a comparative analysis of Nigeria's tax amnesty program and found significant improvements in financial reporting standards. However, the study failed to examine whether these improvements were uniformly adopted across all sectors or were more prevalent in certain industries, such as those with more robust financial management practices. This raises questions about the selective nature of the benefits of tax amnesty, with businesses in higher-regulated sectors likely benefiting more than those in less-regulated sectors. Further research is needed to assess whether financial transparency achieved through tax amnesty is genuinely reflective of a broader shift in business culture or merely a temporary adjustment driven by short-term incentives. In a similar study by Shahryar (2021), focusing on Pakistan's tax amnesty program, it was found that the program led to more transparent financial statements and improved standards of corporate governance in the participating companies.

Furthermore, the relationship between tax amnesty and investor confidence has been widely discussed in the literature, with many scholars arguing that tax amnesty programs send a positive signal to investors about a company's commitment to transparency and governance. Leland and Pyle (1977) suggest that by improving financial transparency, businesses can reduce perceived risks and increase their

attractiveness to investors. This theory aligns with the signaling theory put forward by Spence (1974), which posits that firms that voluntarily correct past tax mistakes signal their commitment to sustainable growth and responsible corporate governance.

Flammer (2013) extends this argument by showing that tax compliance, including participation in amnesty programs, signals strong governance practices, which are crucial for attracting both debt and equity capital. The study suggests that investor confidence is directly linked to the perceived reliability of a company's financial statements. However, it overlooks the potential limitations of tax amnesty as a signal. While tax amnesty may improve transparency in the short run, it does not guarantee long-term improvements in corporate governance or operational practices. The voluntary nature of amnesty programs may also attract only those businesses already inclined to comply with regulatory standards, thus excluding firms that could benefit the most from such programs but remain unwilling to voluntarily disclose their financial information. Ngelo et al. (2022) emphasize that investor confidence is significantly boosted when businesses improve their tax compliance through amnesty programs. However, this finding does not address the structural challenges investors face in emerging economies, such as poor enforcement of regulations and weak corporate governance standards. While tax amnesty programs may increase transparency, their impact on investor confidence is contingent on the broader regulatory environment. According to Suharto (2023), the tax amnesty program significantly increases investor confidence as it encourages greater corporate transparency and reduces the risk associated with tax compliance and reputation. In countries where there is a lack of consistent enforcement of tax and financial regulations, investor confidence may remain fragile despite improvements in financial transparency. This underscores the need for complementary reforms to strengthen institutional frameworks alongside tax amnesty programs.

The concept of regulatory trust – the belief that the legal, tax, and financial systems operate fairly and transparently – is central to the success of tax amnesty programs (Felzmann et al., 2019; O'Brien, 2019). Slemrod (2019) argues that the effectiveness of tax amnesty programs is closely tied to the lev-

el of trust businesses have in the regulatory system. When companies believe that the regulatory environment supports their compliance efforts, they are more likely to participate in tax amnesty programs. This notion is supported by Sultan et al. (2023), who suggest that regulatory trust plays a crucial role in determining the extent to which businesses embrace tax reforms, including amnesty programs. Langevoort (2017) and Bratspies (2009) find that confidence in regulatory and legal systems is strong when companies feel that the system supports their compliance efforts and provides a fair way to address past errors. However, the relationship between tax amnesty and regulatory trust is not straightforward. Maman et al. (2025) argue that while tax amnesty programs can enhance regulatory trust in the short term, they may also foster skepticism if businesses perceive the program as a temporary measure rather than a long-term commitment to improving governance and compliance. In markets with weak regulatory enforcement, businesses may view tax amnesty as a one-off opportunity to bypass penalties rather than a genuine effort to improve governance. This skepticism can undermine the program's effectiveness in building long-term trust in regulatory institutions.

The institutional theory, as proposed by DiMaggio and Powell (1983), provides a framework for understanding how businesses' decisions to participate in tax amnesty programs are influenced by their environment. Institutional pressures, such as regulatory requirements and expectations from stakeholders, shape the behavior of businesses. In Cambodia, for example, businesses are often reluctant to participate in formal financial systems due to concerns over regulatory unpredictability and weak enforcement mechanisms. As such, while tax amnesty may help to address short-term compliance issues, its long-term effectiveness in fostering regulatory trust depends on broader institutional reforms that ensure fair and consistent enforcement of tax and financial regulations (Burdon & Sorour, 2020; Jaradat & Oudat, 2025; Risi et al., 2023; Rosid et al., 2018; Stulz, 2009).

