Corporate Shadow Lobbying

January 10, 2026

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Abstract: Do firms privately seek political favor in response to regulatory scrutiny? Data from the Lobbying Disclosure Act (LDA) of 1995 suggest fewer than 10% of publicly listed firms have disclosed any lobbying activity despite the potential for large returns. Watchdog groups suggest significant corporate lobbying occurs without disclosure through the LDA because firms avoid disclosure thresholds and registration conditions in the LDA (i.e., they engage in *shadow lobbying*). To obtain a more comprehensive measure of suspected lobbying activity, I use precise movement data from 179 million smartphones to examine in-person interactions among firms, corporate lobbyists, and the government. I exploit the launch of three issue-based audit campaigns by the IRS and show that firms affected by campaigns significantly increased in-person visits to the Capitol and the IRS through the use of contract lobbyists, trade associations, and in-house lobbyists. Approximately 40% of firms that initiated such contacts disclosed no lobbying, with nondisclosure prevalent among both in-house and trade-association lobbyists. These results suggest that limits in disclosure laws allow substantial corporate political interaction to occur in private.

JEL Codes: D72; G38; M48; L51; K34; H32; H26

Section I: Introduction

The popular narrative that large corporations have disproportionate influence in US politics runs counter to the data on corporate lobbying activity. The Lobbying Disclosure Act of 1995 (LDA) requires lobbyists to report contact with government officials, but fewer than 10% of public corporations have ever filed such a lobbying report (Kim 2018). Since lobbying can offer extremely large returns on investment,[1] this low degree of reported lobbying has puzzled stakeholders (Beardsley et al. 2024; Grotteria 2024). Studies have rationalized low disclosure rates by arguing that most firms do not lobby at the levels that would require disclosure because risk-averse investors price in political risk from engaging in lobbying, which would render capital costlier (Grotteria 2024; Hassan et al. 2019), or more simply that most firms do not know how to lobby (Egerod and Aaskoven 2024). On the other hand, low disclosure rates could also be driven by nondisclosure, i.e., *shadow lobbying* (Auble and Evers-Hillstrom 2019). Notable examples of influence efforts by unregistered lobbyists (e.g., Newt Gingrich) and investigative reports of systematic loopholes in the LDA[2] suggest that many firms engage in shadow lobbying, either by avoiding disclosure thresholds or potentially not complying with the LDA (LaPira and Thomas 2013). Given the inherent difficulty of observing nondisclosure, empirical evidence of shadow lobbying is limited (Barrick and Brown, 2019).

In this study, I examine the existence and extent of corporate shadow lobbying using movement data from a sample of 179 million smartphones and measuring in-person interactions among firms,

[1] Evidence of large returns to corporate lobbying is offered in Alexander et al. (2009), Borisov et al. (2016), and Cooper et al. (2010).

[2] Lobbying disclosure requirements in the LDA involve a three-pronged condition set that must be met simultaneously in order to trigger disclosure. Lobbyists must measure and self-report if more than 20% of their time is spent on lobbying-related activities, *and* concurrently make two or more contacts with "covered" officials in the same quarter *and* receive at least $3,500. There is no enforcement or oversight over compliance (Auble and Evers-Hillstrom 2019).

professional lobbyists, and federal government officials in 2019. Next, I compare these in-person interactions with firms' LDA filings to develop an empirical estimate of *corporate shadow lobbying,* i.e., suspected corporate lobbying activity that is not disclosed through mandatory disclosure filings relied upon by external stakeholders.[3] Stakeholders highlight significant policy and corporate governance concerns attributable to opacity in corporate lobbying. Shareholders of public corporations highlight shadow lobbying as an area of information asymmetry between management and investors: for instance, in 2019, 24 years after the passage of the LDA, a coalition of 70 large institutional investors filed shareholder proposals called "Lobbying Disclosure Resolutions" urging public corporations to directly disclose their lobbying activities, highlighting significant limitations in current regulations and the "reputational and financial risk to investors" from nondisclosure of political activity, particularly when the aims of such lobbying diverge from firms' stated views (Smith and Keenan 2019).

A prominent challenge in identifying variation in corporate lobbying is that firms select into lobbying the government for many reasons over time, as is evident from little variation in their disclosed lobbying spending across years (Bertrand et al., 2014). To identify and isolate a reason and a target for corporate lobbying, I examine whether firms increase in-person visits through lobbyists to the Internal Revenue Service (IRS) or the US Congress in response to quasi-random variation in the launch of tax audits. To do so, I use device-level geolocation data from the movement of 179 million smartphones covering the entire US for January 2019–December 2020. I spatially intersect these data with building shapefiles to identify devices that consistently pinged

[3]Firms that do not disclose lobbying can still remain in compliance with the LDA if for example, they use lobbyists who do not register because their self-reported time spent on lobbying is under 20% of their working hours. Given data limitations, I do not examine or conclude on the legality of nondisclosure. In this study, I am interested in documenting the extent of in-person lobbyist interactions that are not reflected in LDA filings.

within the offices of IRS field examiners[4] and tax lobbyists to observe the movement of these devices to firm headquarters, the US Capitol and the national IRS headquarters. Next, I examine whether firms disclose these lobbying activities through LDA filings, namely, the quarterly "LD-2" reports required by the LDA. Together, my findings represent the first large-scale evidence of corporate shadow lobbying.

Corporate tax audits offer an apt setting for researchers to study shadow lobbying through in-person interactions for at least three reasons. First, in 2019, 98.3% of these audits were conducted through in-person field examinations (Internal Revenue Service, 2025, p. 17), such that variation in audits in my sample period is likely visible in smartphone movements. Second, anecdotes suggest that shadow lobbying is particularly pervasive during tax audits. That LDA disclosure requirements are limited to a notably narrow list of "covered" officials in federal agencies—especially relative to the requirements for lobbying of congressional staffers—presents an opportunity for shadow lobbying directed at agencies such as the IRS (Congressional Research Service, 2015, 2025; OpenSecrets, 2025). In addition, tax regulation is economically important for firms of all sizes across industries and listing status. Nearly 50% of registered lobbyists lobbied on tax issues in 2024, with tax lobbyists numbering 11 for every member of Congress (Public Citizen, 2025).

To overcome selection on unobservable characteristics inherent in corporate tax audits, I use the shift of IRS' Large Business and International Division (LB&I) away from decentralized, continuous audit selection to issue-based campaigns as plausibly exogenous shocks to a firm's risk of being audited by the IRS (Internal Revenue Service, 2019a). Three practice areas of the LB&I

[4]Exhibit 1 displays the frequency of all pings near an example IRS office and illustrates the precision of the building shape boundary used to classify devices into IRS devices and others.

launched issue-based campaigns in 2019. I consider these campaigns separate events and implement generalized difference-in-differences (DiD) tests for each to study the effect of field examiners revealing relevant information on specific tax issues to audited firms on those firms' lobbying of the IRS and Congress within a 16-week window around the launch of each campaign.

First, I validate that these campaigns increase audit scrutiny. Field examiners from the practice area leading each campaign indeed increase in-person visits to firm headquarters in the weeks after a launch relative to their visits of the same firm in the week prior and to visits of a control group of firms by field examiners from other practice areas in the sample window. Field examiner visits to firms increase by 2.2 to 4.5% on average immediately after a campaign launches.[5] Through these visits, the firms selected under these issue-based campaigns likely learn about the specific tax issues for which they experience an increase in regulatory scrutiny. Issue-based campaigns thus represent significant changes in scrutiny and communicate information to firms about their exposure to specific parts of the tax code.[6]

Next, I find that firms affected by issue-based campaigns are likelier than other firms under audit to invite lobbyists to their headquarters in the weeks following a campaign launch. Using this link between lobbyist appearances at firm headquarters and campaign starts, I find that the affected firms send 0.3–1 additional lobbyists to the IRS national headquarters in the weeks after a campaign launch and within a week of inviting lobbyists to their headquarters. I compare these visits to Capitol visits by firm-linked lobbyists in the same weeks as a falsification test to verify

[5] The magnitude of these results is comparable to that of prior findings on the effect of IRS access to firm-level information on specific tax issues on the probability of tax audits (Belnap et al., 2025).

[6] This estimate represents the increment in scrutiny from the IRS under campaigns. While I identify 748 firms likely under audit by the IRS in 2019, I focus the subsequent analysis on the 288 firms affected by one of three campaigns to better isolate when and how firms learn about scrutiny from the IRS. Due to data limitations, I cannot ascertain when or why the other firms were selected for tax audits. Moreover, firms under a tax audit are generally larger and fundamentally different from unaudited firms, but firms selected for campaigns are not fundamentally different from other firms under audit (see Panel B of Table 2).

that the former are indeed related to the IRS tax enforcement, not to tax lobbying related to legislation or other tax benefits. Lobbyists from the firms affected by campaigns are likelier to visit the IRS national headquarters than the Capitol. This activity is consistent both with firms increasing in-person visits to offices of enforcement officials when issue-based tax audits reveal information about their exposure to parts of the tax code and with media reports of tax lobbyists pressuring the IRS "to get in favorable rules for their clients" (Drucker and Hakim, 2021).

Next, I examine the extent to which firms that initiate in-person visits file lobbying disclosures. Up to 40% of the firms that send lobbyists to the IRS in my sample do not disclose lobbying through the LDA, consistent with the explanation of substantial levels of shadow lobbying. The extent of shadow lobbying varies by type of lobbyist: 23% of the firms hiring contract lobbyists do not disclose through LDA filings, a share that is comparatively small because contract lobbyists have the highest incentive of any kind of lobbyist to show their clients "proof of work" through LDA filings. Shadow lobbying is more prevalent among in-house teams and trade associations. 56% of the firms in my sample that lobby through in-house lobbyists and 72% of the firms that lobby through trade associations do not file a lobbying report.[7] The high rate of nondisclosure of lobbying through trade associations likely results from lacunae in the disclosure regulation. Trade associations need not disclose member firms or specify which member firms they are representing while lobbying; firms can thus avoid disclosure of lobbying through these associations relatively easily (Barrick and Alexander 2014). These results collectively suggest that corporate political activity is extensively underreported in the US.[8]

[7] Another example of a loophole in the LDA include, for instance, the threshold of "one contact per quarter." Figure 4 shows some evidence of bunching under this guideline for lobbyists tied to nondisclosing firms.

[8] While this is the first empirical evidence of nondisclosure of direct interactions between lobbyists hired by corporations and government officials, the nondisclosure shares here are comparable in scale to the undisclosed

I explore two possible reasons for shadow lobbying: reputation risks to firms and career costs for lobbyists. First, firms are strongly concern about tax-related reputation risk (Graham et al., 2014; Hanlon et al., 2025), with tax shaming by policy groups highlighting this risk for firms. To examine whether firms likelier to worry about their tax-related reputation are likelier to hide their lobbying activities, I use a popular study by the Institute for Taxation and Economic Policy (ITEP) naming 55 large corporations that "paid no taxes" in 2019. Using a control group of similarly large corporations with low or no taxes paid but not named in the ITEP article, I find that the firms exposed to tax shaming were incrementally likelier to engage in shadow lobbying after being selected for issue-based audits.

Second, I explore the mechanism of revolving-door lobbyists preferring shadow lobbying to avoid career costs. In 2009, the Honest Government and Open Leadership Act (HGOLA) banned government officials from registering as lobbyists for two years after leaving a role in public office and vice versa (Congressional Research Service, 2011). I examine whether such career costs prevent registration of lobbyists and induce shadow lobbying. I find that the firms that hired contract lobby firms where former government officials worked were likelier to engage in shadow lobbying in response to issue-based audits.

This study contributes to the academic literature on corporate political activity by documenting the systematic prevalence of shadow lobbying. I answer the calls for research on shadow lobbying (Barrick and Brown, 2019) and the role of tax-related reputation risks in selective disclosure of political activity (Hanlon et al., 2025). Thus far, research on corporate political activity largely relies on disclosed lobbying efforts (Brown et al., 2015; Cunningham, 2025; Lambert, 2019;

political activity measured by Bertrand et al. (2020), who find that corporate charitable contributions to foundations linked to politicians are approximately 35% as large as all disclosed lobbying expenditure.

Richter et al., 2009) and indirect measures of undisclosed political influence (Bertrand et al., 2020; Egerod, 2024). I contribute by examining direct communication between firms and the government and providing evidence that a significant share of these in-person communications are not disclosed through lobbying filings. While anecdotes have long suggested that lobbying disclosures may be incomplete, external stakeholders have lacked conclusive empirical evidence on the extent of lobbying that goes undisclosed. I provide evidence not only that shadow lobbying exists but also that 40% of the firms in my sample that lobby do not file disclosures.

Next, I contribute to the literature on corporate responses to tax enforcement since the Tax Cuts and Jobs Act (TCJA; Choi and Kim 2025; Bozanic et al. 2017; Yost and Shu, 2022). Due to the relative recency of the IRS's change in its audit selection strategies and lack of granular within-firm data on the intensive and extensive margins of IRS audit intensity since 2016,[9] the academic research on LB&I campaigns has been limited, despite its significance. This is the first empirical study of how LB&I campaigns significantly increased in-person visits of firms by examiners from the office related to these campaigns, marking a significant change from the continuous audit selection model the IRS applied in the years prior to 2016.

Finally, I contribute to the literature on corporate lobbying and regulatory scrutiny (Alexander et al., 2009; Brown et al., 2015; Correia, 2014; Egerod, 2024; Lambert, 2019). This stream

[9] Extant public measures of IRS audits rely on aggregate audit statistics by asset class (Yost and Shu, 2022), downloads of firms' public financial statements by the IRS on the basis of IP addresses published by the Securities and Exchange Commission (SEC) until 2016 (Bozanic et al., 2017), and disclosure-based measures (Choi and Kim, 2025). Aggregate audit statistics by asset classes do not directly identify the firms under audit or reveal the resource allocation or issues likely under audit. IRS downloads of firms' 10-Ks also do not directly measure audit status, and the use of this indicator has decreased in prominence since the implementation of Schedule UTP, which allows private disclosure of uncertain tax positions to the IRS (Bozanic et al., 2017). Moreover, the SEC stopped publishing IP addresses of 10-K downloads in 2016, preventing the use of these data for analyzing IRS scrutiny since then. Disclosure-based measures present their own set of problems, such as the lack of tax audit disclosure requirements. Firms disclose tax audits selectively and in varying degrees of detail (Choi and Kim, 2025). Firms are also prevented by proprietary costs of disclosure that might draw additional scrutiny or reveal to competitors details about their internal value chains (Choi and Kim, 2025).

predominantly studies a group of firms that always lobby and their long-term regulatory outcomes but falls short of being able to comment on the direction of association because of the lack of within-firm variation in disclosure data. My study differs in that I isolate the directional relationship between the start of regulatory scrutiny and show that this induces firms to lobby. In addition, I contribute to the policy discussions around lobbying regulation and disclosure by showing that current policies enable substantial corporate political activity to occur without public knowledge.

Section II: Institutional Setting and Hypothesis

Why Do Firms Lobby Federal Agencies?

> *Shoe leather matters, going up there matters. You can't do it by phone; personal relationships are really important, and networking.*
>
> – *Anonymous Tax Lobbyist* (Barrick and Alexander, 2014)

In their LDA filings, companies and organizations report more lobbying of the IRS than of the Navy, the Joint Chiefs of Staff and the President of the United States combined (Brown, 2005). In 2019, tax lobbyists represent the second largest group of registered lobbyists in the United States, second only to those lobbying for federal appropriations.[10] Firms directly lobby federal agencies for two reasons: to communicate about and potentially influence the implementation of regulations and to develop cooperative relationships during likely adversarial investigations (Seidman et al., 2025). In the case of tax lobbying, two executive agencies interpret and implement tax laws after their passage: the Department of Treasury and the IRS. Both provide guidance that clarify their positions on tax issues to taxpayers. Former heads of the IRS's Office of Chief Counsel have

[10] In 2019, 4,344 lobbyists disclosed lobbying related to the federal budget and appropriations, and 4,254 disclosed lobbying on issues related to taxes.

remarked that the guidance aims to balance "taxpayers' need for certainty and the need of Treasury and the IRS for latitude in administering tax laws"; thus, beyond their concern with the substance of tax law, corporations have an incentive to communicate their needs to the IRS in the development of tax guidance (Congressional Research Service, 2025). This is particularly valuable to the firm as IRS tax guidance carry legal weight: For instance, in a tax dispute, corporations can rely on subregulatory guidance published in the *Internal Revenue Bulletin* (IRB) to support their tax position (Congressional Research Service, 2025).

Most of the firms and their lobbyists who have disclosed meetings with government officials over tax issues report having directly approached IRS officials years after the passage of significant tax legislation such as the TCJA (see Figure A3). Lobbyists thus focus their efforts on agencies *after legislative changes* in the implementation phase, when the federal agencies have significant power to interpret and implement legal changes that can significantly impact firms (e.g., selection of issues for LB&I campaigns). Before 2024, US courts deferred to federal agencies' interpretation of statutes that they administer,[11] so the IRS could apply broad interpretive authority in the enforcement of tax law, which set a prohibitively high bar for taxpayers to litigate or challenge the interpretation of tax law in US courts *after a tax audit*. Therefore, firms had significant incentives to communicate with the IRS through lobbying *during tax audits* to convince it to consider exceptions to audit thresholds, reinterpret statutes, or revise its initial positions on certain issues during audits as soon as the firms became aware of which issues affected them directly.

Second, firms perceive tax audits to be adversarial in nature (Seidman et al., 2025). Tax examiners are tasked with raising revenue for the government with limited resources and industry knowledge,

[11] The Supreme Court ended forty years of federal administrative precedent and overruled so-called *Chevron* deference in June 2024 (*Loper Bright Enterprises v. Raimondo*, 2024).

which can sometimes lead to severe, prolonged, and costly disagreement, especially if the firm has a poor working relationship with the examiner or a history of litigation with the IRS (Seidman et al., 2025). Anecdotes from tax executives under audit suggest that even when firms are confident about their interpretation of the tax law, they may avoid litigation to prevent a worsening of their relationship with the IRS or a triggering of future audits (Seidman et al., 2025). Beyond the subjectivity in interpreting tax laws, variation in tax examiners' aggressiveness, expertise, and audit approach across years and even within the same audit can induce firms to seek favor by "speaking to an adult" at a higher level of the IRS (Seidman et al., 2025).

Are Firms Required to Disclose Lobbying?

Lobbying covers a variety of activities aimed at influencing government decisions, but the LDA defines it rather narrowly. For contract lobbyists, quarterly reporting is mandated only when three conditions are met at once: A lobbyist must make more than one lobbying contact of a "covered" official per quarter, receive over $3,500 in client fees, and spend at least 20% of her billable time on lobbying for the client. The rules are more relaxed for in-house lobbyists—those employed directly by an organization. In-house lobbyists must file quarterly reports only when a minimum of $16,000 is spent on lobbying and the thresholds on lobbying time and number of contacts have been met. The LDA does not regulate the disclosure of firm identities or contributions when lobbying occurs through trade associations. Therefore, different types of lobbying activities have different levels of reporting rules, and even in the strictest setting of contract lobbying, the self-reported 20% rule allows considerable leeway for avoiding registration as a lobbyist or reporting contacts with the government (Evers-Hillstrom & Auble, 2019). Furthermore, the LDA disclosure forms are completed by the lobbyists, firms, or trade organizations and submitted to the Senate or House of Representatives for record-keeping but are not audited for accuracy, especially if the

lobbying contacts occur exclusively at federal agencies (Congressional Research Service, 2011). Given that—in particular contrast to Congressional staffers—IRS career staff are not "covered" by LDA mandates, disclosure requirements even are more rarely triggered when lobbyists deal with career staff at this federal agency (Jacobs et al., 2017). Firm can also influence regulation through trade associations, their relationships with which are largely unobservable at the firm level.

