

Effect of Firm Attributes on Tax Practices of Listed Conglomerate Firms in Nigeria

Jacob Sackey PhD

Department of Accountancy; Faculty of Management and Social Sciences, University of Cross River State - Nigeria

Date of Submission: 01-08-2025

Date of Acceptance: 10-08-2025

ABSTRACT

The case of this paper is the effect of firm attributes on taxation behavior of listed conglomerate firms in Nigeria over a period of seven years between 2015 and 2021. The studied firm attribute is based on profitability, leverage and size of the firm. The research design of the paper was ex- post facto to study the complicated role of firm attributes in relation to tax practices of the listed conglomerate firms in Nigeria. Panel Data Estimated Generalized Least Square was used to draw empirical knowledge in the study. Interesting patterns are reflected by result findings: profitability is shown to have a statistically significant and negative effect on effective tax rates, based on which, the higher the level of profitability, the lower the effective tax rates. This highlights the importance of tax efficient practices to increase after tax profits. There is a negative and statistically significant impact of leverage on the effective tax rates which agrees with the application of leverage as a tax shield strategy by large conglomerates firms in avoiding taxes. There is a statistically significant negative relationship between firm size and effective tax rates, which means that bigger conglomerate firms are in a better position to enjoy tax incentives and tax deductions as well as advanced tax avoidance schemes. The research study has added value to the knowledge base with regard to the complexity of the taxation system in the Nigerian conglomerate companies and highlighting on the importance of firm characteristics in the scenario. It indicates that strong tax management and optimization is one of the crucial elements of the financial performance of conglomerate firms. The implications of this paper to policymakers, tax practitioners and stakeholders are that, there is need to apply equitable taxation policy laws that take into consideration the diversity of conglomerate firms in Nigeria. The study recommends the need to extend the given empirical research on emerging markets in order to

give meaningful findings to the field and the industry.

Keywords: Effective tax management, effective tax rates, profitability, leverage, firm size

I. INTRODUCTION

1.1 Background to the study

The company income tax Act (CITA) is the primary jurisdiction on which taxes are imposed on the company in Nigeria as amended by the different Finance Acts enacted in 2019, 2020, 2021, and 2023. The Act exposes the subject companies to a Company Income Tax (CIT) which is imposed on the assessable profits. Large corporations are often subjected to the statutory CIT rate that amounts to 30 % (those with gross turnover above NGN 100 million). At the same time, lower rates or exemptions are applied to smaller and medium businesses. Besides the CIT, there is the Education Tax (which is now 3 percent of assessable profit) and the firms are also liable to the Value Added Tax (VAT) and Withholding Tax (WHT) on certain transactions. The tax liability of a firm has a direct impact on profitability, cash flow and financial health of the firm in general. The conglomerate firms in Nigeria are faced with the complexities of attributes of a firm and the taxing related practices and the impact extends to the shareholders, employees, the creditors and the overall state of economy and the process of ensuring equal equal taxation related practice that suits the interests of all the stakeholders is a major challenge. Empirically, it can be said that taxation on corporate entities can have an enormous impact on other areas of conglomerate related industries in Nigeria; these include but are not limited to governance, the financial results, the dividends, the avoidance of the taxation, the earnings management, investment activities as well as the financing strategies. These empirical findings highlight the need for effective tax policies and corporate governance mechanisms to ensure that taxation contributes positively to the economic

development of Nigeria's conglomerate sector. Taxation therefore plays an important role in the financial landscape of any country, serving as a significant source of revenue for governments and influencing financial decisions of businesses (Dyrenge et al., 2018). In Nigeria, a nation characterized by diverse and dynamic business environment, understanding the relationship between firm attributes and taxation practices is very important (Kraft, 2014). This understanding is crucial within the Nigeria conglomerate sector, which represents a complex and multifaceted segment of the Nigerian economy. Nigeria boasts a growing conglomerate sectors consisting of diverse and large-scale businesses operating across various industries, including finance, manufacturing, energy and more. These conglomerates often direct a complex web of financial decisions and taxation strategies to optimize their financial performance while complying with evolving tax regulations. Hence examining how firm attributes, such as profitability, leverage, and size, influence taxation practices in this specific context is essential for both businesses and policymakers. As Nigeria continues to evolve as an emerging market, it is faced with the challenge of striking a balance between fostering an enabling business environment to ensure fair tax contributions from conglomerates. The dynamics between firm attributes and taxation practices can inform tax policies, enhance the financial management strategies of conglomerates, and contribute to the sustainable economic growth of Nigeria. Corporate taxation has become increasingly relevant to corporate financial decisions (Graham: 2023). Being a cost to a firm, taxation obviously impacts on the performance of the firm, and consequently, there has been an increased interest in the need to identify how the performance of firms could be increased by unloading their tax burden. Consequently, so far much literature has been established to explore effective tax rates (Minick and Noga, 2020; Armstrong et al., 2022; Vieira, 2023). To get an overview of the corporate taxation, the nominal tax rates do not tell much about the tax expense that firms experience. It may be mentioned that tax expense incurred by a firm is realized after adopting a sequential number of deferrals and accruals with regard to the sum calculated by multiplying the statutory tax rate with the amount calculated by multiplying the pre-tax income. This is precipitated by the fact that there exist differences between the accounting and fiscal systems that operate on different rules governing the treatment of some of the items of the financial