One of the most cited benefits of tax amnesty programs is the potential to improve companies' access to finance by reducing information asymmetry between businesses and investors.

This is because a significant number of companies, especially in developing countries, rely on their own funds to expand their businesses at a slower pace because of the challenges associated with accessing external capital, as access to finance remains a major challenge faced by many businesses (Ma'aji et al., 2024b). Bernini et al. (2025), Cheong et al. (2020), Ellul et al. (2016), and Sultan et al. (2023) argue that businesses that participate in tax amnesty programs are more likely to secure credit and attract investment, as their improved financial transparency reduces the perceived risk for lenders and investors. Similarly, Suharto (2023) found that businesses in Indonesia that participated in tax amnesty programs experienced enhanced access to financing, as their improved tax compliance signaled to investors that they were reliable and transparent. Additionally, Shahryar (2021) found that Pakistani companies that participated in tax amnesty programs to correct previous tax filing mistakes had better access to credit and more financing opportunities. Cheong et al. (2020) found that rectifying and regularizing taxes can significantly increase a company's ability to secure funding from creditors and investors by demonstrating that the firm adheres to relevant and established laws and regulations.

However, access to finance is not automatically guaranteed for all businesses that participate in tax amnesty programs. While improved transparency can make companies more attractive to investors, the broader economic context and the financial infrastructure in place play significant roles in determining whether businesses can actually access capital markets. For instance, in countries with underdeveloped financial systems, even businesses with enhanced transparency may struggle to access financing due to a lack of financial products or institutions willing to provide capital. This highlights the need for complementary reforms in financial infrastructure and market development.

The literature on tax amnesty programs demonstrates that these initiatives can play a significant role in improving financial transparency, boosting investor confidence, and increasing access to finance. However, the impact of tax amnesty on capital market participation in emerg-

ing economies like Cambodia remains complex and dependent on a range of factors, including institutional trust, regulatory frameworks, and broader market contexts. While tax amnesty programs can provide short-term benefits, their long-term effectiveness requires complementary reforms to strengthen institutional and financial systems. This literature review underscores the need for further empirical research into the specific dynamics of tax amnesty in emerging markets, particularly in the context of capital market participation, to better understand how these programs can foster sustainable economic growth.

This study investigates whether a tax amnesty program can improve financial transparency, access to finance, regulatory trust, investor confidence, and support stock market listing. The study makes important implications for Cambodian capital markets, regulatory policies, and future academic research. From the literature review described above, the relevant variables in this study can be formulated through the research model, as shown in Figure 1. Additionally, the study hypotheses are as follows:

- H1: *Tax amnesty positively influences financial transparency.*
- H2: *Tax amnesty positively influences perceived investor confidence.*
- H3: *Tax amnesty positively influences regulatory trust.*
- H4: *Tax amnesty positively influences access to finance.*
- H5: *Financial transparency positively influences the intention to access the stock market.*
- H6: *Investor confidence positively influences the intention to access the stock market.*
- H7: *Regulatory trust positively influences the intention to access the stock market.*
- H8: *Access to finance positively influences the intention to access the stock market.*