Tax Audits and LB&I Campaigns

Prior to 2017, the IRS's LB&I division, responsible for auditing firms with assets over $10 million, selected large corporations for tax audits in two ways. The first was through the Coordinated Industry Case (CIC) program, through which the IRS continuously audited firms on the basis of size and operations complexity (Ayers et al., 2019). While the tax returns of firms covered by this program were audited every year, the issues of focus and audit strategy were largely client specific and therefore represented significant duplication of work across audits (Internal Revenue Service, 2019a). Second, all other firms could be selected the Industry Case (IC) program, where audit resources were allocated on a decentralized and year-by-year basis; tax audit selection, the issues of focus, and the level of scrutiny were not certain for a firm in this group in any given tax year. Given the decentralization of audit selection and siloing of audit strategies, LB&I examinations under the old regime had been producing increasingly worse results for the IRS, especially in the face of budget cuts. Between 2000 and 2010, the IRS resorted to auditing fewer firms and proposed fewer deficiencies during audits, which yielded a net decline in revenue collected through the corporate audit process (Nessa et al., 2020).

From 2017, the LB&I announced a significant restructuring of its corporate audit program, phasing out the CIC program and replacing it with so-called issue-based audits (Internal Revenue Service,

2019a). These LB&I campaigns are based on an audit selection model that allows the IRS to better centralize resources, share subject matter experts across regions, and build training tools to take advantage of economies of scale. The LB&I internally identifies issues (e.g., international tax provisions) and coordinates examinations to improve the rate of audits that identify deficiencies (Internal Revenue Service, 2019a). Perhaps the greatest shift lies in the coordination of timing—the launch and execution of the campaigns themselves, which the IRS now announces shortly before commencing audits in the area (Internal Revenue Service, 2019a).

The IRS completed its transformation to issue-based campaigns in early 2019. The shift away from size-based audits is evident in aggregate audit statistics. Figure A2 Panel A shows that the percentage of no-change audits (audited tax returns with no additional taxes recommended) dropped by between 10 and 15 percentage points (50% relative to its level in 2014) for midmarket firms with assets between $100 million and $1 billion. In contrast, this percentage has remained flat for firms with more than $1 billion in assets. In other words, since 2017, the LB&I campaign approach has shifted IRS resource allocation such that the share of tax returns with proposed deficiencies has risen for smaller firms.

LB&I campaigns are likely to change the nature of IRS audits especially for firms with historically lower IRS exposure, representing an increased risk of settlements, fines, or penalties and likely requiring firms to adjust their tax positions less favorably for the future. This is especially relevant since the IRS no longer automatically audits tax returns for the largest firms and firms are less likely to know which of their tax positions will trigger audits prior to a campaign announcement. Firms learn about their exposure to LB&I campaigns either from an announcement itself or their internal perception of exposure to specific issues mentioned in the announcement or only when

IRS examiners arrive at their office to perform field examinations. Of the LB&I audits in 2019, 98.3% were field examinations, and every audit requires an in-person opening conference, typically attended by tax executives of the firms and the IRS (Internal Revenue Service, 2025).

Do Firms Privately Seek Political Favor In Response to Regulatory Scrutiny?

The most prominent study of undisclosed corporate political activity is that by Bertrand et al. (2020), who find that large corporations seeking political favor donate to charities tied to elected officials in amounts equal to as much as 35% of disclosed lobbying expenditure in the US. However, Bertrand et al. (2020) and similar studies are limited by their use of indirect measures of political influence and, crucially, the significant selection bias in which firms engage in political activity. Attempts at observing specific channels of interests in this literature are also constrained by the features of LDA filings: Bertrand et al. (2020), for example, identify corporate interests through specific mentions of congressional committees in lobbying reports, which most reports do not include because of low compliance (Cunningham, 2025); in this way, they also omit the more than 90% of firms that never file a disclosure (Aaskoven and Egerod, 2024). Given how small the fraction of the largest firms that engage in any political activity is (Beardsley et al., 2024; Aaskoven and Egerod, 2024), the lack of within-firm variation in the timing of donations or lobbying spending (Brown et al., 2015), and the potential for significant nondisclosure of lobbying activity (Evers-Hillstrom and Auble, 2019), empirical evidence on the extent to which regulatory scrutiny induces firms to turn to lobbyists remains limited.

Studies on the relationship between regulatory enforcement and political connections are largely limited to observing long-term trends through disclosure or less direct measures of firms contacting the government. For example, Correia (2014) investigates how long-term monetary contributions to elected officials are associated with SEC enforcement. While the study finds that firms that

spend on campaign contributions in the long run generally draw less negative attention from the SEC, the study notes a key limitation in the failure to observe undisclosed, nonmonetary, or social interactions between firms and politicians (Correia, 2014). It does not speak to lobbying of regulatory agencies, but perhaps more importantly, Correia (2014) and similar studies on other settings such as banking regulation or tax enforcement (Egerod, 2024; Lambert, 2019) cannot determine the direction of causation—that is, whether the *start* of an investigation increases lobbying or how regulatory scrutiny positively or negatively affects firms' political interactions, either disclosed or undisclosed. This is a particularly important gap in the literature because resource-based confounders are not only plausible but likely. Firms with the resources to invest in navigating corporate regulation more effectively also likely have the resources to lobby the government. I address this gap in the literature by estimating a directional relationship between firm exposure to regulatory scrutiny and firms' incentives to initiate political connections.

I address these limitations by directly observing in-person contacts—the actual lobbying—and by isolating the likely reason for lobbying by using the launch of tax audit campaigns as a setting. I then test how much regulatory scrutiny induces firms to initiate in-person contact with government officials and what proportion of these in-person contacts is disclosed. In this way, I aim to directly identify the prevalence of shadow lobbying among large corporations in the US. First, I hypothesize that firms selected as part of a tax audit campaign are incrementally likelier to lobby the IRS. Anecdotes suggest that lobbying the IRS can induce it to change its interpretation of issues, such as treatment of transfer pricing for foreign service providers (Drucker and Hakim, 2021). Firms are also less likely to reach out to Congressional staff about tax enforcement because Congress largely handles larger-scale legislative change (Congressional Research Service, 2025).

However, because firms are averse to reputation risk associated with lobbying from adverse media coverage (Hanlon et al., 2025), lobbyists are concerned about career costs due to anti-revolving door laws like HLOGA Act (Blanes i Vidal et al., 2012), and the law allows substantial lobbying activities to remain undisclosed (Congressional Research Service, 2015), the firms may not disclose such lobbying.

H1: Firms initiate in-person lobbying of tax regulators that is not disclosed to external stakeholders through LDA filings.

On the other hand, firms concerned about their reputation with regulators and policymakers may be unlikely to engage in shadow lobbying because they may prefer to seem legitimate and transparent and seek to foster trust with regulators (Seidman et al. 2025). Shadow lobbying during an audit may expose firms to adverse reactions from the IRS and prevent them from building a long-term positive relationship, which prior qualitative literature has documented as being a priority for firms in this setting (Barrick and Brown 2019). In addition, if firms remain compliant with the LDA and choose to not disclose lobbying by staying under disclosure thresholds, their lobbying efforts may not be as effective. Given that shadow lobbying may provide some advantages like avoiding adverse media coverage but come with disadvantages like being less effective and could adversely affect relationships with federal agencies, the extent to which corporations engage in shadow lobbying is an empirical question.

Section III: Data and Methods

Smartphone Movement Data

To capture the presence of LB&I examiners and tax lobbyists at corporate headquarters and the presence of the same lobbyists and firm executives at the Treasury, IRS, and Capitol, I use deidentified smartphone geolocation data for the 179 million unique US smartphones covering the entire US from January 2019 to December 2020. My data are from the online data vendor *Veraset*, which provides precise location data or pings collected from smartphone applications that track the precise locations of smartphones with the users' explicit consent. The locations are observed at an average horizontal accuracy of a 30 ft. radius, allowing matching of devices with specific locations, for example, within a building. Research in empirical social sciences has used these data to tag devices that regularly ping within firm buildings and study face-to-face interactions, knowledge spillovers, returns to mergers and acquisitions, and—perhaps most comparably to my study—interactions of devices that ping within SEC offices and publicly listed corporations (Atkin et al., 2022; Gerken et al., 2025; Testoni et al., 2022).

I use IRS office locations that house at least one LB&I leader to identify a group of devices that potentially belong to LB&I examiners.[12] For historical corporate headquarters, I rely on the Notre Dame Software Repository for Accounting and Finance and collect addresses from the 2019 and 2020 10-X header data. For lobbying firms, I use the LDA data from OpenSecrets and data from LobbyView (Kim 2018) to identify the list of registered contract lobby firms, in-house lobbyists' office locations,[13] and trade associations' listed addresses as of 2019. Then, I apply several filters

[12] I obtain a list of office locations of leaders within the LB&I division from an archived version of the IRS website dated April 2020 (closest archive date to the calendar year 2019) to ensure that these office locations had active LB&I division teams engaged in field examinations close to the sample period.

[13] I use cached company websites to gather information on firms' government relations offices in Washington DC. Second, for firms that disclose lobbying through in-house lobbyists, I use the address listed on their 2019 LDA to

to identify devices that regularly ping within the building shapes. First, to obtain the building shapes, I identify the office buildings through the Microsoft US Building Footprint dataset, which covers the entire US, and supplement these data with open government data on building shapes from Washington DC, Chicago, and New York City and hand-collected building shapes to identify the coordinates of the buildings' interior.[14]

Next, I use a geoJSON-to-geohash conversion algorithm to produce a list of alphanumeric codes called *geohashes* that hold unique values for a geographic area of precision for the collection of building shapefiles. The data vendor reports smartphone geolocations at the geohash9 level (a precision level of 5 meters x 5 meters). I collect a list of all geohash9 values that fall within the shapefile of the IRS office location, corporate headquarters, or lobbying firm office and search for all devices that ping within these locations. Next, I retain observations with a *horizontal accuracy* within the radius of the square footage of the office buildings to remove observations that may be outside the actual office, which could introduce measurement error in the sample of devices regularly near the IRS buildings. Then, to remove visitors and non-work-related personnel from the sample, I exclude devices that do not primarily ping within these buildings for the duration of the whole day for fewer than 30 different workdays across twelve different months of the sample.

I identify 23,859 devices potentially belonging to LB&I examiners and track the same devices to corporate headquarters buildings to identify 2,233 LB&I examiners who conduct field examinations. For context, there were 3,754 revenue agents—officers who perform field

ascertain their Washington DC address matches that on their company website. Some firms list their corporate headquarters in the LDA filing; for this subset of firms, I hand-collect the Washington DC office location through search engines and confirm that they hold government relations personnel. I exclude from the sample firms that listed only their corporate headquarters in their LDA and lacked an open DC location during 2019, as identification depends on my locating devices that belong to a cohort of lobbyists within the firm based on their office location.

[14] This approach is similar to that of research using location data from smartphones (Gerken et al., 2025).

examinations—within the LB&I division at the end of FY 2019 (TIGTA, 2021). Similarly, I identify 1,770 lobbyists across contract firms, in-house offices, and trade associations that visit both the firm headquarters and either the IRS national headquarters or the Capitol. For context, approximately 4,254 lobbyists disclosed lobbying on tax issues in 2019. Given my stringent selection criteria and the fact that not all lobbyists work for public corporations or necessarily need to visit firm headquarters, this sample achieves sufficient coverage of LB&I examiners and lobbyists who work on tax issues while minimizing the possibility of identifying false positives.

OpenSecrets and LobbyView

Consistent with prior literature on corporate lobbying, I obtain lobbying firms' names, addresses, and clientele from LDA data through both OpenSecrets and LobbyView (Kim, 2018). Then, I filter for organizations that filed at least one LDA disclosure in 2019, input "tax" as the issue, and collect the list of addresses for registered firms. Registered firms are of three types. Contract lobbyists exclusively serve other clients, often individual firms but also other organizations and state and local governments in initiating and extending in-person conversations with elected officials, their staff members, and officials in federal agencies. Contract lobbyists work out of separate offices, typically in Washington DC. In-house lobbyists are employed directly by a firm and exclusively lobby on behalf of their employer. Trade association lobbyists report lobbying on behalf of the associations themselves and do not reveal their member firms on disclosure forms. Additionally, I collect details such as firm identifiers, lobbyists' government experience, and agency and issue of the lobbying report.

There are some key advantages to my using precise location data from smartphone movements to study when and to what extent firms contact regulators and legislators through lobbyists. Lobbying activities are predominantly carried out in-person; this was especially true prior to the COVID-19

pandemic (Barrick and Alexander, 2014). Moreover, a significant share of lobbying occurs through trade associations (Congressional Research Service, 2015; Evers-Hillstrom & Auble, 2019). Even within contract lobbying firms and among in-house lobbyists, some personnel who work on lobbying-related activities, including meeting with government officials, can circumvent the requirements to register given the LDA disclosure thresholds (Brown, 2005). By observing the movement of cohorts of devices between lobbyist offices, firms, and the likely destinations where they would seek to make in-person contacts, I can directly measure firms' in-person communication with government officials and avoid the problems of selective disclosure in lobbying reports or low precision of measures such as political donations or hiring of ex-government officials to corporate boards (Egerod 2024).

LB&I Campaigns

A prominent empirical challenge researchers face in examining firms' motivations to lobby is directly observing the precise timing and issues of focus of regulatory scrutiny. Most regulators focus on subsets of industries or have limited jurisdiction over subject matters; thus, studies of regulatory scrutiny from agencies such as the Food and Drug Administration (FDA) or the Commodities and Futures Trading Commission (CFTC) are unlikely to generalize to firms across industries. Even if the timing of regulatory scrutiny by agencies with broad jurisdiction such as the SEC may be externally observable (Gerken et al., 2025), few firms are ever investigated because the issues under scrutiny are idiosyncratic to firms' behavior and unlikely to reflect exogenous variation in regulatory scrutiny.

I use the shift in the LB&I's audit selection methods to address both concerns. First, tax audits affect every individual and firm in the US, and LB&I field examinations affect every publicly listed firm with assets above $10 million. This addresses the concern that only some industries or

firms may be affected by regulatory scrutiny, such as those monitored by the Environmental Protection Agency (EPA), or the FDA. Second, the switch to issue-based campaigns introduced exogenous variation in the timing, issues, and practice areas of the LB&I that increase audit scrutiny of firms. There remains the concern that firms' tax avoidance and the IRS's internal assessment of the firms' tax positions drives selection even if the issues are selected on the basis of a broad trend. To address this concern, I restrict my sample to firms with at least one LB&I examiner present in the firm headquarters during each sample window, thereby mitigating in part the selection bias that arises from the types of firms ex ante likelier to be audited. I observe three LB&I campaigns launched by three different practice areas in 2019, which incrementally revealed to firms their exposure to tax enforcement on specific, publicly announced issues that could induce firms to contact tax lobbyists or trade associations or invest in lobbying efforts.[15]

There are several other advantages to my using 2019 LB&I campaigns as the setting for this study. LB&I campaigns have been launched since 2017, but the former CIC program continued to exist until early 2019, such that the first "clean" year of the campaign-based audit regime was 2019. Moreover, since LB&I campaigns are announced publicly with details that include subject matter experts, regions of the IRS, and the specific issues that will result in field examinations, I can observe the precise start date of the campaign and identify which IRS offices with subject matter experts are likely to have initiated or intensified field examinations of corporations. A second key advantage is that LB&I campaigns change which audit issues are selected but the scope of the audit is not necessarily limited to the issue itself. This allows me to generalize my results to IRS audits

[15] The LB&I launched the Captive Services Providers campaign on April 16, 2019, led by the Treaty and Transfer Pricing practice area; the Deferred Compensation campaign on July 19, 2019, led by the Northeastern Compliance practice area; and the Deferred Foreign Income campaign on November 4, 2019, led by the Cross-Border Activities practice area. Other campaigns launched by the LB&I in 2019 were directed at individuals or pass-through entities and did not affect C corporations. The IRS launched further campaigns in 2020, but I exclude these from my analysis because of the onset of the COVID-19 pandemic and its effect on in-person interactions.

from different eras since the examination process after the initiation of the audit was not affected by the shift to the campaign-based model (Internal Revenue Service, 2019a).

Validation Tests

The data come with some limitations. Firm executives, LB&I examiners, or tax lobbyists might turn off their personal devices, disable location tracking on work-related devices, or not use any applications that track locations. These limitations may affect the completeness of my sample but do not increase the risk of identifying false positives. To address limitations related to sufficiency of data coverage, I compare my sample to supplementary IRS statistics on the aggregate number of LB&I tax examiners and the disclosed number of registered tax lobbyists in the LDA data.

However, my measures can still be affected by possible false positives. In validating that devices belong to LB&I examiners, I am restricted by legal standards[16] and contractual terms[17] with the data vendor preventing reidentification of individuals on the basis of personal information such as public deed records or publicly available voter registration records. However, without reidentifying individuals, I validate the sufficiency of data coverage and the accuracy of the data collection process by tracking devices typically observed at LB&I office locations or lobbyist offices at external locations in specific time frames when either a) external circumstances

[16] The precise locations of smartphones when reidentified, including by merging to external data sources, are considered personal data under legislation such as Section 5 of the Federal Trade Commission Act and several state laws (Federal Trade Commission v. InMobi Pte. Ltd., 2016; Gray and Sanderson, 2020). Here, personal information is defined as information that identifies, relates to, describes, is reasonably capable of being associated with, or could reasonably be linked, directly or indirectly, to an individual's personally identifiable information (PII).

[17] To comply with privacy regulations, the data use agreement with the data vendor also restricts reidentification of individuals by means of external data sources such as individuals' public records both in practice and in publication. I restrict my validation tests to cohorts of devices at public events likely to be attended by the IRS, tax executives, or lobby firms. I refrain from linking particular devices to individual identities at any stage of the data collection process.

prevented them from being present or b) public records indicate that at least some LB&I examiners or lobbyists were present on specific dates at a given venue.

Federal Government Shutdown (December 22, 2018–January 25, 2019)

I leverage the government shutdown of December 22, 2018–January 25, 2019, which paused most LB&I field examinations until the reopening of the federal government but did not restrict any other personnel from going to the office. The IRS released a list of exempted officials (approximately 5% of the LB&I workforce) who had to continue field operations through the shutdown to prevent the lapse of the statute of limitations for certain field examinations (Internal Revenue Service, 2018); the remainder of audits were paused until January 28, 2019.

In Figure 1, I plot the pings per day from LB&I examiner devices at corporate headquarters in relation to pings from all other devices from the same buildings during the same period. The number of pings from LB&I examiner devices increased to an average of 3,328 per day in the three weeks after the federal government reopened, having averaged 267 pings in the three weeks prior—a 1,240% increase. All other pings in the same corporate headquarters locations did not measurably differ before and after the reopening. This figure suggests that the devices tagged as likely belonging to LB&I examiners are in fact devices used by shutdown-affected employees who visit corporate headquarters and validates my measure of LB&I examiners.

Tax Prom 2019

Tax Prom is the most prominent networking event for tax lobbyists, policymakers and firm managers seeking to build a personal connection with tax regulators. This black-tie gala, organized by the Tax Foundation, has a $3,000 entry fee and attracts the most influential lobbyists. In 2019, it took place on November 21 in the National Building Museum in Washington DC. I collect data

from all smartphones that pinged inside the museum in the weeks surrounding Tax Prom and validate whether I find devices tagged as belonging to tax lobbyists within that building on that date. Panel B of Figure 1 shows devices tagged as belonging to tax lobbyists within the museum on the day of Tax Prom but rarely on any other date. This test validates to an extent that the tagged devices appear at events tax lobbyists are publicly known to attend.