statements. Through a legal channel, the managers can exploit such differences by reducing ETRs. Lowering tax liability has been referred to under various terms by the prior researchers, e.g., Desai and Dharmapala (2016) and Dyrenge et al. (2018) term it as tax avoidance and consider anything to decrease taxes directly to be tax avoidance. The phrase tax planning is applied by Oladipo & Olayinka (2023) instead. Besides, Ogbeide, V. (2017) used interchangeably its term as tax management and defined it as a combination of "the capacity to pay less amount of taxes". The chance of controlling taxes is somehow connected to the deferred part of tax expense. Ologbenla, P. (2021) however clarifies that such strategies which are based on the deferred component of the tax expense has no effect on GAAP ETR. However, it is still worth mentioning that with the time value of money the firms can opt to pay a small portion of the taxes at the current period and pay the rest of the taxes in the future times. Profitable firms have a tendency to commit tax planning in an effort to pay less taxes to the government and this is because the more profit they report the more tax they would pay to the government. Therefore, it would be so that profitable companies turn to adjustment of items of a statement of profit or loss and other comprehensive income to those of the operating expenses to be higher and thus the tax amount that should be paid also decreases. Tax planning schemes may also be done by highly levered firms since the interest charged against the loan taken outside the firm is tax deductible since it is classified as the permissible expense considered under the tax laws and thus minimizes the profit to be taxed. Normally, firms with considerable amount of debts, whether short term or long-term debts repeatedly enjoy tax shield which is made possible via tax planning advantages (Ogbeide, 2017; Kubick & Lockhart, 2016). Also, firm with large operations tends to have more employees and branches and could use the loopholes in the tax laws through tax planning activities to improve its profit and create more wealth (Uniamikogbo et al 2018; Ibrahim, 2017). Nigeria's conglomerate sector represents a complex and dynamic segment of the economy, comprising large-scale businesses operating across diverse industries, including finance, manufacturing, energy, telecommunications, and more. These conglomerate firms often engage in complex financial decision-making and employ various taxation strategies to optimize their financial performance while ensuring compliance with evolving tax regulations. The sheer diversity and

scale of these conglomerates introduce complexities that warrant a specialized examination of firm attributes and taxation practices within this context. Effective tax management and optimization are important to financial performance of a firm and consequently the well-being of its stakeholders.

1.2 Statement of the Problem

There have been significant changes in the Nigerian tax landscape in recent years, with revisions in tax laws, rates, and incentives aimed at fostering a favorable business environment while ensuring fair tax contributions from conglomerate firms. How these evolving tax policies interact with firm attributes and influence taxation practices in Nigeria is a pressing concern because the Nigerian conglomerate sector operates within the broader context of an emerging market, characterized by unique economic and regulatory dynamics. Despite the importance of the conglomerate sector in driving economic growth and development, empirical evidence specific to the Nigerian conglomerate context remains limited. Therefore, there is a compelling need for rigorous empirical research to provide insights and evidence-based guidance for both businesses and policymakers operating in this environment. One of the central problems in the study of firm attributes and taxation practices is the inconsistency in findings and conclusions within existing literature. Scholars and researchers have offered a wide range of views on how factors like profitability, leverage, and firm size influence taxation outcomes. Some researchers have suggested that there is a significant effect of firm attributes on effective tax rates, others propose contrasting viewpoints. The variability in the empirical findings raises questions about the reliability and generalizability of existing research, particularly in the unique context of Nigerian-listed conglomerate firms. Another critical dimension of the problem pertains to the continuous evolution of taxation policies and regulations in Nigeria. This study examines how firm attributes of profitability, leverage and firm size has influenced the effective tax rates of firms in the conglomerate sector in Nigeria.

1.3 Research Objectives

The specific objectives of the research include:

1. Evaluate the influence of profitability on effective tax rate of listed conglomerate firms in Nigeria.

2. To scrutinize the extent to which leverage affects effective tax rate of listed conglomerate firms in Nigeria.
3. To ascertain the extent firm size influences effective taxation rate of listed conglomerate firms in Nigeria.

II. CONCEPTUAL REVIEW

2.1.1 Firm Attributes

Firm attributes is characterized by the broad ranges of the information that is revealed in the financial story of the business organizations, which are the predeterminers of the firm quality of accounting information and its performance (Oladipo & Olayinka, 2023). Firm characteristics of companies differ depending on the business organizations. The firm attributes can be identified in respect to the concerned information that has been revealed on the financial statements concerning a specific period of accounting (Rani, 2018). Mohammed (2017) hypothesized that attributes of the firm are significant in the determination of the overall performance of corporate entities and makes sure that firms achieve established goals. In the context of the current research, variables of profitability, leverage and size are studied as firm attributes.