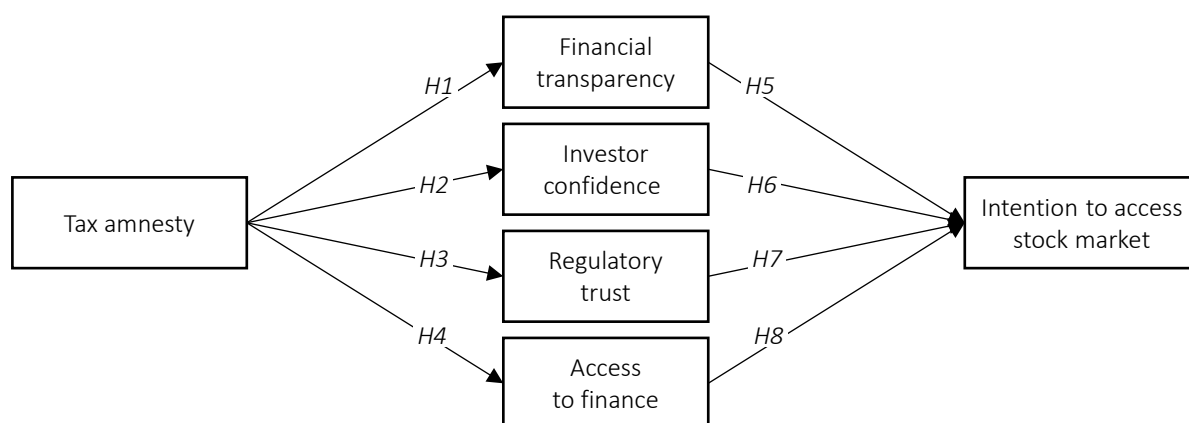


Figure 1. Research model

2. METHODS

To achieve the research objective, estimate the research model and hypotheses, reach out to more target audience in a timely and cost-effective way across Cambodia, an online survey was utilized (Bin-Nashwan & Muneeza, 2023; Fricker & Schonlau, 2002; Ma'aji et al., 2022; Ma'aji et al., 2023). To verify the accuracy of our survey items, which measure different constructs, we sent the questionnaire to two finance professors and three tax analysts who work at investment firms specializing in helping companies file for tax. Their feedback and recommendations were subsequently utilized to enhance the constructs of the survey. We employed a 5-point Likert scale in the questionnaire to gauge the level of significance attributed by CEOs/founders or their deputies/CFOs to a certain factor. The questionnaires were disseminated online via Google Forms, exhausting the respondents' direct email addresses. The list of email addresses was tenable from the Accounting and Auditing Regulator of Cambodia (ACAR) and two chambers of commerce support organizations, EuroCham and AmCham. The survey via Google Form helped us obtain responses from businesses across Cambodia in a user-friendly manner, and we were able to view the results in real-time data collection.

This study investigates whether tax amnesty improves financial transparency, access to finance, and regulatory trust; bolsters investor confidence; and supports stock market listings. A total of 437 questionnaires were sent to CEOs/founders and deputies/CFOs. The sample was chosen randomly and fulfilled the following criteria: (1) large- and

medium-sized SMEs. (2) Only SMEs with revenue of at least \$500,000 were included. (3) To effectively filter participants and ensure they are aware of the amnesty program implemented by the Cambodian government, a screening question [Is your firm aware of the tax amnesty program of the government?] was also used. Each questionnaire was accompanied by a cover letter that provided an overview of the study objectives and scope. Furthermore, it ensured absolute confidentiality of the evidence provided by each participant. The questionnaire and the cover letter were in English, and a Khmer translation was provided beneath the English questions to help understand the research objectives and survey questions. Translating research questionnaires into the local language is a critical step in ensuring cultural relevance, respondent understanding, high-quality responses, increased participation rates, and consistency in the research process (Ma'aji et al., 2023). Beaton et al. (2000) emphasized the importance of linguistic and cultural equivalence in ensuring the reliability and validity of instruments. A total of 224 questionnaires were completed, resulting in a response rate of 51 percent.

Furthermore, this study employed an online survey of 28 indicators to evaluate six constructs: tax amnesty, financial transparency, investor confidence, regulatory trust, access to finance, and intention to access stock markets. All items were adapted from validated scales in the literature and reworded to suit the context of tax amnesty program initiatives introduced in an emerging market. Table 1 provides an overview of the constructs' definitions and measurement sources.