Nationwide Tax Forums

The primary event where LB&I examiners are likeliest to publicly interact with tax professionals is the IRS Nationwide Tax Forum. In a secondary validation test, I locate LB&I examiners at forum events in different cities on different dates. The IRS describes these events as "the marquee IRS outreach events" (Internal Revenue Service, 2019b) and organized five three-day forums in 2019 in Washington DC, Chicago, New Orleans, Orlando, and San Diego, all of them in conference hotels more than a mile from the closest LB&I offices on nonholiday dates. I locate devices tagged as belonging to LB&I examiners within the conference hotels around these dates.[18] Along with my observation of examiner movements around the shutdown in early 2019, the fact that I observe examiners at these events provides additional validation of my measure of LB&I examiner devices.

Research Design

I describe my identification strategies and empirical specifications for three sets of tests. First, I use three event studies and estimate whether LB&I examiners from the offices launching the respective campaigns increased their visits to firms after campaign launch relative to visits by other

[18] In Figure A1, I observe devices that I tag as belonging to LB&I examiners within each of these hotels during the conference windows but not during any other time. Across all five events, I observe few pings from LB&I examiners in the days leading up to the respective Nationwide Tax Forum, followed by a large spike of pings in the weekend prior, during the week, and the weekend after of the conference. Pings from LB&I examiners within the conference locations are no longer observed for the days after the conference period.

LB&I examiners to audited firms. This test aims to validate that LB&I campaigns represent legitimate and significant information events that communicate specific areas of exposure to firms. Next, I examine whether firms exposed to campaigns invite tax lobbyists to their headquarters and send the same lobbyists to Capitol Hill or the IRS national headquarters. These tests aim to estimate whether firms respond to an increase in tax audit scrutiny by initiating contact with lobbyists and whether those same lobbyists contact government officials. Finally, I examine what share of these contacts corresponds to firms that disclose lobbying through LDAs and which types of lobbyists and firms are incrementally likelier to lobby government destinations without filing an LDA.

LB&I Campaigns and Examiner Visits

First, I examine the incremental change in firm-level tax audits following the launch of an issue-based campaign to validate that the campaigns were significant events representing a change in IRS audit selection and the level of scrutiny even within a given firm and that firms likely learn about their specific areas of exposure after the launch of such campaigns. I estimate the relationship between the launch of an LB&I campaign and campaign-related examiner presence within firm headquarters with the following ordinary least squares (OLS) equation:

$$LBI\ Campaign\ Office\ Examiners\ at\ Firm_{iw} = \beta_0 + \beta_w\ (T + w)_w + v_i + u_w + \epsilon \qquad (1)$$

The dependent variable is the natural log of the number of examiners from offices hosting one of three practice areas for the three different campaigns. First, the *TTP Campaign* was launched on April 16, 2019, targeting tax avoidance through favorable transfer pricing of "captive service provider" activities and launched by the Treaty and Transfer Pricing practice area. Second, the *NE Campaign* was launched on July 19, 2019, targeting favorable tax treatment of deferred

compensation assets and led by the Northeastern Compliance practice area. Third, the *CBA Campaign* was launched on November 4, 2019, targeting transition tax payments for deferred foreign income and conducted by the Cross Border Activities practice area. The key variables of interests are indicators for each week relative to campaign launch, with the week of the campaign announcement as baseline. The sample period is restricted to the eight weeks before and after the launch of one of the three LB&I campaigns, and the sample is restricted to firms audited by any LB&I practice area in the same window. By comparing the presence of examiners from campaign-related LB&I offices to the presence of examiners from other practice areas, I can better isolate the incremental changes in audit scrutiny resulting from the launch of the campaign with respect to the scrutiny on firms audited by other practice areas unrelated to the focal campaign.[19] This sample restriction also allows me to rule out possible bias arising from confounding trends in tax audit incidence or contemporaneous events that may have impacted firms likelier than others to be under audit. Additionally, to address any systematic selection effects that could be driven by firm-level factors such as size and ex ante tax avoidance, I include firm fixed effects in Equation (1). Given these choices, the coefficients on the relative week indicators from Equation (1) allow me to estimate the change in the presence of examiners from a specific campaign-related office within a firm after campaign launch relative to the presence of examiners from the same set of offices at the same firm in the weeks prior to the campaign. A positive coefficient would indicate an increase in in-person visits from campaign-related LB&I examiners at the firm in the focal week relative to the baseline.

[19] I estimate Equation (1) for a sample of firms with no LB&I examiner presence prior to the sample windows of the campaigns and find consistent results.

LB&I Campaigns and Lobbyist Visits

Using the results from my first set of tests, I identify the set of firms impacted by the respective LB&I campaign by tagging firms with an increase in the presence of campaign-related examiners after campaign launch relative to their presence in the eight weeks prior. Next, I link lobbyists to these firms by observing devices that regularly ping inside lobbyists' offices at these firms' headquarters in the weeks after campaign launch.[20] Then, using these headquarters visits to establish a link between lobbyists and firms, I estimate similar DID regressions where the dependent variable is now the firm-linked lobbyists and their visits to the IRS national headquarters (*IRS HQ*), which houses the IRS commissioner and LB&I senior leadership, and to the House and Senate buildings on Capitol Hill (*Congress*).

$$Lobbyists\ at\ Congress\ (or\ IRS\ HQ)_{iw} = \beta_0 + \beta_{iw}\ Treat_i\ x(T + w)_w + \nu_i + u_w + \epsilon \qquad (2)$$

In Equation (2), the dependent variable is the natural log of the number of lobbyists at *IRS HQ* or *Congress* in the weeks around campaign launch. The key variables of interest are the interactions between *Treat* and *T+w*, where treatment is defined at the firm level for firms impacted by the LB&I campaign and the control group consists of firms with a visit from at least one LB&I examiner from another office during the sample window. If the lobbying contacts made after campaign launch are indeed related to the issues selected for campaigns, then I expect to find an increase in lobbying visits to *IRS HQ* but less of a corresponding increase for *Congress*. Legislators may have indirect say in the IRS's broad functioning but will unlikely be the first destination for firms looking to communicate with officials about specific issues under audit. The design in

[20] I examine the change in lobbyist visits to the headquarters of campaign-affected firms in Appendix A.

Equation (2) aims to isolate the directional effect of the start of an issue-based audit on the firm's initiation of lobbying, which the literature has found difficult to determine through other methods.

In subsequent analysis, I restrict the sample to firms never filing LDAs ($Disc_{iq} = 0$), reestimate Equation (3) for all types of lobbyists, and then class lobbyists as *Contract Lobbyists* (externally hired specialists), *In-House Lobbyists* (firm employees who primarily work out of the firm's DC government relations office, if any), and *Trade Lobbyists* (who primarily work out of the trade associations' offices listed on trade group LDA filings). Using this sample of nonfiling firms ($Disc_{iq} = 0$), I examine firm reputation risks and lobbyist career costs as possible reasons for shadow lobbying. I do so by structuring the within-firm test from Equation (2) as a triple-differences model. I interact the key variables of interest from Equation (2) with an indicator that equals one if a firm was among the 55 large corporations named in the popular 2019 tax-shaming study (*ITEP*) to test whether firms facing media scrutiny are disproportionately likelier to engage in undisclosed lobbying in response to tax audits than other low-tax large firms also under audit. The sample for this test is restricted to firms with assets above $5 billion, with zero effective tax rates in 2018, and with a visit from at least one IRS examiner in the sample window. Additionally, to test whether career costs are associated with a firm's shadow lobbying, I interact the key variables of interest from Equation (2) with an indicator variable *exGov* that equals one for a firm if it hires a contract lobbyist firm that employs a former government official.

Section IV: Results

LB&I Campaigns and Examiner Visits

Figure 2 and Table 3 present the results from estimating Equation (1) with visits of LB&I examiners to firm headquarters buildings as the outcome. Column 1 (along with Panel A of Figure 2) corresponds to the *TTP Campaign*, where the baseline is visits during the week of the campaign launch on April 16, 2019, and the outcome variable is visits by examiners from the Treaty and Transfer Pricing Operations practice area. Column 2 (along with Panel B of Figure 2) corresponds to the *NE Campaign* launched on July 19, 2019, where the outcome variable is visits by examiners from the Northeastern Compliance practice area. In turn, Column 3 (together with Panel C of Figure 2) corresponds to the *CBA Campaign* launched on November 4, 2019, where the outcome variable is visits by examiners from Cross Border Activities practice area.[21]

The coefficients on the indicators for the weeks leading up to each campaign across Columns 1–3 are not statistically significantly different from zero and are small in magnitude, suggesting that visits by examiners from each campaign-related office did not trend differently from those in the week of the campaign launch. For the eight weeks following the launch of campaign, the coefficients in Column (1) are positive and statistically significant ($p < 0.01$), suggesting that LB&I examiners from the campaign-related practice area increased their visits to firms from the baseline. Similarly, in Column (2), the coefficients for the three weeks immediately after campaign launch are positive and statistically significant ($p < 0.01$), and in Column (3), the coefficient for the first two weeks and coefficients for weeks six to eight postlaunch are positive and statistically significant ($p < 0.01$). Together, Table 3 and Figure 2 show that across three campaigns, launched on three different dates by three different LB&I practice areas, firms experienced an increase in in-person visits from campaign-related examiners. This validates the idea that LB&I campaigns

[21] I present the results from separate event studies throughout the empirical results in this section instead of combining them into one stacked (or otherwise combined) DID equation to show that the results generalize across three similar settings even after I account for the cost of reduced statistical power. In untabulated analyses, I combine the samples from the three campaigns and find consistent, statistically stronger results across the analyses presented in the section.

meaningfully increase scrutiny from the IRS and the affected firms likely learn about specific issues of exposure during tax audits after the launch of such campaigns.

On average, visits by campaign-related examiners to firm headquarters increased by 2.2–4.5% relative to those in the week of the launch. I contextualize this effect size in light of the literature on IRS audit scrutiny and firm-level exposure to specific tax issues (Belnap et al., 2025). Although empirical research on issue-based campaigns remains limited, Belnap et al. (2025) find that when firms receive a first-time private letter ruling from the IRS conveying its view of specific tax issue for the firm, the likelihood of scrutiny toward that firm declines by up to 4.7%. The launch of an issue-based campaign may not be comparable to receipt of a private letter ruling at face value, but both relate to the IRS's view of specific tax issue for a firm. Correspondingly, the relative effect sizes between Table 3 and Belnap et al. (2025) are comparable.

However, issue-based campaigns identify the firms likeliest to be noncompliant, and therefore they result in an increase in scrutiny. Furthermore, in contrast to private letter rulings, which result from private communications initiated by the firm to the IRS, audit selection after the launch of an issue-based campaign is an information event for the firm, when it learns about an area of exposure during a tax audit. The variation in these events arises from centralized plans across the LB&I and is quasi-exogenous to the firm itself. In the next set of analyses, I examine how firms respond with lobbying when they learn about these areas of exposure through LB&I campaigns.

LB&I Campaigns and Lobbyist Visits

Figure 3 and Table 4 present results from Equation (2), showing the weekly variation in visits by firm-linked lobbyists of the IRS national office (Columns 1–3) and Capitol Hill (Columns 4–5) as the outcome. Column (1) shows positive and significant coefficients ($p < 0.01$) for the second,

third, and fourth postlaunch weeks of the *TTP Campaign*.[22] Columns (2) and (3) show a similar pattern of lobbyist visits to the IRS national office in the week before or after the lobbyists visit the firm headquarters, suggesting a collective pattern of firms contacting the IRS headquarters through lobbyists after being affected by an LB&I campaign.

Crucially, in Columns (4)–(6), barring one exception, I fail to find an increase in lobbyist visits to Congress from firms affected by an LB&I campaign, in line with the prediction that firms initiate lobbying contact primarily with the tax regulators most directly in charge of audit campaign implementation and only to lesser extent legislative officials, who impact longer-term tax legislation but may have limited roles in tax audits. The results from Table 4 collectively suggest that firms respond to tax audits by initiating lobbying of the IRS.

Shadow Lobbying During Tax Audits

I next examine the extent to which firms' in-person lobbying visits are disclosed in LDAs. Recall that firms must disclose contact with government officials when lobbying through contract or in-house lobbyists registered with the House or Senate in accordance with three LDA criteria. However, limitations in the disclosure law, combined with firms' incentives to reduce reputation risk and lobbyists' incentives to reduce career costs could attenuate compliance. In Table 5, I describe firms that send at least one lobbyist to either the IRS national office or Congress from my sample of firms and tabulate the share of these firms filing at least one LDA in the sample period.

[22] This result is especially relevant together with that from Column (1) of Table A2, which suggests the increase in lobbyist visits to firm headquarters is concentrated in the first postlaunch week of the *TTP Campaign* for affected firms. Table 4 Column (1) shows these lobbyists visit the IRS national office in the second through fourth weeks.

Panel A of Table 5 shows that in 2019, approximately 40% of the firms in my sample reported no lobbying of the government on any issue. Firms that responded with visits by contract lobbyists are the subgroup with highest LDA filings, with 76.5% of them having at least one disclosure in 2019, whereas firms that responded with visits through trade group lobbyists do the least reporting, with only 18.3% of them filing at least one disclosure in 2019. In Panel B of Table 6, the sample is split by size decile relative to all firms in the sample and shows the percentages of firms disclosing any lobbying, contract lobbying, and lobbying by in-house lobbyists, and the percentage of firms that exclusively contact government officials through trade groups. Contract lobbying by the largest firms is the most disclosed: 92.7% of firms in the largest decile disclose visits made through contract lobbyists. Approximately half of in-house lobbyist visits are disclosed through LDA filings across size groups. The smallest firms are the likeliest to exclusively contact the government through trade groups, which are not required to disclose their member firms; their members, in turn, need not disclose their donations or contacts with the trade groups. Overall, 29.3% of the firms in my sample exclusively contact government officials through trade groups, which provides evidence that a significant share of corporate political activity is invisible to external stakeholders solely because of a policy choice.

A possible limitation on this finding is that the number of lobbyist visits from firms could suffer from measurement error and include false positives. This limitation is unlikely to drive this finding for four reasons. First, my sample selection criteria err on the side of minimizing false positives at the cost of forgoing completeness. To identify a cohort of lobbyist-associated devices, I restrict the sample to devices I observe primarily within the buildings of lobbyists offices and also observe at firms headquarters. This restriction possibly omits lobbyists that never physically visit their clients' headquarters but ensures that the devices I tag as linked to a firm are indeed linked to the firm.

Second, I classify lobbying contacts as having been made only if the same device is spotted inside the IRS headquarters or the Capitol, which minimizes the chances that these contacts are false positives. Third, I omit firms headquartered in or near Washington DC to additionally minimize the chances that I capture unrelated lobbyists' visits to firms that happen because of proximity. Moreover, the within-firm benchmark in Equation (2) and my use of three separate events further reduce the likelihood that lobbyists are accidentally spotted at firms that happen to be exposed to the respective LB&I campaign only after the start of the campaign and are also spotted in the national office of the IRS within the sample window.

Finally, my definition of disclosure is rather broad, in that a firm is considered to have disclosed lobbying if it ever filed an LDA in 2019; I do not restrict to disclosures of lobbying of the IRS or of lobbying in the specific quarter. Therefore, my finding that a substantial portion of in-person contacts of tax regulators by firms remains undisclosed is likely a lower-bound estimate and unlikely driven by false positives.

Table 6 presents the results from Equation (2) for the subsample of firms that did not file an LDA in 2019, with firm-linked lobbyist visits of the IRS national office as the outcome. Overall, the results from Table 5 remain economically and statistically unchanged, suggesting that the firms that were exposed to tax audits through issue-based campaigns but that never filed a lobbying disclosure responded just as strongly as the full sample of firms with lobbying of the IRS, consistent with H1. To elucidate which type of lobbying contact is the likeliest to remain undisclosed, I separately estimate Equation (2) for contract lobbyists (Columns (1), (4), and (7) of Table 7), in-house lobbyists (Columns (2), (5), and (8) of Table 7), and trade group lobbyists (Columns (3), (6), and (8) of Table 7).

The marginal effect of LB&I campaign exposure on shadow lobbying is concentrated among in-house and trade group lobbyists. Column (3) shows a positive and statistically significant increase ($p < 0.01$) in trade group lobbyist visits at *IRS HQ* by campaign-affected firms two and four weeks after the launch of the campaign, which is significantly higher ($p < 0.01$) than the change in either in-house or contract lobbyist visits by the same firm. The coefficients for the remaining weeks are not significantly different from each other. Columns (5) and (6) show a positive and statistically significant increase ($p < 0.01$) in in-house and trade group lobbyist visits at *IRS HQ* by campaign-affected firms in the week of campaign launch and three, five, and seven weeks after it; all these changes are significantly higher ($p < 0.01$) than the change in contract lobbyist visits by the same firm. However, Columns (1), (4), and (7) of Table 7 show that the main effect of LB&I campaigns of firms' IRS lobbying contact is partly driven by contract lobbyists from firms not filing LDAs. Despite the high compliance of contract lobbyists in general (Table 5), shadow lobbying of tax regulators still occurs through contract lobbyists. This result is plausible given that fewer officials in federal agencies than Congressional staffers are "covered" by LDA filing criteria and therefore some lobbying contacts of the IRS can occur without triggering disclosure requirements.[23]

Collectively, these results suggest the following: a) Firms initiate in-person contact with tax regulators through lobbyists when they learn about specific areas of exposure during tax audits. b) A significant subset of firms do not disclose lobbying when initiating contact with government officials. c) Undisclosed lobbying occurs through contract lobbyists but is concentrated among in-

[23] Given this result, shadow lobbying of the IRS may be driven by contacts with officials in "noncovered" positions and may indicate less economically relevant forms of political activity. If the shadow lobbying captured in Table 8 is not economically relevant, then firms may not find it worthy to hire contract lobbyists at all, given that they represent the most expensive and direct form of lobbying (Barrick and Alexander 2014). However, I find that the nondisclosing firms affected by the campaigns indeed hired contract lobbyists who visited *IRS HQ* across all three events, which makes the conjecture that this result may not be economically relevant less plausible.

house and trade group lobbyists, for whom disclosure regulations are more lenient. This evidence is consistent with H1. In the next section, I examine two likely mechanisms behind shadow lobbying: firms' reputation risk and lobbyists' career costs.

Section V: Supplemental Analysis

Tax Shaming and Shadow Lobbying

Panel A of Table 8 presents the results from Equation (2), structured as a triple-difference model, for the subsample of firms not filing LDAs. The key variables of interest are identical to those in Table 6 but are interacted with an indicator (*ITEP*) for the 55 firms named in a prominent 2019 tax-shaming study as the largest corporations that paid no taxes in the first fiscal year after the passage of the TCJA. The control group for this table includes firms with assets above $5 billion that also had zero or negative effective tax rates but were not named in the ITEP study.

Column (1) of Panel A in Table 8 shows a positive and significant increase ($p < 0.10$) in lobbying visits of the IRS in the third week after campaign launch by the firms named in the tax-shaming article over and above the change among other large, low-tax firms impacted by the *TTP Campaign* that also disclosed no lobbying. Column (2) of Table 8 shows positive and significant increases in the second week ($p < 0.01$) and sixth week ($p < 0.10$) among the tax-shamed firms relative to other large, low-tax firms impacted by the *NE Campaign* that disclosed no lobbying. No firms named in the tax-shaming study were affected by the *CBA Campaign*. Panel A of Table 8 shows that relative to other large firms impacted by the LB&I campaign that disclosed no lobbying, firms exposed to tax shaming were likelier to shadow lobby, which suggests that firms particularly concerned about reputation risk related to taxes are less likely to want to disclose their lobbying activities.

Revolving-Door Contract Lobbyists and Shadow Lobbying

Panel B of Table 8 presents the results from Equation (2) , structured as a triple-difference model, for the subsample of firms not filing LDAs. The key variables of interest are identical to those in Panel A of Table 8 but are interacted with an indicator (*exGov*) for firms hiring a contract lobbyist with a known link to a former government official, as reported in the contract lobbyist's filings. Revolving-door lobbyists are tagged to a given contract lobbyist, who are then mapped to firms on the basis of the link established by in-person visits. If a firm is linked with a contract lobbyist employing a known former government official, then the firm is tagged as having hired a revolving-door lobbyist. The assumption here is that certain types of contract lobby firms are likelier to hire former government officials and those firms are likely to have more former government officials not registered formally as lobbyists themselves (d'Este et al., 2023).

Columns (1)–(3) of Panel B in Table 8 show a positive and significant increase ($p < 0.05$; $p < 0.01$; $p < 0.01$) in contract lobbying visits of the IRS in the first and second weeks after campaign launch by firms who hire revolving-door lobbyists over and above the change among other firms impacted by the LB&I campaigns that also disclosed no lobbying. Panel B of Table 9 shows that lobbyists' career costs impacted by the HLOGA are a likely mechanism that induces shadow lobbying.

Section VI: Conclusion

I study the relationship of firms' lobbying activities and disclosure of such lobbying with their exposure to regulatory scrutiny. I find that when firms learn about areas of exposure during tax audits, they initiate contact with tax lobbyists by inviting them to their headquarters and subsequently send these lobbyists to the IRS national headquarters. This finding provides evidence that a firm's initiation of lobbying activity follows its exposure to regulatory enforcement, a short-term directional relationship that literature on firm lobbying expenditure and regulatory exposure has thus far struggled to document. Next, I find that a relatively large share (40%) of lobbying

contacts are not disclosed through LDA filings, a frequent source of data for literature on corporate lobbying activities. Firms that never file an LDA are just as likely as LDA filers to respond to regulatory scrutiny by sending lobbyists to the national office of the tax regulator but may not need to disclose this activity because a) fewer "covered" positions at the IRS trigger the disclosure requirements, b) lobbying through in-house lobbyists or trade groups has less strict disclosure requirements, and c) firms' reputation risk and lobbyists' career concerns may induce them to shadow lobby.

This study contributes to the literature on corporate political connections by documenting shadow lobbying that occurs during tax audits and highlights a need for future research accounting for the possibility that a partial explanation for the under-lobbying puzzle (Beardsley et al., 2024) is "*under-disclosure"* of lobbying. Next, this study contributes to the literature on corporate tax enforcement. I show that firms respond to an incremental increase in tax audit scrutiny through the use of lobbyists, providing context to the literature on why and when firms initiate lobbying activities, and how the IRS is a prominent target for corporate lobbying activity. This finding suggests that future research on corporate lobbying should consider lobbying of federal agencies and the private interaction between agencies and firms in addition to corporate lobbying of elected officials.

Finally, this study answers the call for research by policymakers, watchdog groups and academic researchers on the phenomenon of shadow lobbying (Barrick and Brown 2019; Evers-Hillstrom and Auble 2019) by documenting that a substantial share of corporate political activity remains private despite the presence of mandatory disclosure laws.

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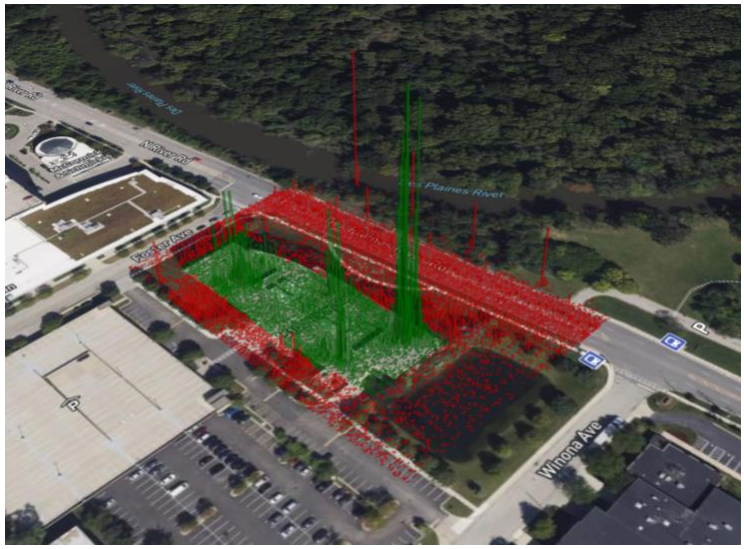
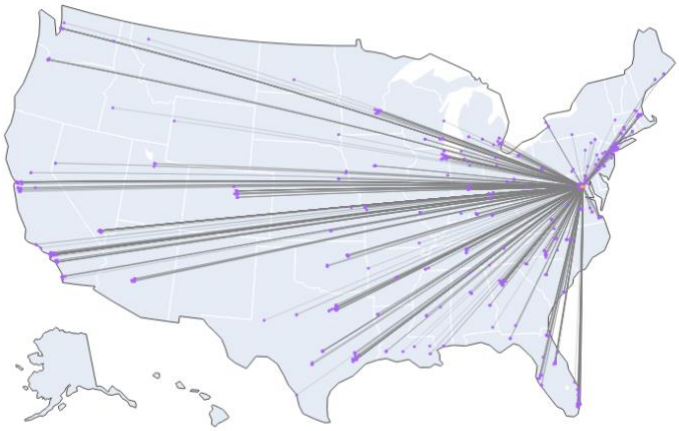
Exhibit 1: Illustrative Examples

Panel A: Boundary for Devices Identified as LB&I Examiners (5100 River Rd, Schiller Park, IL)



Note: This figure represents the pings observed inside the LB&I office that houses field operations leaders for Cross Border Activities practice area at 5100 River Rd, Schiller Park, IL. Devices that regularly ping within this building (pings marked with green) are tagged as devices belonging to a cohort of LB&I examiners belonging to the Cross Border Activities that are then tracked to firm headquarter buildings. Devices that regularly ping near, but outside, the LB&I office building are marked with red for comparison.

Panel B: Movement of Firm-Linked Lobbyists from Corporate HQs to IRS (DC) or Congress:

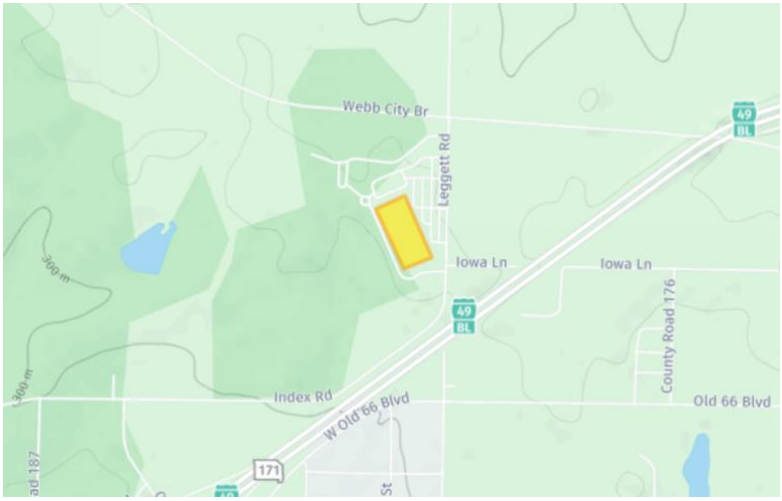


Note: The figure represent devices tagged at lobbyists offices' *and* at firm headquarters that subsequently visit the national headquarters of the IRS or Capitol Hill. Each line represents the movement of devices from firm headquarters to the lobbying destination in Washington DC. The purple dots represent the location of firm headquarter buildings.

Panel B: Firm Selected For the *TTP Campaign* Responding with Disclosed Contract Lobbying

As of December 31, 2018, four tax years were subject to audit by the IRS, covering the years 2015 through 2018. In 2017, the IRS examined our 2015 tax returns for a U.S. non-consolidated filing entity, L&P Financial Services Co., and the audit concluded with no adjustments. There are no current IRS examinations in process, nor are we aware of any forthcoming.

Note: In the above text from 10-K tax footnote, Leggett & Platt (LEG) discloses that was not under audit in the end of December 2018.



Note: On April 23, 2019, within a week of the start of the "Captive Service Provider" (transfer pricing) audit campaign, smartphone devices that typically ping at Treaty and Transfer Pricing offices of the LB&I started pinging within Leggett & Platt headquarters at 1 Leggett Rd, Carthage, MO (area marked with yellow), hundreds of miles away from the nearest LB&I office.

In 2021, the Internal Revenue Service (IRS) completed its examination of our 2016 U.S. federal income tax return and asserted that income earned in that year by our Luxembourg subsidiary through its Mexican branch should be recognized as income in the U.S. We continue to believe their position is without merit but unsuccessfully contested this matter through IRS Appeals.

Note: In their 2019, 2020 and 2021 10-Ks, they acknowledge being "under audit by certain tax authorities." Finally, in their 2022 10-K, they reveal issues under audit which aligned with the notion that the audit was selected through the “Captive Service Provider” campaign.

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Add additional page(s) as needed.

15. General issue area code TAX

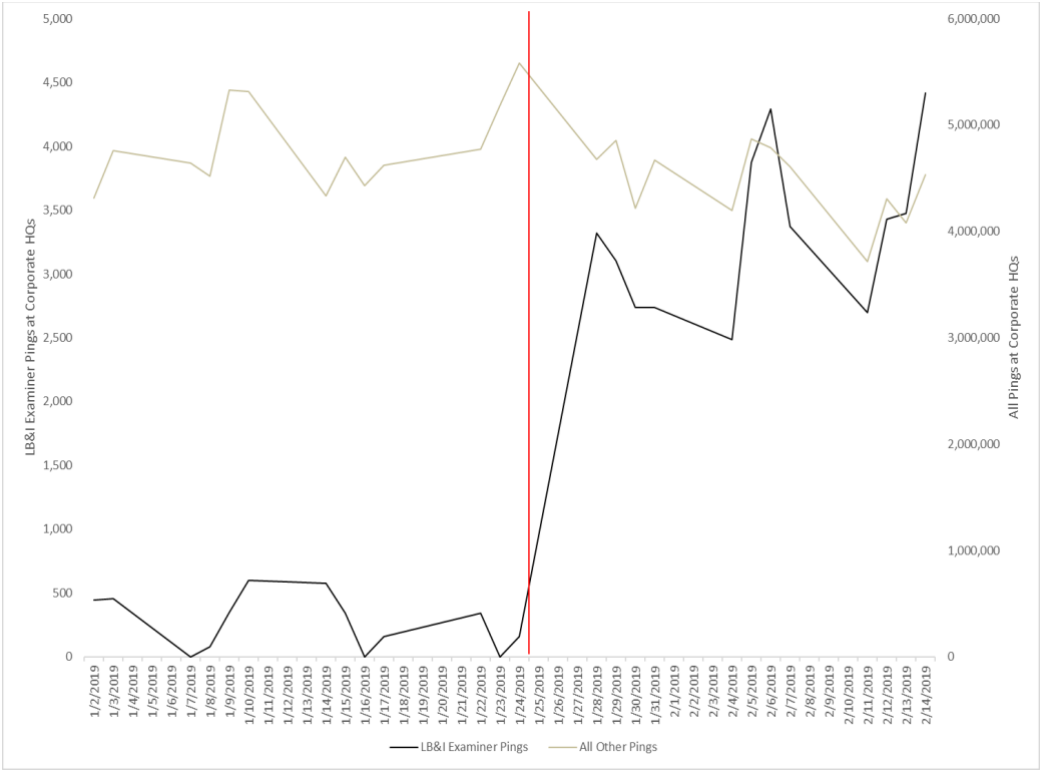
16. Specific lobbying issues

Issues related to corporate and international tax reform. Issues related to IRC section 951A, 250, 163(j), and 954(c)(6) (S 617 and HR 3301). Issues related to tax treaties and issues related to OECD negotiations on the taxation of global income.

Note: Leggett & Platt (LEG) did not lobby federal tax agencies at all before April 20, 2019. By October 20, 2019, they had hired *Washington Tax and Public Policy*, a popular tax lobbying firm who employ former tax counsel from Congress and disclosed lobbying the Department of Treasury on "international tax reform including IRC section 163(j)” (an aspect of the tax code relating to booking intangible income in low-tax countries like Luxembourg).

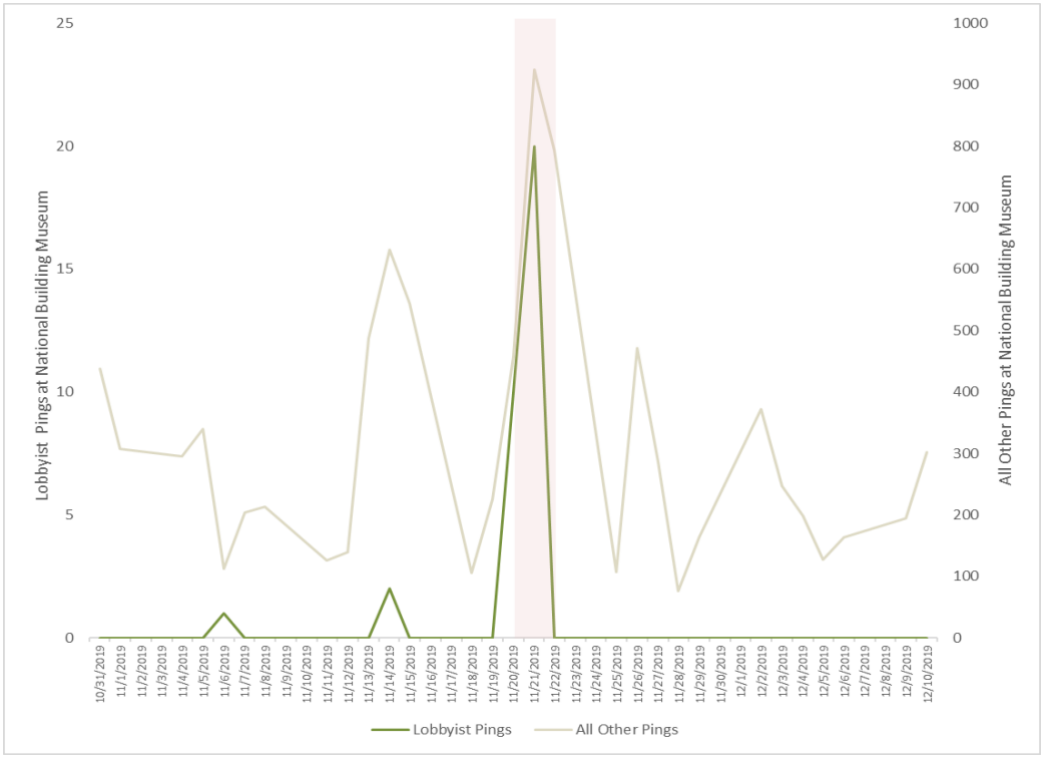
Tables and Figures

Figure 1: Panel A: LB&I Examiners at Firms After Government Reopening on January 25, 2019



Note: This figure represents the number of daily pings from LB&I-associated devices found within corporate headquarter buildings (black, left axis) and all other daily pings within corporate headquarter buildings (gray, right axis) on all working days around the reopening of the federal government on January 25, 2019. Almost all IRS audits, including LB&I field examinations, were paused during the government shutdown between December 22, 2018 and January 25, 2019 except for cases approaching the statute of limitations in that time (Internal Revenue Service, 2018). The government shutdown did not affect the working hours of any other employee or visitor in the corporate headquarters at this time.

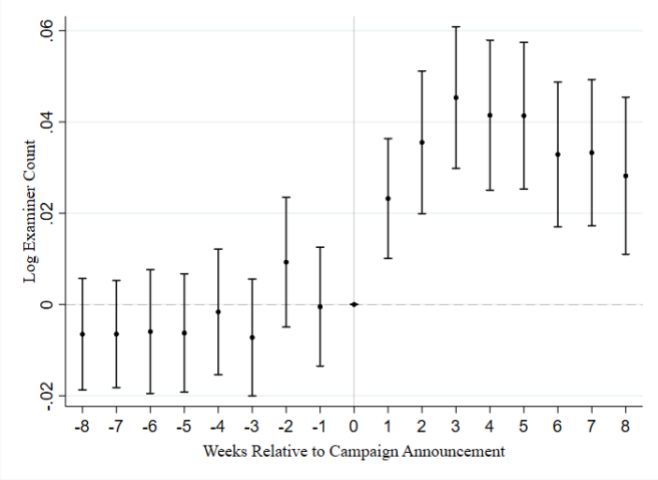
Figure 1: Panel B: Lobbyists at "Tax Prom" (National Building Museum, Nov 21, 2019)



Note: This figure represents the number of pings from lobbyist-associated devices (green, left axis) found inside the National Building Museum in the days around *Tax Prom 2019*, the premier networking event (a black-tie gala with a $3,000 entry fee) organized by the Tax Foundation for tax policymakers and lobbyists that took place on November 21, 2019. All other pings inside the same building (gray, right axis) on all working days around the event is included as comparison.

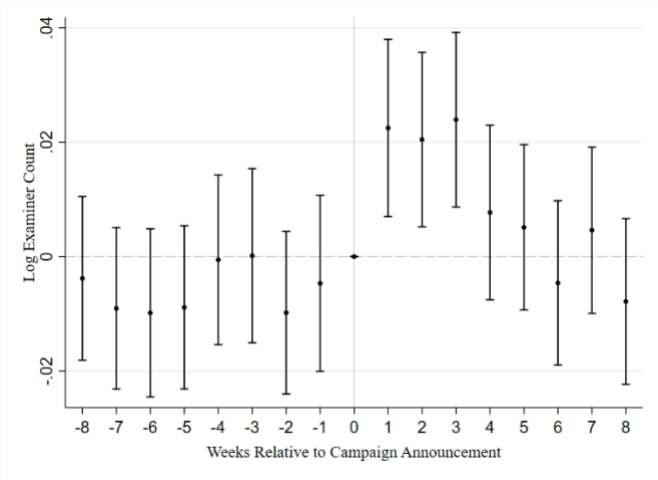
Figure 2: LB&I Examiners at Firms Around LB&I Campaign Announcements

Panel A: Captive Services Providers Campaign: Examiners from Transfer Pricing Operations



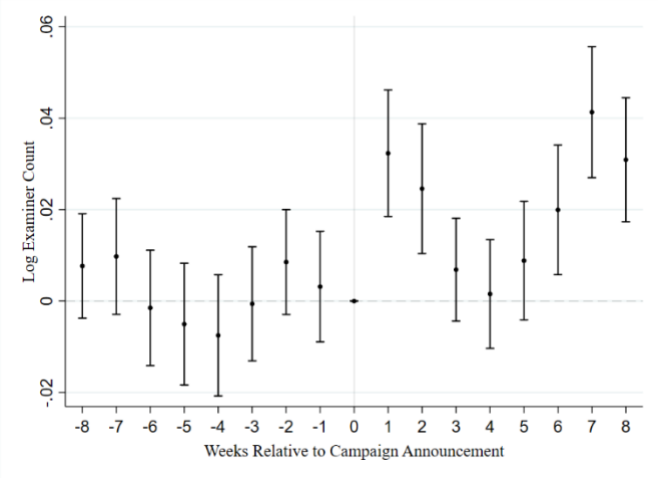
Note: This figure represents the week-by-week coefficients with 90% confidence intervals of an event-study regression where the dependent variable is the natural log of the count of LB&I examiners from Treaty and Transfer Pricing operations, and the treatment timing is the LB&I campaign announced on April 16, 2019. The baseline is the week of the announcement. The control group consists of firms visited by at least one IRS examiner from any other office in the 16-week window around the announcement.