Table 1. Constructs conceptualizations and operationalizations

Construct	Conceptualization/Operationalization	Source
Tax amnesty (TA)	The extent to which participating in the tax amnesty program increases the intention to access the stock market. TA was measured by three items [e.g., <i>"We consider the tax amnesty program a useful opportunity"</i>].	Ngelo et al. (2022); Suharto (2023)
Financial transparency (FT)	Tax amnesty program has the potential to increase financial transparency and motivate companies to list on the stock market. FT was measured by five items [e.g., <i>"Participation in the tax amnesty has improved the transparency of our financial reporting"</i>].	Middleton and Muttonen (2020); Aharon (2023)
Investor confidence (IC)	Rectifying previous tax mistakes through tax amnesty programs is likely to increase the reliability and transparency of financial records and boost investor confidence and the chance of listing on the stock market. FT was measured by five items [e.g., <i>"Improved tax transparency enhances our attractiveness to investors"</i>].	Ngelo et al. (2022); Ndudi et al. (2020)
Regulatory trust (RT)	Regulatory trust in the legal and financial system is likely to encourage companies participating in tax amnesty programs and lead to stock market listing. RT was measured by five items [e.g., <i>"We believe the legal system will support companies trying to list after compliance"</i>].	Slemrod (2019); Sultan et al. (2023)
Access to finance (AF)	The extent to which the tax amnesty program can improve companies' access to finance in the stock market. AF was measured by five items [e.g., <i>"Improved tax compliance has enhanced our access to credit or funding"</i>].	Bernini et al. (2025); Sultan et al. (2023)
Intention to access stock markets (ASM)	The extent to which an increase in companies' financial transparency, investor confidence, regulatory trust, and access to finance increases companies' intention to access the stock market. ASM was measured by five items [e.g., <i>"We now meet more of the governance and disclosure criteria required by the stock exchange"</i>].	Aharon (2023); Ndudi et al. (2020); Suharto (2023); Beck et al. (2003)

Data were analyzed using partial least squares structural equation modelling (PLS-SEM) with SmartPLS software, owing to its suitability for predictive research models with latent variables

and moderating effects. The analysis followed a two-step approach: measurement model assessment, reliability evaluation (Cronbach's alpha, composite reliability), convergent validity (AVE),

Table 2. Descriptive analysis

Measures	Items	n	%
Years of operation	1 to less than 10 years	61	27.2
	10 to less than 15 years	83	37.1
	15 to less than 20 years	50	22.3
	>20 years	30	13.4
Sector/industry	Manufacturing	42	18.8
	Service	31	13.8
	Real estate	27	12.1
	Healthcare	36	16.1
	Education	35	15.6
	Technology	30	13.4
	Financial service	23	10.3
Revenue/turnover in 2024	Less than \$500,000	9	4.0
	\$500,000 – \$1m	20	8.9
	\$1m – \$5m	43	19.2
	\$6m – \$20m	108	48.2
	\$20m+	44	19.6
Total assets	Less than \$500,000	5	2.2
	\$500,000 – \$1m	21	9.4
	\$1m – \$5m	53	23.7
	\$5m – \$10m	88	39.3
	\$10m+	57	25.4
Number of employees	1–10 employees	20	8.9
	11–99 employees	102	45.5
	100–250 employees	57	25.4
	251–500 employees	23	10.3
	>500 employees	22	9.8
Has the company considered listing on the Cambodia Stock Exchange (CSX)?	Yes	39	17.4
	No	170	75.9
	Prefer not to say	15	6.7

and discriminant validity (HTMT criterion). Structural model assessment: Testing path coefficients, R^2 values, and significance of the hypothesized relationships.

Additionally, Table 2 shows the descriptive analysis of the respondents. This study surveyed 224 businesses across Cambodia's diverse industries. In terms of years of operation, most firms were relatively established, with 64.4% operating for 10 to less than 20 years, indicating mature business experience. The manufacturing sector had the highest representation (18.8%), followed by healthcare (16.1%), education (15.6%), and services (13.8%), reflecting a broad mix of sectors. Most businesses reported strong performance: 48.2% had revenues between \$6 million and \$20 million, and 19.6% exceeded \$20 million in 2024. Similarly, 39.3% held assets between \$5 million and \$10 million, and 25.4% exceeded \$10 million, suggesting that most of the sampled firms were medium-to large enterprises.