Panel B: Deferred Compensation Campaign: Examiners from Northeastern Region



Note: This figure represents the week-by-week coefficients with 90% confidence intervals of an event-study regression where the dependent variable is the natural log of the count of LB&I examiners from Northeastern region offices and the treatment timing is the LB&I campaign announced on July 19, 2019. The baseline is the week of the announcement. The control group consists of firms with at least one IRS examiner from any other office present in the 16-week window around the announcement.

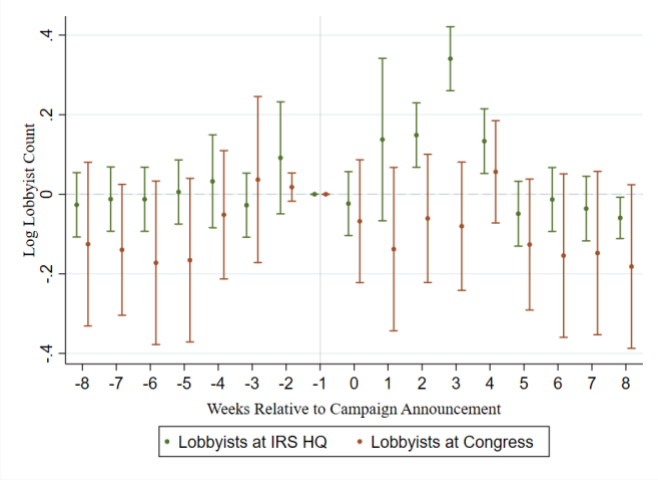
Panel C: Deferred Foreign Income Campaign: Examiners from Cross-Border Activities



Note: This figure represents the week-by-week coefficients with 90% confidence intervals of an event-study regression where the dependent variable is the natural log of the count of LB&I examiners from Cross-Border Activities offices and the treatment timing is the LB&I campaign announced on November 4, 2019. The baseline is the week of the announcement. The control group consists of firms with at least one IRS examiner from any other office present in the 16-week window around the announcement.

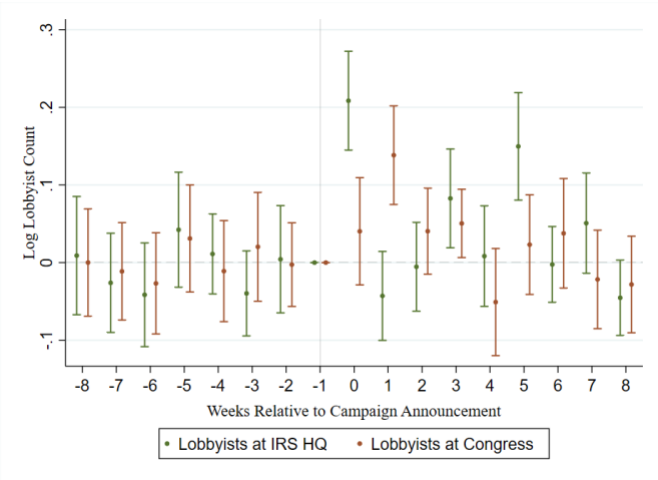
Figure 3: Firm-Linked Tax Lobbyists at Destinations Around LB&I Campaign Announcements

Panel A: Captive Services Providers Campaign: Firm-Linked Tax Lobbyists at Destinations



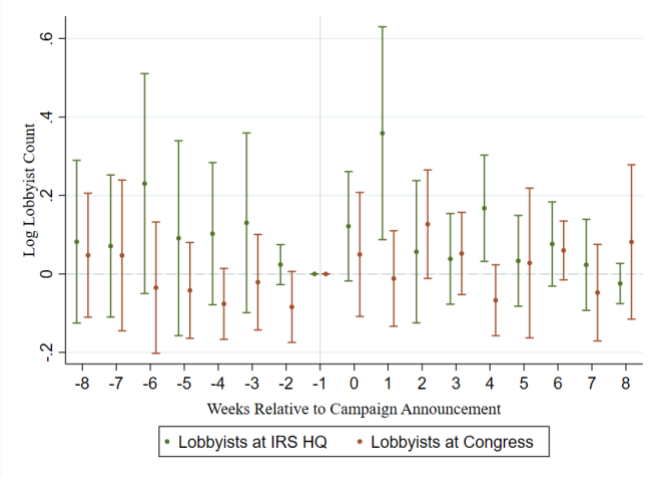
Note: This figure represents the week-by-week coefficients with 90% confidence intervals of an event-study regression where the dependent variable is the natural log of the count of lobbyists who visited the IRS HQ (green) or Congress (orange) and also visited firms affected by the LB&I campaign ($Treat_i$) after the launch of the campaign. The treatment timing is the LB&I campaign announced on April 16, 2019. The baseline is the week prior to the announcement. The control group consists of firms with at least one IRS examiner from any other office present in the 16-week window around the announcement.

Panel B: Deferred Compensation Campaign: Firm-Linked Tax Lobbyists at Destinations



Note: This figure represents the week-by-week coefficients with 90% confidence intervals of an event-study regression where the dependent variable is the natural log of the count of lobbyists who visited the IRS HQ (green) or Congress (orange) and also visited firms affected by the LB&I campaign ($Treat_i$) after the launch of the campaign. The treatment timing is the LB&I campaign announced on July 19, 2019. The baseline is the week prior to the announcement. The control group consists of firms with at least one IRS examiner from any other office present in the 16-week window around the announcement.

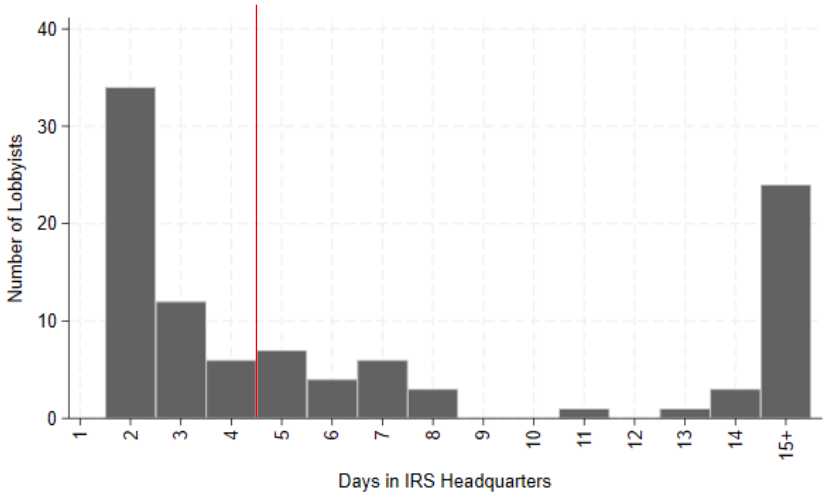
Panel C: Deferred Foreign Income Campaign: Firm-Linked Tax Lobbyists at Destinations



Note: This figure represents the week-by-week coefficients with 90% confidence intervals of an event-study regression where the dependent variable is the natural log of the count of lobbyists who visited the IRS HQ (green) or Congress (orange) and also visited firms affected by the LB&I campaign ($Treat_i$) after the launch of the campaign. The treatment timing is the LB&I campaign announced on November 4, 2019. The baseline is the week prior to the announcement. The control group consists of firms with at least one IRS examiner from any other office present in the 16-week window around the announcement.

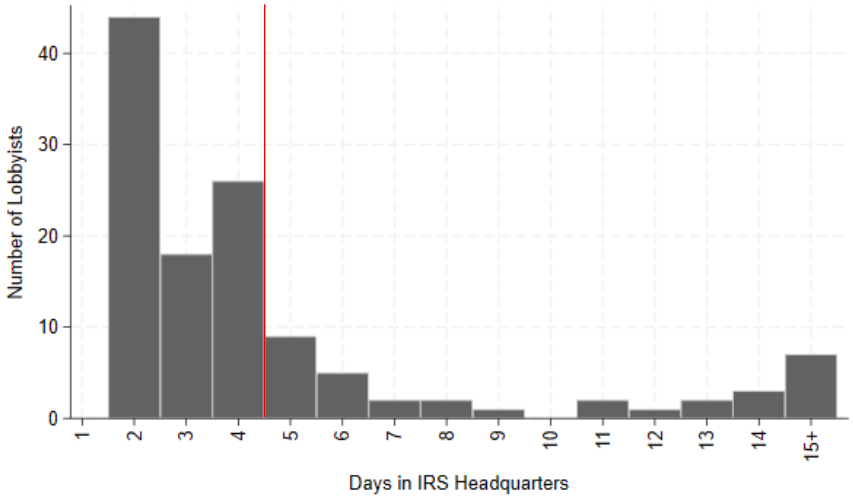
Figure 4: Bunching at "One Contact Per Quarter

Panel A: Disclosing Lobbyists by Number of Days Inside IRS Headquarters



Note: This figure represents a histogram of the number of lobbyists from firms filing LDAs inside the IRS headquarters by the number of different days they visit the location in 2019 for more than one day.

Panel B: Non-Disclosing Lobbyists by Number of Days Inside IRS Headquarters



Note: This figure represents a histogram of the number of lobbyists from firms not filing LDAs inside the IRS headquarters by the number of different days they visit the location in 2019 for more than one day.

Table 1: Sample Selection

Panel A: LB&I Examiner Geolocation Sample	**Unique Devices**
All smartphones at LB&I offices	5.4 million
Less observations without the office as the primary work location	23,859
Less observations not observed at corporate HQs	2,332
Less observations from multiple HQs in high-rise buildings	2,233
LB&I Examiner Sample	**2,233**

Panel B: Lobbyists Geolocation Sample	**Unique Devices**
All smartphones at lobbyist offices	30.4 million
Less observations without the office as the primary work location	32,555
Less observations not observed at Congress or agency HQ	10,103
Less observations from multiple offices in high-rise buildings	5,511
Less observations not observed at corporate HQs	1,770
Lobbyist Sample	**1,770**
Devices that primarily ping in one in-house lobby office	403
Devices that primarily ping in contract lobby offices	327
Devices that primarily ping in trade group offices	482

Panel C: Firm-Week Sample	**Firm-Weeks**	**Unique Firms**
Compustat firms with non-missing 10-Ks in 2019	280,704	5,848
Less observations with missing, foreign, or DC address on 10-K	180,144	3,753
Less observations with missing values for control variables	144,560	2,780
Firms with LB&I examiners identified within HQ building	37,024	748
Firm-Week Sample	**37,024**	**748**

Table 2: Descriptive Statistics

Panel A: Firm-Week Sample

Variable	Obs.	Mean	SD.	25th Ptl.	Median	75th Ptl.
Treat (TTP Campaign)	37,024	0.133	0.340	0	0	0
Treat (NE Campaign)	37,024	0.013	0.112	0	0	0
Treat (CBA Campaign)	37,024	0.163	0.369	0	0	0
Disc	37,024	0.584	0.413	0	1	1
ITEP	37,024	0.025	0.157	0	0	0
exGov	37,024	0.048	0.213	0	0	0
Log TTP Examiners	37,024	0.046	0.196	0	0	0
Log NE Examiners	37,024	0.031	0.163	0	0	0
Log CBA Examiners	37,024	0.110	0.330	0	0	0
Log Lobbyists at Firm	37,024	0.097	0.262	0	0	0
Log Lobbyists at IRS HQ	37,024	0.084	0.295	0	0	0
Log Lobbyists at Congress	37,024	0.066	0.257	0	0	0
Log Contract Lobbyists at IRS HQ	37,024	0.061	0.202	0	0	0
Log In-House Lobbyists at IRS HQ	37,024	0.065	0.212	0	0	0
Lob Trade Lobbyists at IRS HQ	37,024	0.072	0.235	0	0	0

Panel B: Mean Differences Between Firm Groups

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Variable	**Sample**	**Examiners at Firm = 0**	**Examiners at Firm > 0**	**Diff.**	**Non-Campaign Examiners at Firm > 0**	**Campaign Examiners at Firm > 0**	**Diff.**
Number of Firms	2,780	2,032	748		520	288	
$DNOL_{(t, t+1)}$	0.211	0.206	0.225	0.019	0.220	0.238	0.0181
FI_i	0.008	0.010	0.004	**-0.005*** **	0.006	0.002	0.004
$INTAN_i$	0.185	0.182	0.192	0.010	0.202	0.169	0.034
LEV_i	0.238	0.230	0.259	**0.029** **	0.260	0.258	-0.001
$LOSS_i$	0.315	0.309	0.334	0.026	0.325	0.355	0.030
MB_i	3.008	2.877	3.363	0.487	3.305	3.497	0.192
NOL_i	0.625	0.621	0.635	0.014	0.629	0.649	0.020
Option Tax Ben$_i$	0.010	0.008	0.013	0.005	0.013	0.013	0.000
PPE_i	0.195	0.192	0.200	0.008	0.214	0.169	-0.045
$PTROA_i$	-0.113	-0.100	-0.149	**-0.050***	-0.155	-0.137	0.017
$SIZE_i$	7274.507	6258.222	10035.320	**3777.101*** **	10118.830	9844.877	273.95

Panel A of this table presents the distribution of key variables of interest in the firm-week sample. All variables are defined in Appendix 1. Panel B of this table presents the differences in means between firms with at least one examiner within firm headquarters and all other firms (Column 4), and the difference in means between firms with campaign-related LB&I examiners at firms versus firms with examiners from other offices (Column 7). Significant differences are emboldened and marked with significance levels, with ***, **, * corresponding to two-tailed p-values of $p < 0.01$, $p < 0.05$, and $p < 0.10$ respectively.

Table 3: Do LB&I Campaigns Increase LB&I Field Examinations?

	(1)	(2)	(3)
	TTP Campaign	NE Campaign	CBA Campaign
	Log TTP Examiners$_{iw}$	*Log NE Examiners*$_{iw}$	*Log CBA Examiners*$_{iw}$
$T-8_{iw}$	-0.007	-0.004	0.008
	(-1.050)	(-0.520)	(1.110)
$T-7_{iw}$	-0.006	-0.009	0.010
	(-1.080)	(-1.260)	(1.270)
$T-6_{iw}$	-0.006	-0.010	-0.001
	(-0.860)	(-1.310)	(-0.190)
$T-5_{iw}$	-0.006	-0.009	-0.005
	(-0.950)	(-1.220)	(-0.620)
$T-4_{iw}$	-0.002	-0.001	-0.008
	(-0.230)	(-0.070)	(-0.930)
$T-3_{iw}$	-0.007	0.000	-0.001
	(-1.110)	(0.020)	(-0.080)
$T-2_{iw}$	0.009	-0.010	0.009
	(1.280)	(-1.350)	(1.220)
$T-1_{iw}$	0.000	-0.005	0.003
	(-0.070)	(-0.600)	(0.430)
$T+1_{iw}$	**0.023*****	**0.022*****	**0.032*****
	(3.470)	**(2.850)**	**(3.840)**
$T+2i_{w}$	**0.036*****	**0.020*****	**0.025*****
	(4.460)	**(2.630)**	**(2.850)**
$T+3_{iw}$	**0.045*****	**0.024*****	0.007
	(5.730)	**(3.080)**	(1.000)
$T+4_{iw}$	**0.041*****	0.008	0.002
	(4.960)	(0.990)	(0.210)
$T+5_{iw}$	**0.041*****	0.005	0.009
	(5.050)	(0.700)	(1.120)
$T+6_{iw}$	**0.033*****	-0.005	**0.020****
	(4.070)	(-0.630)	**(2.320)**
$T+7_{iw}$	**0.033*****	0.005	**0.041*****
	(4.080)	(0.620)	**(4.750)**
$T+8_{iw}$	**0.028*****	-0.008	**0.031*****
	(3.210)	(-1.060)	**(3.750)**
Fixed Effects	Firm	Firm	Firm
Observations	12,223	12,223	14,380
Adjusted R^2	0.458	0.505	0.650

This table presents the regression results of estimating the effect of an LB&I campaign announcement on the presence of LB&I examiners within firm HQ buildings in a 16-week sample window around the announcement. The dependent variable is the natural log of the weekly visits of IRS examiners from Treaty and Transfer Pricing operations (Column 1), Northeastern region (Column 2), and Cross Border Activities practice area (Column 3). The baseline is the week of the announcement. The control group consists of firms with at least one IRS examiner from any other office present in the 16-week window around the announcement.

Table 4: Do Firms Exposed to LB&I Campaigns Send Lobbyists to Policymakers?

	(1)	(2)	(3)	(4)	(5)	(6)
	Firm-Linked Lobbyists at National HQ of the IRS			Firm-Linked Lobbyists at Capitol Hill		
	TTP Campaign	NE Campaign	CBA Campaign	TTP Campaign	NE Campaign	CBA Campaign
	Log Lobbyists at IRS HQ_{iw}	*Log Lobbyists at IRS HQ_{iw}*	*Log Lobbyists at IRS HQ_{iw}*	*Log Lobbyists at $Congress_{iw}$*	*Log Lobbyists at $Congress_{iw}$*	*Log Lobbyists at $Congress_{iw}$*
$Treat_i \times T - 8_{iw}$	-0.027	0.009	0.082	-0.125	0.000	0.048
	(-0.540)	(0.200)	(0.650)	(-1.000)	(0.000)	(0.500)
$Treat_i \times T - 7_{iw}$	-0.012	-0.026	0.071	-0.14	-0.011	0.047
	(-0.250)	(-0.670)	(0.650)	(-1.400)	(-0.290)	(0.400)
$Treat_i \times T - 6_{iw}$	-0.013	-0.041	0.230	-0.172	-0.027	-0.035
	(-0.260)	(-1.020)	(1.350)	(-1.380)	(-0.680)	(-0.350)
$Treat_i \times T - 5_{iw}$	0.006	0.042	0.091	-0.166	0.031	-0.042
	(0.110)	(0.940)	(0.600)	(-1.330)	(0.740)	(-0.570)
$Treat_i \times T - 4_{iw}$	0.032	0.011	0.103	-0.052	-0.011	-0.076
	(0.460)	(0.360)	(0.930)	(-0.530)	(-0.280)	(-1.390)
$Treat_i \times T - 3_{iw}$	-0.028	-0.040	0.130	0.037	0.020	-0.021
	(-0.560)	(-1.190)	(0.940)	-0.29	(0.480)	(-0.290)
$Treat_i \times T - 2_{iw}$	0.091	0.004	0.024	0.018	-0.003	-0.084
	(1.070)	(0.100)	(0.770)	-0.84	(-0.080)	(-1.530)
$Treat_i \times T + 0_{iw}$	-0.024	**0.208*****	0.122	-0.068	0.040	0.050
	(-0.480)	**(5.390)**	(1.440)	(-0.720)	(0.960)	(0.520)
$Treat_i \times T + 1_{iw}$	0.137	-0.043	**0.359****	-0.138	**0.138*****	-0.012
	(1.110)	(-1.230)	**(2.180)**	(-1.110)	**(3.590)**	(-0.160)
$Treat_i \times T + 2i_w$	**0.149*****	-0.005	0.056	-0.061	0.040	0.127
	(3.020)	(-0.150)	(0.510)	(-0.620)	(1.200)	(1.510)
$Treat_i \times T + 3_{iw}$	**0.341*****	**0.083****	0.038	-0.08	0.050	0.052
	(6.970)	**(2.140)**	(0.550)	(-0.820)	(1.890)	(0.820)
$Treat_i \times T + 4_{iw}$	**0.133*****	0.008	**0.167****	0.056	-0.051	-0.067
	(2.710)	(0.210)	**(2.040)**	-0.72	(-1.210)	(-1.220)
$Treat_i \times T + 5_{iw}$	-0.058	**0.150*****	0.033	-0.126	0.023	0.028
	(-1.170)	**(3.560)**	(0.470)	(-1.260)	(0.590)	(0.240)
$Treat_i \times T + 6_{iw}$	-0.022	-0.002	0.076	-0.136	0.038	0.060
	(-0.460)	(-0.080)	(1.170)	(-1.090)	(0.880)	(1.310)
$Treat_i \times T + 7_{iw}$	-0.045	0.051	0.023	-0.13	-0.022	-0.048
	(-0.920)	(1.300)	(0.330)	(-1.040)	(-0.560)	(-0.640)
$Treat_i \times T + 8_{iw}$	-0.014	-0.045	-0.024	-0.158	-0.028	0.081
	(-0.460)	(-1.540)	(-0.780)	(-1.270)	(-0.740)	(0.680)
Fixed Effects	Firm, Week	Firm, Week	Firm, Week	Firm, Week	Firm, Week	Firm, Week
Observations	12,223	12,223	14,380	12,223	12,223	14,380
Adjusted R^2	0.525	0.491	0.461	0.525	0.491	0.461

This table presents the results of estimating the effect of an LB&I campaign on visits to the IRS or Congress by firm-linked lobbyists in a 16-week window around the announcement. The treatment group consists of firms affected by the LB&I campaign ($Treat_i$). The control group consists of firms with at least one IRS examiner from any other office present in the 16-week window around the announcement.

Table 5: Firms' Lobbying Visits and LDA Filing Status

Panel A: Do Firms Who Send Lobbyists Disclose Through LDA Filings?

Group	# of Firms with Visits	# Firms with At Least One Filing in 2019	% Firms Filing LDA
All Firm-Linked Lobbyists at Congress or IRS HQ	**575**	**343**	**59.7%**
Visits and Filing by Contract Lobbyists	307	235	76.5%
Visits and Filing by In-House Lobbyists	242	108	44.6%
Trade Group Visits and Any LDA Filing	262	48	18.3%

This table presents the number of firms who send lobbyists to Capitol Hill (Congress) or the national HQ of the IRS (IRS HQ) and the share of these firms who file any kind of LDA filing in 2019. *Visits and Filing by Contract Lobbyists*, *Visits and Filing by In-House Lobbyists*, and *Trade Group Visits and Any LDA Filing* represent groups of firms who send at least one lobbyist of each type to lobbying destinations and corresponding LDA filing type. Some firms send two types of lobbyists or all three types of lobbyists and are included in each row.

Panel B: Does Firm Disclosure Through LDA Filings Vary By Size?

Size Decile	# Firms	% Any Disc	% Contract Disc	% In-House Disc	% Firms with only Trade Group Visits
1	49	8.2%	50.0%	-	65.2%
2	46	17.4%	72.7%	-	56.7%
3	52	34.6%	86.7%	-	45.9%
4	55	45.5%	73.3%	66.7%	39.0%
5	53	60.4%	96.0%	37.5%	30.4%
6	57	73.7%	94.1%	33.3%	18.8%
7	53	86.8%	89.1%	34.8%	9.3%
8	64	79.7%	73.7%	48.8%	15.9%
9	77	76.6%	76.7%	53.3%	18.2%
10	69	84.1%	92.7%	39.7%	10.9%
Sample	**575**	**59.7%**	**76.5%**	**44.6%**	**29.2%**

This table presents the number of firms by size decile (defined by market capitalization at the end of 2018) who send lobbyists to Capitol Hill (Congress) or the national HQ of the IRS (IRS HQ) and the share of these firms who file any kind of LDA filing in 2019. Firms who only engage lobbyists from trade groups are not required to disclose lobbying. Trade groups need to file lobbying disclosures as a separate organization but are not required to disclose their members.

Table 6: Do Firms Without a Quarterly LDA Filing Send Lobbyists to Tax Regulators?

	(1)	(2)	(3)	(4)	(5)	(6)
	$Disc_{iq} = 0$			$Disc_{iq} = 1$		
	TTP Campaign	NE Campaign	CBA Campaign	TTP Campaign	NE Campaign	CBA Campaign
	Log Lobbyists at IRS HQ_{iw}	*Log Lobbyists at IRS* HQ_{iw}	*Log Lobbyists at IRS* HQ_{iw}	*Log Lobbyists at IRS* HQ_{iw}	*Log Lobbyists at IRS* HQ_{iw}	*Log Lobbyists at IRS* HQ_{iw}
$Treat_i \times T - 8_{iw}$	0.004	0.061	0.082	-0.027	0.003	0.052
	(0.09)	(1.05)	(0.65)	(-0.54)	(0.20)	(0.65)
$Treat_i \times T - 7_{iw}$	-0.067	0.010	0.071	-0.012	-0.056	0.011
	(-1.50)	(0.20)	(0.65)	(-0.25)	(-0.67)	(0.65)
$Treat_i \times T - 6_{iw}$	-0.010	-0.009	0.227	-0.013	-0.081	0.230
	(-0.26)	(-0.18)	(1.33)	(-0.26)	(-1.00)	(1.35)
$Treat_i \times T - 5_{iw}$	-0.042	0.039	0.091	0.006	0.012	0.091
	(-1.01)	(0.69)	(0.60)	(0.11)	(0.90)	(0.60)
$Treat_i \times T - 4_{iw}$	0.020	0.042	0.103	0.032	0.061	0.103
	(0.45)	(0.99)	(0.93)	(0.46)	(0.31)	(0.93)
$Treat_i \times T - 3_{iw}$	-0.004	-0.061	0.130	-0.028	-0.010	0.130
	(-0.09)	(-1.48)	(0.94)	(-0.56)	(-1.11)	(0.94)
$Treat_i \times T - 2_{iw}$	0.030	0.052	0.024	0.091	0.034	0.024
	(0.76)	(0.98)	(0.77)	(1.07)	(0.14)	(0.77)
$Treat_i \times T + 0_{iw}$	0.009	**0.166*****	0.122	-0.024	**0.338*****	0.122
	(0.32)	**(3.82)**	(1.44)	(-0.48)	**(3.51)**	(1.44)
$Treat_i \times T + 1_{iw}$	0.061	-0.034	**0.301****	0.137	-0.043	**0.454****
	(1.34)	(-0.77)	**(2.18)**	(1.11)	(-1.23)	**(2.38)**
$Treat_i \times T + 2_{iw}$	0.007	0.006	0.057	**0.182*****	-0.005	0.056
	(0.18)	(0.14)	(0.51)	**(3.02)**	(-0.15)	(0.51)
$Treat_i \times T + 3_{iw}$	**0.104*****	**0.118****	0.038	**0.301*****	**0.063****	0.038
	(3.10)	**(2.41)**	(0.55)	**(6.97)**	**(2.04)**	(0.55)
$Treat_i \times T + 4_{iw}$	0.021	0.027	**0.106****	**0.173*****	0.008	**0.193****
	(0.51)	(0.57)	**(2.04)**	**(2.71)**	(0.21)	**(2.14)**
$Treat_i \times T + 5_{iw}$	-0.044	**0.157*****	0.033	-0.058	**0.120*****	0.033
	(-1.03)	**(3.09)**	(0.47)	(-1.17)	**(3.12)**	(0.47)
$Treat_i \times T + 6_{iw}$	-0.038	-0.005	0.073	-0.022	-0.002	0.076
	(-1.16)	(-0.03)	(1.12)	(-0.46)	(-0.08)	(1.17)
$Treat_i \times T + 7_{iw}$	-0.021	**0.097****	0.020	-0.045	0.051	0.023
	(-0.54)	**(2.19)**	(0.28)	(-0.92)	(1.30)	(0.33)
$Treat_i \times T + 8_{iw}$	0.017	-0.017	-0.028	-0.014	-0.045	-0.024
	(0.39)	(-0.48)	(-0.89)	(-0.46)	(-1.54)	(-0.78)
Fixed Effects	Firm, Week	Firm, Week	Firm, Week	Firm, Week	Firm, Week	Firm, Week
Observations	3,712	3,712	4,367	8,511	8,511	10,013
Adjusted R^2	0.616	0.659	0.587	0.616	0.659	0.587

This table presents the regression results of estimating the effect of an LB&I campaign on visits to the national office of the IRS by firm-linked lobbyists in a 16-week sample window around the announcement. The dependent variable is the natural log of the weekly visits by lobbyists linked to firms at the national office of the IRS. The treatment group consists of firms affected by the LB&I campaign ($Treat_i$) where the columns are split by firms who do not disclose lobbying the IRS in LDA filings that quarter ($Disc_{iq} = 0$). The control group consists of firms with at least one IRS examiner from any other office present in the 16-week window around the announcement.

Table 7: Which Type of Lobbyist Visits Are Not Disclosed Through LDA Filings?

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	TTP Campaign			NE Campaign			CBA Campaign		
$Disc_{iq} = 0$	*Log Contract Lobbyists at IRS HQ_{iw}*	*Log In-House Lobbyists at IRS HQ_{iw}*	*Log Trade Lobbyists at IRS HQ_{iw}*	*Log Contract Lobbyists at IRS HQ_{iw}*	*Log In-House Lobbyists at IRS HQ_{iw}*	*Log Trade Lobbyists at IRS HQ_{iw}*	*Log Contract Lobbyists at IRS HQ_{iw}*	*Log In-House Lobbyists at IRS HQ_{iw}*	*Log Trade Lobbyists at IRS HQ_{iw}*
$Treat_i \times T - 8_{iw}$	-0.021	0.039	0.007	0.015	-0.040	-0.050	0.034	0.034	0.058
	(-0.47)	(0.86)	(0.16)	(0.46)	(-1.19)	(-1.34)	(0.51)	(0.52)	(0.64)
$Treat_i \times T - 7_{iw}$	-0.010	0.045	-0.003	0.029	-0.009	-0.004	0.001	0.032	0.033
	(-0.22)	(0.98)	(-0.07)	(1.03)	(-0.31)	(-0.12)	(0.05)	(0.44)	(0.50)
$Treat_i \times T - 6_{iw}$	0.010	0.043	-0.009	-0.018	0.005	-0.012	0.116	0.113	0.158
	(0.22)	(0.93)	(-0.20)	(-0.63)	(0.16)	(-0.36)	(1.38)	(1.34)	(1.31)
$Treat_i \times T - 5_{iw}$	-0.005	0.060	0.011	0.042	0.003	0.025	0.018	0.015	0.059
	(-0.10)	(1.31)	(0.23)	(1.42)	(0.10)	(0.83)	(0.27)	(0.22)	(0.53)
$Treat_i \times T - 4_{iw}$	-0.040	0.086	0.033	0.013	0.029	0.031	0.019	0.056	0.055
	(-0.61)	(1.29)	(0.49)	(0.56)	(1.16)	(1.14)	(0.62)	(0.85)	(0.84)
$Treat_i \times T - 3_{iw}$	-0.024	0.030	-0.029	-0.042	-0.045	0.041	0.053	0.053	0.078
	(-0.52)	(0.65)	(-0.65)	(-1.45)	(-1.55)	(1.33)	(0.81)	(0.80)	(0.86)
$Treat_i \times T - 2_{iw}$	0.080	0.016	0.082	-0.032	-0.035	-0.022	0.020	0.020	0.020
	(1.01)	(0.20)	(1.03)	(-1.06)	(-1.12)	(-0.63)	(0.64)	(0.65)	(0.66)
$Treat_i \times T + 0_{iw}$	-0.072	0.037	-0.022	-0.015	**0.132*****	**0.134*****	0.091	0.088	0.089
	(-1.58)	(0.81)	(-0.49)	(-0.54)	**(4.68)**	**(4.48)**	(1.41)	(1.36)	(1.37)
$Treat_i \times T + 1_{iw}$	0.016	**0.040****	**0.101*****	0.012	0.046	0.015	**0.032*****	**0.130****	**0.030****
	(0.35)	**(2.56)**	**(2.68)**	(0.82)	(1.59)	(0.48)	**(3.27)**	**(2.02)**	**(2.01)**
$Treat_i \times T + 2i_w$	0.009	0.010	**0.146*****	**0.022****	0.022	0.019	-0.006	0.031	**0.020****
	(0.39)	(0.21)	**(3.18)**	**(2.30)**	(0.80)	(1.55)	(-0.19)	(0.47)	**(2.30)**
$Treat_i \times T + 3_{iw}$	**0.054*****	**0.104****	**0.141*****	0.013	**0.068****	**0.167*****	0.035	**0.033****	0.036
	(3.18)	**(2.29)**	**(3.09)**	(0.32)	**(2.16)**	**(4.01)**	(0.50)	**(2.47)**	(0.51)
$Treat_i \times T + 4_{iw}$	-0.041	0.009	**0.138*****	-0.028	0.021	0.032	-0.160	**0.061***	**0.092****
	(-0.89)	(0.20)	**(3.01)**	(-0.99)	(0.71)	(1.02)	(-1.35)	**(1.96)**	**(1.97)**
$Treat_i \times T + 5_{iw}$	-0.038	0.018	-0.042	-0.020	**0.145*****	**0.131*****	0.032	0.031	0.032
	(-0.83)	(0.40)	(-0.92)	(-0.56)	**(2.99)**	**(3.02)**	(0.46)	(0.45)	(0.46)
$Treat_i \times T + 6_{iw}$	-0.022	0.035	-0.026	0.014	0.006	**0.079*****	0.078	0.079	0.078
	(-0.48)	(0.76)	(-0.58)	(1.14)	(0.25)	**(3.09)**	(1.20)	(1.21)	(1.20)
$Treat_i \times T + 7_{iw}$	-0.030	0.013	-0.047	0.022	**0.107*****	0.0233	0.031	0.031	0.027
	(-0.65)	(0.29)	(-1.04)	(0.77)	**(3.60)**	(0.74)	(0.44)	(0.44)	(0.38)
$Treat_i \times T + 8_{iw}$	-0.003	0.008	0.070	0.004	0.035	0.054	-0.026	-0.025	-0.025
	(-0.39)	(1.26)	(1.46)	(-0.92)	(1.53)	(1.21)	(-0.85)	(-0.82)	(-0.82)
Fixed Effects	Firm, Week	Firm, Week	Firm, Week	Firm, Week	Firm, Week	Firm, Week	Firm, Week	Firm, Week	Firm, Week
Observations	3,712	3,712	3,712	3,712	3,712	3,712	4,367	4,367	4,367
Adjusted R^2	0.540	0.557	0.592	0.568	0.599	0.640	0.507	0.525	0.557

This table presents the regression results of estimating the effect of an LB&I campaign on visits to the national office of the IRS by firm-linked lobbyists in a 16-week sample window around the announcement. The dependent variable is the natural log of the weekly visits by contract lobbyists (Column 1, 4, 7), in-house lobbyists (Column 2, 5, 8), and trade group lobbyists (Column 3, 6, 9) linked to firms. The treatment group consists of firms affected by the LB&I campaign ($Treat_i$) but do not disclose lobbying the IRS in LDA filings that quarter ($Disc_{iq}$). The sample is restricted to firms visited by at least one IRS examiner from any office in the 16-week window around the announcement of the respective campaign who do not disclose lobbying the IRS in LDA filings. Standard errors are clustered by firm.

Table 8: Mechanism Tests
Panel A: Do Firms Exposed to Tax Shaming Disclose Less Lobbying?

$Disc_{iq} = 0$	(1) TTP Campaign	(2) NE Campaign
	Log Lobbyists at IRS HQ_{iw}	*Log Lobbyists at IRS* HQ_{iw}
$Treat_i$ x $ITEP_i$ x $T-8_{iw}$	-0.027	0.041
	(-0.33)	(0.84)
$Treat_i$ x $ITEP_i$ x $T-7_{iw}$	0.033	0.048
	(0.32)	(1.38)
$Treat_i$ x $ITEP_i$ x $T-6_{iw}$	-0.066	0.034
	(-0.79)	(1.13)
$Treat_i$ x $ITEP_i$ x $T-5_{iw}$	-0.039	0.034
	(-0.48)	(0.69)
$Treat_i$ x $ITEP_i$ x $T-4_{iw}$	-0.036	0.017
	(-0.42)	(0.41)
$Treat_i$ x $ITEP_i$ x $T-3_{iw}$	0.066	0.040
	(1.38)	(0.98)
$Treat_i$ x $ITEP_i$ x $T-2_{iw}$	0.033	-0.037
	(0.39)	(-0.83)
$Treat_i$ x $ITEP_i$ x $T+0_{iw}$	-0.089	-0.021
	(-1.41)	(-0.53)
$Treat_i$ x $ITEP_i$ x $T+1_{iw}$	0.095	0.012
	(0.73)	(0.24)
$Treat_i$ x $ITEP_i$ x $T+2i_w$	0.094	**0.083*****
	(1.02)	**(4.77)**
$Treat_i$ x $ITEP_i$ x $T+3_{iw}$	**0.146***	0.012
	(1.83)	(0.45)
$Treat_i$ x $ITEP_i$ x $T+4_{iw}$	0.050	0.038
	(0.61)	(0.74)
$Treat_i$ x $ITEP_i$ x $T+5_{iw}$	-0.005	0.038
	(-0.13)	(1.04)
$Treat_i$ x $ITEP_i$ x $T+6_{iw}$	-0.021	**0.063***
	(-0.46)	**(1.97)**
$Treat_i$ x $ITEP_i$ x $T+7_{iw}$	-0.017	0.038
	(-0.20)	(1.04)
$Treat_i$ x $ITEP_i$ x $T+8_{iw}$	-0.084	0.012
	(-1.37)	(0.27)
Fixed Effects	Firm, Week	Firm, Week
Observations	731	731
Adjusted R^2	0.376	0.358

This table presents the regression results of estimating the effect of an LB&I campaign on visits to the national office of the IRS by firm-linked lobbyists in a 16-week sample window around the announcement. The dependent variable is the natural log of the weekly visits by lobbyists linked to firms. The treatment group consists of firms affected by the LB&I campaign ($Treat_i$) split by exposure to tax shaming by ITEP ($ITEP_i = 1$). The sample is restricted to firms visited by at least one IRS examiner from any office in the 16-week window around the announcement of the respective campaign but do not disclose lobbying the IRS in LDA filings that quarter ($Disc_{iq} = 0$). Standard errors are clustered by firm.

Table 8: Mechanism Tests
Panel B: Do Firms Linked to Revolving Door Contract Lobbyists Disclose Less Lobbying?