Regarding workforce size, the results displayed in Table 2 indicate that 45.5% employed between 11

and 99 people, and 35.5% had over 100 employees, confirming the predominance of SMEs and larger firms. Only 8.9% are micro-enterprises. Finally, when asked whether their company had considered listing on the Cambodia Stock Exchange (CSX), 75.9% responded "No," while only 17.4% said "Yes," and 6.7% preferred not to say. This generally indicates a low level of interest or readiness among businesses to engage in stock market opportunities. Overall, the sample reflects a well-established and financially active group of businesses, well-suited for examining how participation in a tax amnesty program influences financial transparency, investor confidence, and the intention to access the stock market.

3. RESULTS AND DISCUSSION

Table 3 shows the results of the model measurement. Reflective measurement items were evaluated to confirm their reliability and their convergent and discriminant validity (Hair et al., 2017). The first step involved checking the internal consistency of the latent constructs using composite

Table 3. Measurement model results

Constructs	Items	Factor loadings	CR	AVE
Tax amnesty	TA1	0.877	0.845	0.646
	TA2	0.753		
	TA3	0.777		
Financial transparency	FT1	0.785	0.857	0.558
	FT2	0.790		
	FT3	0.784		
	FT4	0.875		
	FT5	0.410		
	IC1	0.818		
Investor confidence	IC2	0.709	0.870	0.574
	IC3	0.767		
	IC4	0.717		
	IC5	0.772		
	RT1	0.878		
Regulatory trust	RT2	0.870	0.928	0.721
	RT3	0.876		
	RT4	0.896		
	RT5	0.709		
	AF1	0.819		
Access to finance	AF2	0.821	0.917	0.846
	AF3	0.844		
	AF4	0.815		
	AF5	0.867		
	ASM1	0.615		
Intention to access the stock market	ASM2	0.897	0.928	0.723
	ASM3	0.886		
	ASM4	0.878		
	ASM5	0.935		

reliability (CR). As shown in Table 3, all CR values exceeded the recommended threshold of 0.70, confirming construct reliability. Of the 28 measurement items, 19 demonstrated strong factor loadings above 0.70, and two items (FT5 and ASM1) showed moderate loadings between 0.40 and 0.70. Convergent validity was supported by average variance extracted (AVE), with all constructs surpassing the minimum criterion of 0.50. A full collinearity assessment was performed to address the issues of potential multicollinearity and common method bias. All variance inflation factor (VIF) values were well below the critical value of 3.3, indicating no significant concerns.

Table 4 shows discriminant validity. Discriminant validity was verified using the heterotrait-monotrait (HTMT) ratio. As reported in Table 4, all HTMT values were below the threshold of 0.85, in line with the recommendation of Henseler et al. (2015) confirming that each construct was distinct. Overall, these results confirmed the robustness, reliability, and validity of the measurement model, thereby providing a solid foundation for evaluating the structural model.

Table 4. Discriminant validity

HTMT 0.85 criterion		1	2	3	4	5	6
1	Tax amnesty						
2	Financial transparency	0.766					
3	Investor confidence	0.762	0.633				
4	Regulatory trust	0.849	0.772	0.688			
5	Access to finance	0.792	0.653	0.472	0.685		
6	Intention to access the stock market	0.846	0.584	0.64	0.749	0.661	

Table 5. Structural model results

Hypothesis and path		B	TDEV	t-value	p-value	Support?
H1	Tax amnesty → Financial transparency	0.601	0.041	14.549	0.000	Yes
H2	Tax amnesty → Investor confidence	0.603	0.042	14.324	0.000	Yes
H3	Tax amnesty → Regulatory trust	0.739	0.031	24.043	0.000	Yes
H4	Tax amnesty → Access to finance	0.619	0.036	16.981	0.000	Yes
H5	Financial transparency → intention to access the stock market	-0.011	0.062	0.172	0.864	No
H6	Investor confidence → intention to access the stock market	0.223	0.071	3.150	0.002	Yes
H7	Regulatory trust → intention to access the stock market	0.402	0.088	4.569	0.000	Yes
H8	Access to finance → intention to access the stock market	0.261	0.078	3.335	0.001	Yes
Endogenous constructs					R ²	Q ²
Financial transparency					0.362	0.188
Investor confidence					0.363	0.204
Regulatory trust					0.545	0.387
Access to finance					0.384	0.322
Intention to access the stock market					0.543	0.360

Table 5 presents the structural model results. This study assessed the model's predictive power by examining the explained variance (R^2) of key constructs. In the context of the tax amnesty-access stock market model, the endogenous variables 'financial transparency, investor confidence, regulatory trust, access to finance, and access to the stock market yielded R^2 values of 0.362, 0.363, 0.545, 0.384, and 0.543, respectively. To evaluate the model fit within the PLS-SEM framework, a blindfolding procedure was applied to measure predictive relevance (Q^2). The Q^2 values for the endogenous constructs were 0.188, 0.204, 0.387, 0.322, and 0.360, respectively, exceeding the zero benchmark, thus confirming the model's predictive capability (Hair et al., 2017).