$Disc_{iq} = 0$	(1) TTP Campaign	(2) NE Campaign	(3) CBA Campaign
	Log Contract Lobbyists at IRS HQ$_{iw}$	*Log Contract Lobbyists at IRS HQ$_{iw}$*	*Log Contract Lobbyists at IRS HQ$_{iw}$*
Treat$_i$ x exGov$_i$ x T – 8$_{iw}$	-0.033	0.014	0.031
	(-1.39)	(0.46)	(0.51)
Treat$_i$ x exGov$_i$ x T – 7$_{iw}$	0.006	0.023	0.011
	(0.37)	(1.03)	(0.05)
Treat$_i$ x exGov$_i$ x T – 6$_{iw}$	0.054	-0.012	0.102
	(1.46)	(-0.63)	(1.38)
Treat$_i$ x exGov$_i$ x T – 5$_{iw}$	-0.005	0.047	0.012
	(-0.26)	(1.42)	(0.27)
Treat$_i$ x exGov$_i$ x T – 4$_{iw}$	-0.015	0.023	0.004
	(-0.67)	(1.36)	(0.62)
Treat$_i$ x exGov$_i$ x T – 3$_{iw}$	0.049	-0.041	0.043
	(1.23)	(-1.25)	(0.81)
Treat$_i$ x exGov$_i$ x T – 2$_{iw}$	0.030	-0.038	0.021
	(1.56)	(-1.03)	(0.64)
Treat$_i$ x exGov$_i$ x T + 0$_{iw}$	0.069	-0.015	0.021
	(0.91)	(-0.54)	(1.41)
Treat$_i$ x exGov$_i$ x T + 1$_{iw}$	0.007	0.012	**0.061*** **
	(0.16)	(0.82)	**(3.27)**
Treat$_i$ x exGov$_i$ x T + 2i$_w$	**0.157****	**0.042*****	-0.006
	(2.11)	**(3.30)**	(-0.19)
Treat$_i$ x exGov$_i$ x T + 3$_{iw}$	0.024	0.013	0.035
	(0.55)	(0.32)	(0.50)
Treat$_i$ x exGov$_i$ x T + 4$_{iw}$	-0.026	-0.028	-0.160
	(-1.06)	(-0.99)	(-1.35)
Treat$_i$ x exGov$_i$ x T + 5$_{iw}$	0.018	-0.020	0.032
	(0.93)	(-0.56)	(0.46)
Treat$_i$ x exGov$_i$ x T + 6$_{iw}$	0.018	0.014	0.078
	(0.77)	(1.14)	(1.20)
Treat$_i$ x exGov$_i$ x T + 7$_{iw}$	0.069	0.022	0.031
	(0.76)	(0.77)	(0.44)
Treat$_i$ x exGov$_i$ x T + 8$_{iw}$	0.069	0.004	-0.026
	(0.91)	(-0.92)	(-0.85)
Fixed Effects	Firm, Week	Firm, Week	Firm, Week
Observations	3,712	3,712	4,367
Adjusted R^2	0.425	0.525	0.446

This table presents the regression results of estimating the effect of an LB&I campaign on visits to the national office of the IRS by firm-linked lobbyists in a 16-week sample window around the announcement. The dependent variable is the natural log of the weekly visits by lobbyists linked to firms. The treatment group consists of firms affected by the LB&I campaign (*Treat$_i$*) split by if linked contract lobby firms employ a former government official. The sample is restricted to firms visited by at least one IRS examiner from any office in the 16-week window around the announcement of the respective campaign but do not disclose lobbying the IRS in LDA filings that quarter ($Disc_{iq}$ = 0). Standard errors are clustered by firm.

Appendix 1: Variable Definitions

Variable Name	Description
CBA Campaign	The LB&I campaign launched on November 4, 2019 by the Cross Border Activities practice area of the LB&I to conduct issue-based field examinations related to the transition tax owed on deferred foreign income as required under IRC 965, i.e., a cross-border transaction that the LB&I recognized as having a particularly high rate of taxpayer deficiencies.
NE Campaign	The LB&I campaign launched on July 19, 2019 by the Northeastern Compliance practice area of the LB&I to conduct issue-based field examinations related to Section 457A deferred compensation, i.e., deferred compensation plans for service providers to be included in gross income, an area the LB&I recognized as having a particularly high rate of taxpayer deficiencies.
TTP Campaign	The LB&I campaign launched on April 16, 2019 by the Treaty and Transfer Pricing Operations practice area of the LB&I to conduct issue-based field examinations related to captive service providers, i.e., foreign subsidiaries providing services to multinational firm, a transfer pricing area the LB&I recognized as having a particularly high rate of taxpayer deficiencies.
Dependent Variables	
Lob Trade Lobbyists at IRS HQ$_{iw}$	The natural log of 1 + the number of devices from trade group lobbyist offices within the national headquarters of the IRS in week w.
Log CBA Examiners$_{iw}$	The natural log of 1 + the number of devices from LB&I offices with at least one leader from the Cross Border Activities practice area within the headquarters of firm i in week w.
Log Contract Lobbyists at IRS HQ$_{iw}$	The natural log of 1 + the number of devices from contract lobbyist offices within the national headquarters of the IRS in week w.
Log In-House Lobbyists at IRS HQ$_{iw}$	The natural log of 1 + the number of devices from in-house lobbyist offices within the national headquarters of the IRS in week w.
Log Lobbyists at Congress$_{iw}$	The natural log of 1 + the number of devices from lobbyist offices (contract lobbyists who file at least one *LDA* in 2019, firm i's DC offices, and the DC location of trade groups that file at least one *LDA* in 2019) within the building of Capitol Hill in week w.
Log Lobbyists at Firm$_{iw}$	The natural log of 1 + the number of devices from lobbyist offices (contract lobbyists who file at least one *LDA* in 2019, firm i's DC offices, and the DC location of trade groups that file at least one *LDA* in 2019) within the headquarters of firm i in week w.

Variable Name	Description
Log Lobbyists at IRS HQ$_{iw}$	The natural log of 1 + the number of devices from lobbyist offices (contract lobbyists who file at least one *LDA* in 2019, firm i's DC offices, and the DC location of trade groups that file at least one *LDA* in 2019) within the national headquarters of the IRS in week w.
Log NE Examiners$_{iw}$	The natural log of 1 + the number of devices from LB&I offices with at least one leader from the Northeastern Compliance practice area within the headquarters of firm i in week w.
Log TTP Examiners$_{iw}$	The natural log of 1 + the number of devices from LB&I offices with at least one leader from the Treaty and Transfer Pricing Operations practice area within the headquarters of firm i in week w.
Key Variables of Interest	
exGov$_i$	An indicator variable equal to one if a contract lobbyist that visits a firm i's headquarters and subsequently visits the Capitol Hill or the headquarters of the IRS has hired a lobbyist with work history in the IRS, Department of Treasury, or Joint Committee on Taxation.
ITEP$_i$	An indicator variable equal to one if a firm i is mentioned as one of "large corporations that pay no taxes" as part of the Institute on Taxation and Economic Policy's popular article published in April 2019.
LDA	Refers to the Lobbying Disclosure Act, which requires firms and trade associations to file a disclosure form indicating the client, topic of discussion, the elected official or federal agency visited, and prior government roles if any, as long as the lobbyists meet the three-pronged threshold conditions.
Disc$_{iq}$	An indicator variable equal to one if a firm i discloses any LDA filings in quarter q.
Treat$_i$	An indicator variable that equals one for a firm i which experiences an increase in the number of LB&I examiners from the offices of the practice area launching an LB&I campaign in the 8-week window after the launch of the respective campaign, and 0 for other firms.
Firm-Level Variables	
DNOL$_{(t, t+1)}$	The change in *NOL* from year *t* to year *t+1*.
FI$_i$	Pretax foreign income to (PIFO) scaled by lagged assets.
INTAN$_i$	Intangible assets (INTAN) scaled by lagged assets.
LEV$_i$	The ratio of long-term debt (DLTT) to lagged assets.
LOSS$_i$	An indicator equaling one if pretax income (PI) is less than zero, zero otherwise.

Variable Name	Description
MB_i	The market to book ratio, defined as the ratio of the market value of equity (PRCC_F× CSHO) to the book value of equity (CEQ).
NOL_i	An indicator variable equal to one if tax loss carryforwards (TLCF) is greater than zero, and zero otherwise.
Option Tax Ben$_i$	An indicator equal to one if the tax benefits of stock options (TXBCOF) is greater than zero, and zero otherwise.
PPE_i	Property, plant, and equipment (PPENT) scaled by lagged assets (AT).
$PTROA_i$	Pretax income (PI) before interest (XI) scaled by lagged assets (AT).

Online Appendix *for*

Shadow Lobbying During Tax Audits

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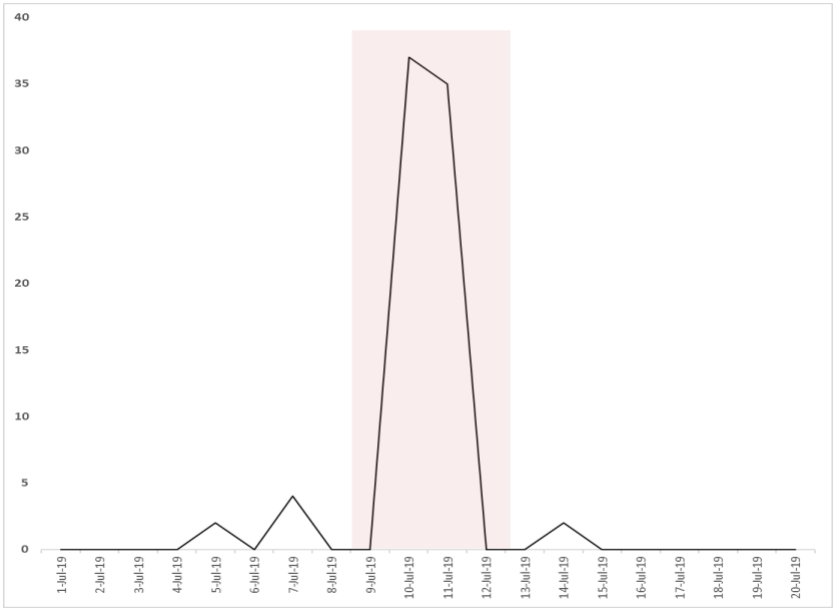
Appendix A: Additional Tables and Figures

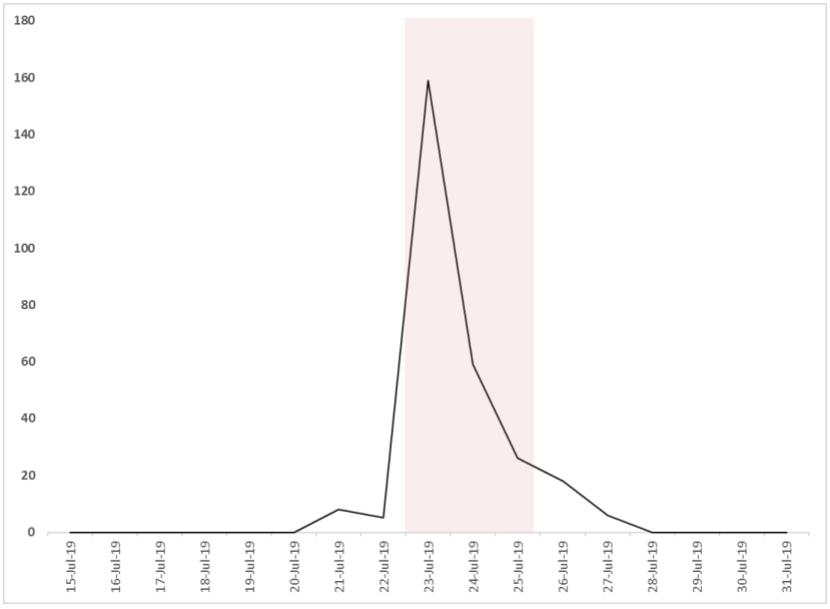
Figure A1: Additional Validation of LB&I Examiner Devices

Panel A: Pings from LB&I Devices at Nationwide Tax Forum (July 9-11, 2019 at Gaylord National Resort and Convention Center, Maryland)



Note: This figure represents the number of pings (black) from LB&I-associated devices found within the conference hotel location during the Nationwide Tax Forum. The highlighted time is the conference duration.

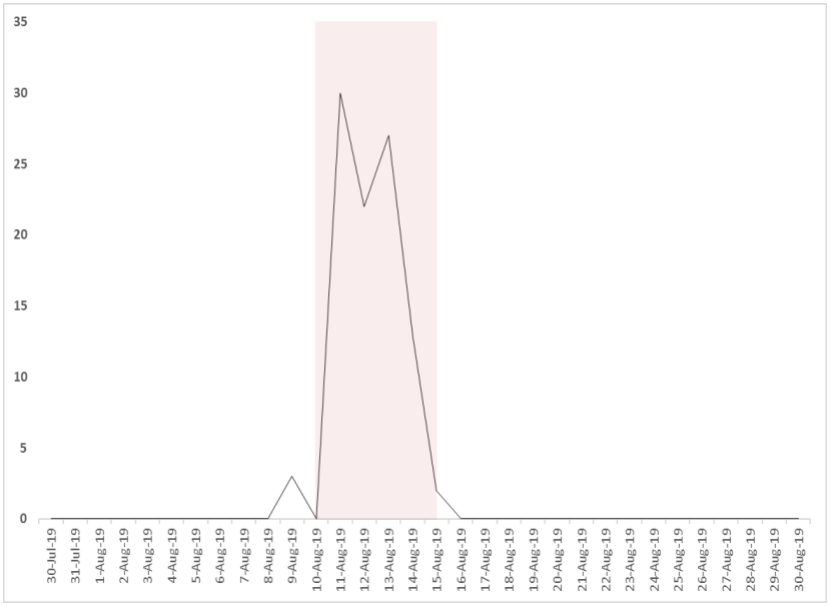
Panel B: Pings from LB&I Devices at Nationwide Tax Forum (July 23-25, 2019 at Hyatt Regency, Chicago)



Note: This figure represents the number of pings (black) from LB&I-associated devices found within the conference hotel location during the Nationwide Tax Forum. The highlighted time is the conference duration.

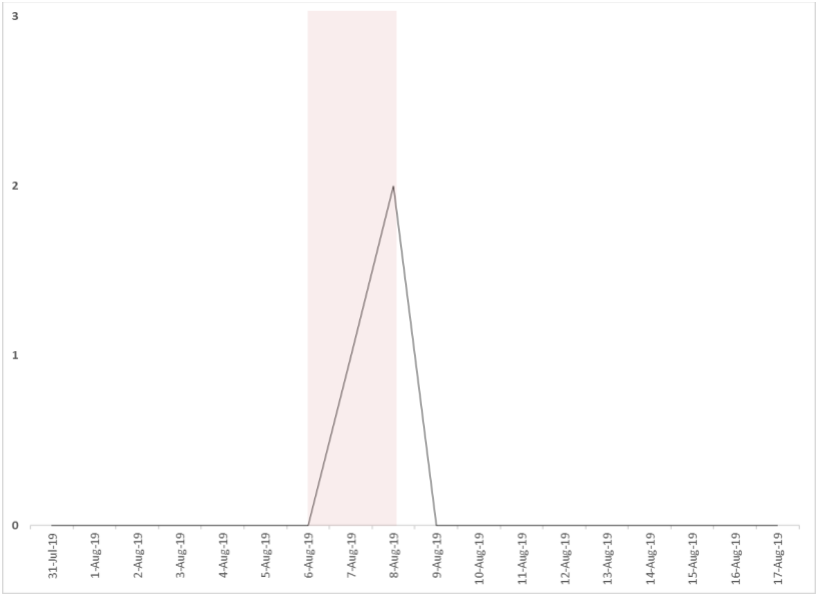
Figure A1: Validation of LB&I Examiner Devices

Panel C: Pings from LB&I Devices at Nationwide Tax Forum (August 6-8, 2019 at Hyatt Regency, New Orleans)



Note: This figure represents the number of pings (black) from LB&I-associated devices found within the conference hotel location during the Nationwide Tax Forum. The highlighted time is the conference duration.

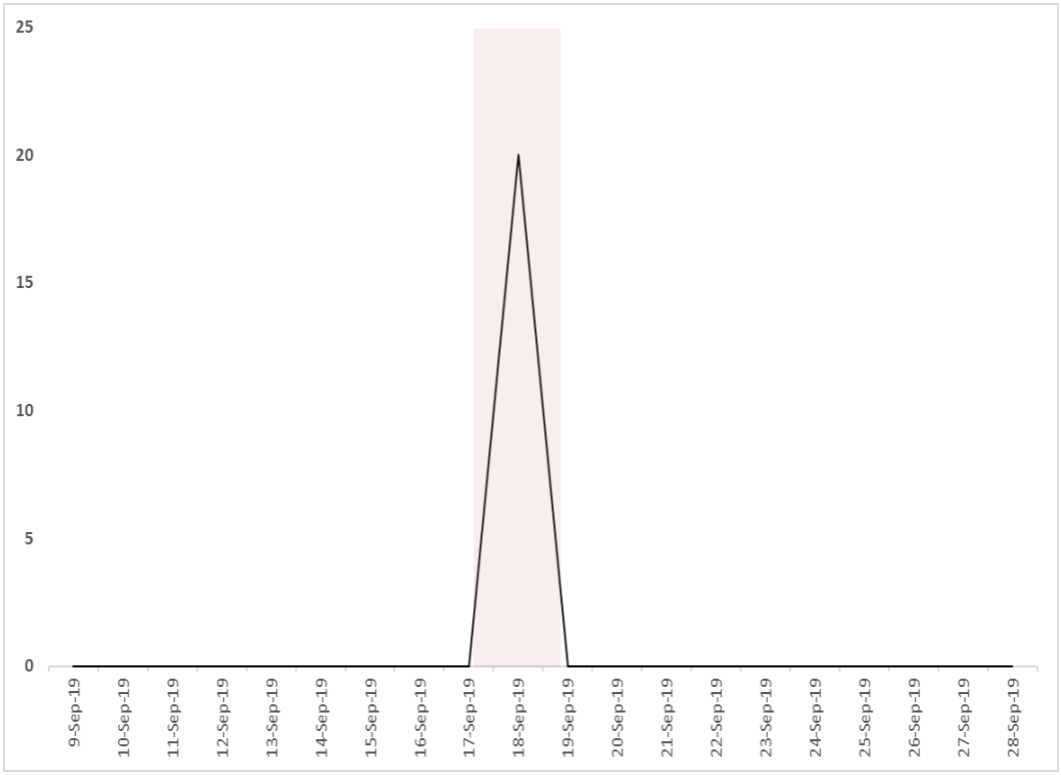
Panel D: Pings from LB&I Devices at Nationwide Tax Forum (August 13-15, 2019 at Hyatt Regency, Orlando)



Note: This figure represents the number of pings (black) from LB&I-associated devices found within the conference hotel location during the Nationwide Tax Forum. The highlighted time is the conference duration.

Figure A1: Validation of LB&I Examiner Devices

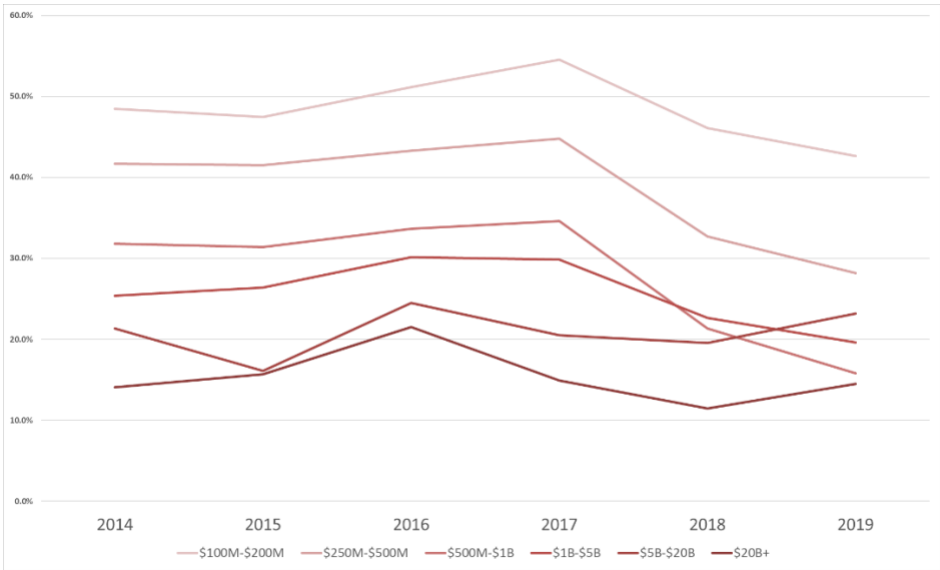
Panel E: Pings from LB&I Devices at Nationwide Tax Forum (September 17-19, 2019 at Town and Country Resort, San Diego)



Note: This figure represents the number of pings (black) from LB&I-associated devices found within the conference hotel location during the Nationwide Tax Forum. The highlighted time is the conference duration.

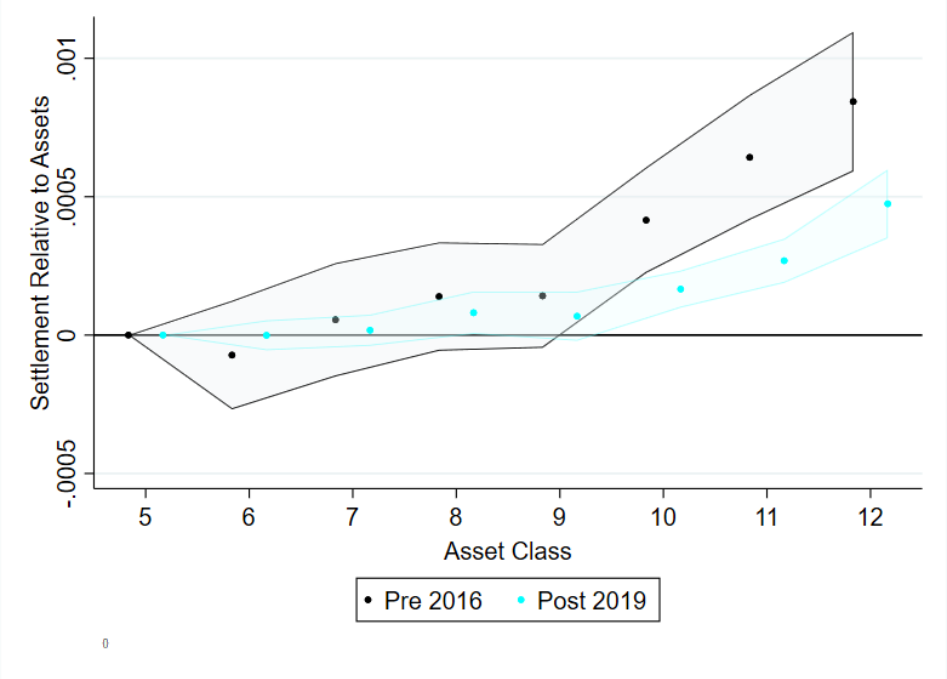
Figure A2: LB&I Resource Allocation by Firm Size Since 2017

Panel A: Percentage of No-Change LB&I Audits by Asset Classes



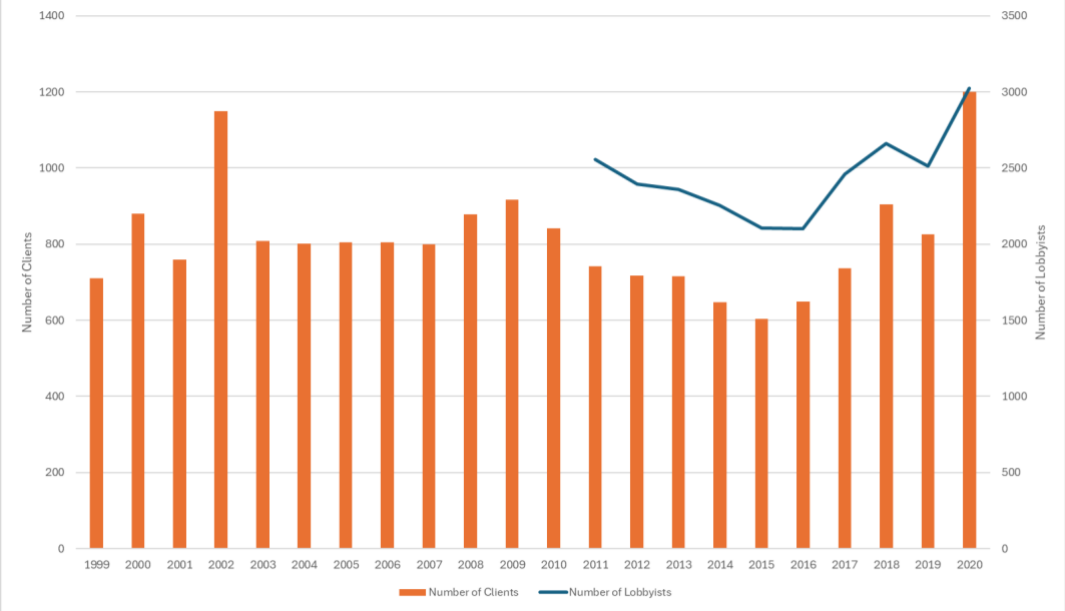
Note: This figure represents the percentage of tax returns examined by the LB&I that resulted in no additional tax recommended by the IRS (Internal Revenue Service, 2025). The groups of firms are divided by total assets, with lighter shades representing firms with lower assets, and darker shades representing firms with greater assets.

Panel B: Settlement Size by Asset Classes Across LB&I Audit Selection Models



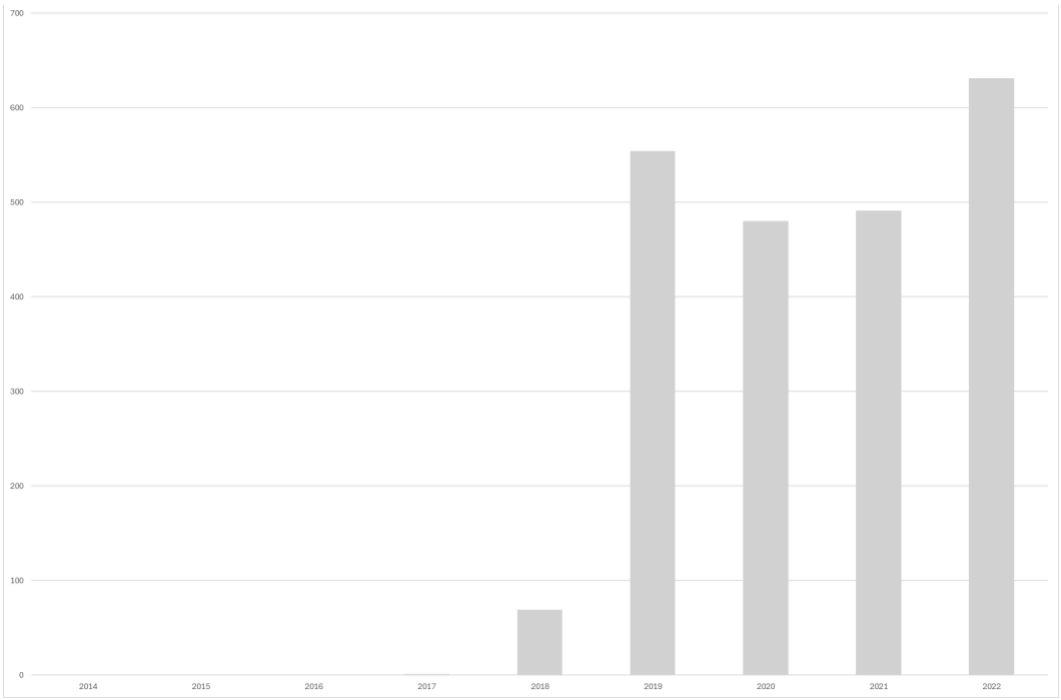
Note: This figure compares the asset class fixed effects (and 95% confidence intervals) of disclosed settlements relative to asset class "5", i.e., firms with assets between $10 - $50 million for a sample of Compustat firms in the years between 2013-2015 (black) and a sample of firms in the years between 2019-2021 (cyan) across the two LB&I audit regimes.

Figure A3 Panel A: Number of Disclosed Clients and Lobbyists: Department of Treasury



Note: This figure shows the number of disclosed clients (orange) and number of lobbyists (blue) from 1999-2020 who specify the Department of Treasury directly as the target of the lobbying efforts. The source of the data is OpenSecrets.org.

Figure A3 Panel D: Disclosed Lobbying Related to the "Implementation of the TCJA"



Note: This figure shows the number of disclosed number of lobbyists reports from 2014-2022 who specify the "implementation of the TCJA" as the issue for the lobbying efforts. The source of the data is OpenSecrets.org.

Linking Firms to Lobbyists

Using the results from Equation (1), I identify the set of firms impacted by the respective LB&I campaign by tagging firms with an increase in campaign-related examiners after the launch of the campaign relative to the eight weeks prior. Then, I estimate a generalized difference-in-differences equation using OLS centered around the launch of an LB&I campaign between firms affected by the campaign versus a control group of firms who are visited by examiners from other LB&I offices in the sample window:

$$Lobbyists\ at\ Firm_{iw} = \beta_0 + \beta_{iw}\ Treat_i\ x(T + w)_w + v_i + u_w + \epsilon \qquad \text{(A2)}$$

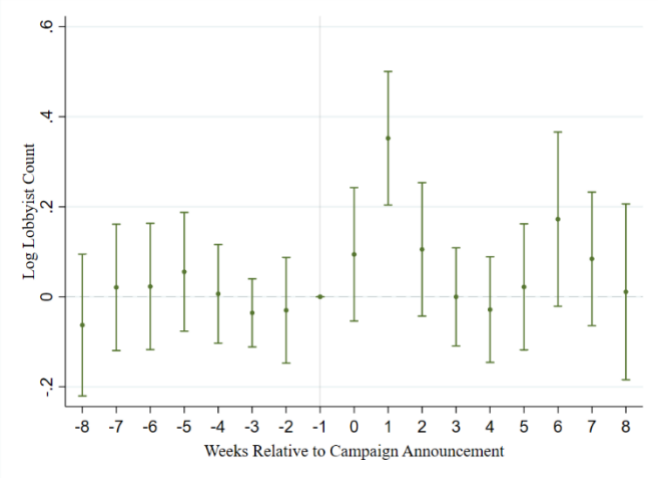
In Equation (A2), the dependent variable is the natural log of the number of lobbyists within the building of the firm's headquarters in the weeks around the launch of the LB&I campaign. The key variables of interest are the interactions between *Treat* and $T+w$ where treatment is defined at the firm-level for firms impacted the LB&I campaign, and the control group consists of firms with at least one LB&I examiner from other offices during the sample window. Equation (2) includes firm and week fixed effects to address potential firm-level or week-level confounders. The coefficients of the key variables of interest allow me to estimate the relative change in the number of tax lobbyists within a campaign-affected firm's headquarters relative to other firms under audit, where a positive coefficient would indicate an increase in in-person visits from lobbyists to firms in the week relative to the baseline.

Figure A4 and Table A2 in Appendix A present results from estimating Equation (2) and is presented similarly to Figure 2 and Table 3, but with lobbyists at firm headquarters buildings as

the outcome. The key variables of interests here are the interaction terms between firms exposed to the corresponding LB&I campaign (Treat) and the weekly indicators centered around the launch of the LB&I campaign. Unlike the sustained increase in the presence of LB&I examiners after the launch of a campaign in Figure 2 and Table 3, I fail to find a sustained increase in lobbyists who visit firm headquarters buildings for firms that are exposed to LB&I campaign but find isolated weeks post the launch of the campaign when lobbyists are seen visiting the firm headquarters. For instance, in Column (1) of Table A2, I find a positive and statistically significant ($p < 0.01$) increase in lobbyists visiting firm headquarters in the first week after the launch of the TTP Campaign relative to the week prior to the launch of the campaign. The effect size here is quite meaningful, lobbyist visits to affected firms increase by up to 35% relative to firms unaffected by the campaign but are otherwise under tax audit. Collectively, Figure A4 and Table A2 show that firms that are incrementally affected by a tax audit are likelier to initiate contact with lobbyists, consistent with H1.

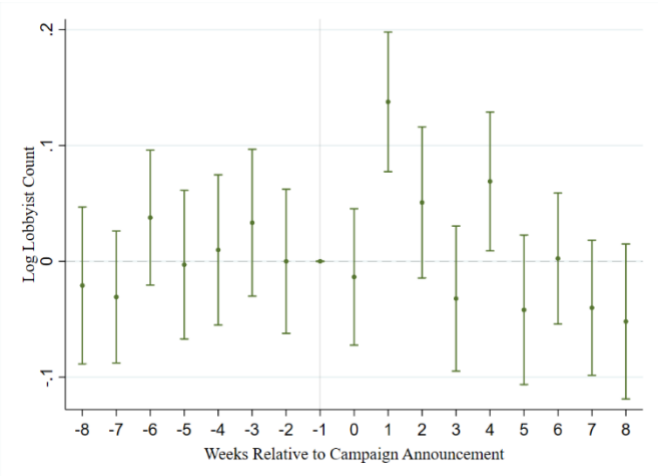
Figure A4: Tax Lobbyists at Firm HQs Around LB&I Campaign Announcements

Panel A: Captive Services Providers Campaign: Tax Lobbyists at Affected Firm HQs



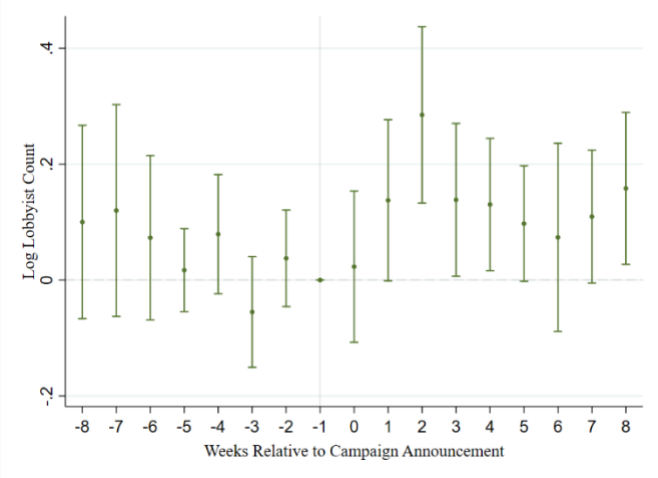
Note: This figure represents the week-by-week coefficients with 90% confidence intervals of an event-study regression where the dependent variable is the natural log of the count of lobbyists who visited firms affected by the LB&I campaign after the launch of the campaign. The treatment timing is the LB&I campaign announced on April 16, 2019. The baseline is the week prior to the announcement. The control group consists of firms with at least one IRS examiner from any other office present in the 16-week window around the announcement.

Panel B: Deferred Compensation Campaign: Tax Lobbyists at Affected Firm HQs



Note: This figure represents the week-by-week coefficients with 90% confidence intervals of an event-study regression where the dependent variable is the natural log of the count of lobbyists who visited firms affected by the LB&I campaign after the launch of the campaign. The treatment timing is the LB&I campaign announced on July 19, 2019. The baseline is the week prior to the announcement. The control group consists of firms with at least one IRS examiner from any other office present in the 16-week window around the announcement.

Panel C: Deferred Foreign Income Campaign: Tax Lobbyists at Affected Firm HQs



Note: This figure represents the week-by-week coefficients with 90% confidence intervals of an event-study regression where the dependent variable is the natural log of the count of lobbyists who visited firms affected by the LB&I campaign after the launch of the campaign. The treatment timing is the LB&I campaign announced on November 4, 2019. The baseline is the week prior to the announcement. The control group consists of firms with at least one IRS examiner from any other office present in the 16-week window around the announcement.

Table A1: LB&I Campaign Announcements (2019-2020)

Date	LB&I Compliance Campaign	LB&I Practice Area	Type/Industry Affected
4/16/2019	Captive Services Provider Campaign	Treaty and Transfer Pricing Operations	Multinational firms
7/19/2019	Section 457A Deferred Compensation	Northeastern Compliance	Firms in the Northeast region
11/4/2019	IRC 965 Deferred Foreign Income	Cross Border Activities	Multinational firms
2/27/2020	IRC 6426 Fuel Credit	Enterprise Activities	Fuel mixture credits
2/27/2020	Research Issues	Eastern Compliance and Enterprise Activities	R&E tax credits
5/1/2020	Tax Cuts and Jobs Act (TCJA)	Enterprise Activities	All firms
9/14/2020	Allocation of Success-Based Fees Without Rev. Proc. 2011-29	Enterprise Activities	Acquirers in mergers
9/14/2020	IRC Section 807(d) – (Re-)Computation of Life Insurance Reserves Campaign	Enterprise Activities	Life insurance providers
9/28/2020	Limitations on Consolidated Net Operating Losses	Northeastern Compliance and Enterprise Activities	Firms with NOL > 0 in the Northeast region

Table A2: Do Firms Exposed to LB&I Campaigns Invite Lobbyists to the Firm?

	(1)	(2)	(3)
	TTP Campaign	NE Campaign	CBA Campaign
	Log Lobbyists at Firm$_{iw}$	*Log Lobbyists at Firm$_{iw}$*	*Log Lobbyists at Firm$_{iw}$*
Treat$_i$ x T – 8$_{iw}$	-0.063	-0.022	0.100
	(-0.660)	(-0.530)	(0.990)
Treat$_i$ x T – 7$_{iw}$	0.021	-0.037	0.120
	(0.250)	(-1.060)	(1.080)
Treat$_i$ x T – 6$_{iw}$	0.023	0.032	0.073
	(0.270)	(0.880)	(0.850)
Treat$_i$ x T – 5$_{iw}$	0.056	-0.009	0.017
	(0.690)	(-0.230)	(0.390)
Treat$_i$ x T – 4$_{iw}$	0.007	0.009	0.079
	(0.100)	(0.240)	(1.270)
Treat$_i$ x T – 3$_{iw}$	-0.036	0.031	-0.055
	(-0.780)	(0.810)	(-0.950)
Treat$_i$ x T – 2$_{iw}$	-0.030	0.000	0.038
	(-0.420)	(0.000)	(0.740)
Treat$_i$ x T + 0$_{iw}$	0.094	-0.014	0.023
	(1.050)	(-0.380)	(0.290)
Treat$_i$ x T + 1$_{iw}$	**0.352*****	**0.138*****	0.138
	(3.910)	**(3.760)**	(1.630)
Treat$_i$ x T + 2i$_w$	0.105	0.051	**0.285*****
	(1.170)	(1.280)	**(3.080)**
Treat$_i$ x T + 3$_{iw}$	-0.001	-0.032	**0.138***
	(0.030)	(-0.850)	**(1.730)**
Treat$_i$ x T + 4$_{iw}$	-0.028	**0.069***	**0.130***
	(-0.400)	**(1.900)**	**(1.880)**
Treat$_i$ x T + 5$_{iw}$	0.022	-0.042	0.097
	(0.260)	(-1.070)	(1.610)
Treat$_i$ x T + 6$_{iw}$	0.172	0.002	0.074
	(1.470)	(0.070)	(0.750)
Treat$_i$ x T + 7$_{iw}$	0.084	-0.040	0.109
	(0.940)	(-1.130)	(1.570)
Treat$_i$ x T + 8$_{iw}$	0.011	-0.052	**0.158***
	(0.090)	(-1.280)	**(1.990)**
Fixed Effects	Firm, Week	Firm, Week	Firm, Week
Observations	12,223	12,223	14,380
Adjusted R^2	0.515	0.499	0.466

This table presents the regression results of estimating the effect of being selected by an LB&I campaign on the presence of tax lobbyists within firm HQ buildings in a 16-week sample window around the announcement. The dependent variable is the natural log of the weekly visits by lobbyists who visited firms affected by the LB&I campaign (*Treat$_i$*) after the launch of the respective campaign. The baseline is the week prior to the announcement. The sample is restricted to firms visited by at least one IRS examiner from any office in the 16-week window around the announcement of the respective campaign.