Moreover, a bootstrapping test with 5,000 resamples was conducted to determine the statistical significance of hypothesized relationships. The results showed that, except for the path from financial transparency to intention to access the stock market (which was not significant), all other relationships between the exogenous and endogenous constructs met the minimum t-value requirement of ± 1.65 (one-tailed test), indicating significance.

Specifically, tax amnesty demonstrated a significant positive effect on financial transparency ($\beta = 0.601$, $p = 0.000$), investor confidence ($\beta = 0.603$, $p = 0.000$), regulatory trust ($\beta = 0.739$, $p = 0.000$), and access to finance ($\beta = 0.619$, $p = 0.000$). These findings confirm hypotheses H1, H2, H3, and H4 (Table 5). The results reveal that the tax amnesty program can significantly increase a company's financial transparency, access to finance, regulatory trust, and investor confidence. Moreover, investor confidence ($\beta = 0.223$, $p = 0.002$), regulatory trust ($\beta = 0.402$, $p = 0.000$), and access to finance ($\beta = 0.261$, $p = 0.001$) were found to have significant positive effects on companies' intention to access the stock market, confirming H6, H7, and H8. In contrast, financial transparency ($\beta = -0.011$, $p = 0.864$) did not significantly predict stock market access, resulting in the rejection of H5 as shown in Table 5. Additionally, this reveals that an increase in investor confidence, regulatory trust, and access to finance significantly influences companies' decisions to access or list on the stock market.

The strong positive relationship between tax amnesty and financial transparency indicates that businesses that join the tax amnesty program introduced by the government increase their financial transparency. This result aligns with the outcomes of prior research (e.g., Bidabad et al., 2017; Bernini et al., 2025; Middleton & Muttonen, 2020; Richards, 2021; Shahryar, 2021). Companies join the tax amnesty program to clean their financial records to enhance financial transparency. Companies can use the opportunity presented by the program to correct prior errors made in the filing of their taxes, increasing financial accuracy and transparency. It can also lessen the information asymmetry between the business and its investors, hence increasing the clarity and accuracy of their financial records. However, despite improved transparency, the absence of a significant link between financial transparency and intention to list suggests that transparency alone may not be sufficient to motivate firms to enter the stock market. This finding contrasts with conventional market development theory (Pagano, 1993) and indicates that other structural factors, such as market readiness, listing costs, or institutional trust, may play a stronger role in influencing listing intentions in the Cambodian context.

Furthermore, the results show that the tax amnesty program has a significant and positive influence on investor confidence. Businesses take part in the tax amnesty program to increase investor confidence. Businesses that correct their tax filings under the tax amnesty initiative are increasingly becoming more reliable and transparent, thereby boosting investor confidence. Additionally, the tax amnesty initiative has the capacity to boost investors as it encourages greater corporate transparency and reduces the risk associated with tax compliance and reputation. These findings corroborate the results of previous studies such as Ngelo et al. (2022) and Suharto (2023). Additionally, the research findings also reveal that increased investor confidence has a positive and significant influence on a company's intention to access the stock market. Companies that participate in the tax amnesty program send a strong positive signal to stakeholders, especially investors and creditors, thereby enhancing their likelihood of stock market participation. High levels of investor confidence correlate with reduced perceived risk, thereby incentivizing companies to participate in the stock market. This finding is consistent with those of Ndudi et al. (2020), Naveed et al. (2021), Miano (2020), Monfared et al. (2017), and Trang and Tho (2017).

Moreover, regulatory trust also plays a significant mediating role between tax amnesty and market participation. The results reveal that tax amnesty is positively associated with regulatory trust and supported by previous studies such as De Simone et al. (2020), Maman et al. (2025), Okoye (2019), and Sultan et al. (2023). Regulatory trust in legal and tax systems is likely to encourage companies to participate in the tax amnesty programs introduced by the government. Companies' confidence in the regulatory, tax, and legal systems and the assurance of confidentiality in the tax amnesty program will increase their participation in addressing past tax-filing errors (Daoud, 2024; Maman et al., 2025). Additionally, the research finding reveals that increased trust in the regulatory environment positively and significantly increases a company's intention to access the stock market. Companies with confidence in regulatory and tax systems are more motivated to participate in market activities such as bond issues and listing on the stock market. Tax amnesty programs that create a fair and transparent regulatory environ-

ment can incentivize and motivate companies to engage with stock markets in fundraising and other activities. This finding is consistent with those of Brummer (2008), Suharto (2023), Quamar et al. (2025), and Zingales (2009).

Similarly, access to finance is shown to be both positively affected by tax amnesty and significantly predictive of stock market participation. The results reveal that companies participate in tax amnesty programs to increase access to finance. Companies that have participated in tax amnesty programs to correct previous tax-filing mistakes are likely to have better access to credit and various funding opportunities. Additionally, it can lower the perceived risk for creditors and investors, thereby easing the process of securing debt or attracting equity investments. Previous studies support this finding (Cheong et al., 2020; Sultan et al., 2023; Shahryar, 2021). Furthermore, the results also show that companies' desire to gain access to finance is positively associated with the intention to access the stock market. Tax-amnesty programs can enhance a firm's access to finance by increasing its reputation, credibility, and transparency, thereby making it a more attractive investment opportunity for public investors in the stock markets. This result echoes prior research results, such as those of Beck et al. (2003).

Taken together, these findings highlight that tax amnesty can be a transformative policy instrument – not only encouraging compliance but also creating favorable preconditions for capital market development. However, the results also suggest that improved transparency alone is insufficient to drive listing intentions in Cambodia. Instead, investor confidence, regulatory trust, and financial access appear to be the primary enabling mechanisms. This finding echoes critiques in prior literature (Flammer, 2013; Slemrod, 2019) that transparency must be accompanied by a stable regulatory environment and credible institutions to yield meaningful economic outcomes. For policymakers, this has several implications. First, designing tax amnesty programs that emphasize trust-building and investor protection can enhance their effectiveness as market development tools. Second, complementary institutional reforms – such as simplifying listing procedures, reducing compliance costs, and strengthening legal protections – may be necessary to convert improved transparency into actual market participation. For businesses, participation in tax amnesty offers strategic benefits beyond compliance, positioning them as credible and attractive candidates for financing and investment.

CONCLUSION

The purpose of this study was to investigate the impact of tax amnesty programs on financial transparency, investor confidence, regulatory trust, access to finance, and the intention of companies to participate in the stock market in Cambodia. Our findings show that a tax amnesty program can significantly increase financial transparency, access to finance, regulatory trust, and investor confidence. Furthermore, investor confidence, regulatory trust, and access to finance positively influence companies' intention to access the stock market, whereas financial transparency alone does not significantly affect this intention.

These findings suggest that tax amnesty programs are effective in enhancing corporate compliance and building trust with investors and regulatory authorities. Offering a form of incentive to businesses to rectify their previous tax-related mistakes and errors voluntarily is not only essential in mitigating existing compliance gaps in the market but also lays the foundation for sustainable market participation. This will lead to building a healthy financial market, ease access to capital, and encourage businesses to be involved in formal financial markets. This aligns with the regulatory framework needed for stock market listings and capital market integration. Consequently, policymakers can use tax amnesty initiatives as a strategic tool to promote transparency, improve market readiness, and encourage broader participation in the formal financial system. For example, the Cambodian government could introduce more incentives for businesses that participate in the tax amnesty program with the intention of subsequent listing on the stock market. Listing fees may

be subsidized and provide regulatory support and protection or advisory services that encourage businesses to take the next step toward listing on the stock market. This approach would not only accelerate the development of the stock market but also increase capital flows into the Cambodian economy, driving further economic development.

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