2.1.2 Profitability

The profitability is the capacity of generating profit by an entity. It is a sign of the capability of business to share with the shareholders and minimize defaulting (Tulsian, 2014). Return on asset (ROA) and return on equity (ROE) can be used to measure the profitability (Henry & Sansing, 2019). Profitability is the capacity of a particular firm to gain profit. Profitability is a measure that shows the effectiveness of managers of a venture in utilizing the available resource of the business to create profits (Dogan, 2013). Gross profit margin took into consideration the amount realized after taking direct cost of sale into consideration. ROA is calculated as net income/ total asset that show the adequacy of utilization of real investment by the company. ROA is also usually applied to compare the efficiency and operating performance by examining the returns which were related to the asset that is being financed by the company. In case of this study, profitability will be calculated in terms of net income in relation to total assets. ROA can be called the key indicator of profitability of a firm that uses the average value of assets as the indicator of changes throughout the fiscal year (in case any changes occur). Return on assets (ROA) is

the financial ratio that demonstrates the percentage of profit a company earns concerning their resources. It is the ratio between net income and total assets. The net income is obtained on the basis of income statement of the company and it is profit which is left after taxation. ROA evaluates the effectiveness with which an asset is utilized in the period. A company creates a profit with the help of the assets (Lasisi, 2017). Firms profitability is a simple proxy with the ability to affect effective tax rate. In particular we would expect that the more profitable a firm is the more it would earn and pay more taxes, when we adopt a pre-tax income on measuring profitability.

2.1.3 Firm Leverage

Firm leverage is calculated between total amount of the debt and total amount of resources in a firm accounting period. Numerous analysts examined the debt of firms and proposed the determinants of the financial leverage stating that the decision about debt-equity of the firm is usually an exchange between the tax shields of interest and the cost of financial stress (Ogbeide, 2017). The capital structure analysis is also central as to exploring which factors could affect the effective tax rate of firms. The criterion of financing with which a company does its choice is critical because various methods of financing have numerous fiscal differences. There are two options or types of financing that a firm can basically choose to apply; debt and equity financing. In case, the firm makes a decision to finance through equity financing it may be a cheaper alternative but there is a con to it because the remuneration to the investors i.e. dividends are not allowed to be deductible as far as tax is concerned. Interest expense is deductible therefore making the firms, instead of financing with equity, prefer financing with debt. The financing decision made by firms can also help make the interest of shareholders and managers consistent as indicated by Kubick (2016). The higher the degree of leverage, the more the manager of the firm is disciplined by the charging of financing agreements presented by the lenders by insertion of restrictive provisions. These rules diminish the slack that can be used to make non-value maximizing decisions with the sole intent of receiving selfish benefits. With this clarification, it is no surprise that the effective tax of more leveraged firms records lower rates. Rahayu et al (2022) and Kubick (2016) discover that the leverage, as the approximation of the capital structure, has a significant negative correlation with the effective tax rates.

2.1.4 Firm Size

The terminology firm size has been differently defined in the literature to indicate the total assets, scale of operations and number of employees among others. Size refers to the total value of the assets that a company owns and used in the business. The magnitude and diversity of manufacturing capacity and service that a given firm can offer to the consumers presently is also a determinant of the size. The scale of a corporation is one of the key criteria applied in analyzing the effectiveness of the actions of a firm (Gaertner, 2021). One of the attributes that are likely to determine ETRs is the size of firms. This indicator is mostly represented in literature and nearly all the researches regarding the effective tax rates refer to it as an indicator, which have the predictive power over the ETRs. The result may however be unclear as to which way the relationship goes concerning the issues of the size of firms and ETRs. According to documented testimony of Desai et al (2016), bigger companies are linked with high effective tax levels. The political cost theory can explain this. In this theory, the effective tax rates are a proxy to political cost given the fact that paying taxes is an avenue of wealth transfer by the firms to the other social people. Tax burdens are a proxy of the success of firms as well; hence, in case big firms are more successful than the small firms, they will be subject to more political attentions. Bigger companies find it challenging to lower the effective tax rates as they face an increased scrutiny with regard to their tax affairs by the tax authorities. As a result, there will be an increased tax burden on larger firms compared to those firms that are small in dimension as taxes paid is part of the political cost that will be incurred by firms. The other competing theory is that as bigger firms are expected to have more power and more resources to deal with the tax, they are likely to have low ETRs (Gaertner, 2021). In line with this view, Ezeani et al. (2022) and Obigbemi et al, (2020) discover that the relationship between size and ETR is negative. But according to other researches, the size of firms positively influences the effective tax rates Chukwudi et al (2020).

2.1.5 Corporate Taxation

Fiscal policies are instruments of corporate tax rate. The decision and determination of the statutory rate of tax is increasingly the central agenda of governments. It is not a secret that taxes are a significant source of income so that the states may develop their public policies. Nevertheless, readiness to raise the statutory taxes

so as to meet that goal has been a little bit limited by other significant factors like the significance of corporate taxation to the popularity of foreign investment. Hence, studies related to the examination of the potential factors that can affect taxes that firms are supposed to pay are beneficial to regulators and policy makers and are helpful to establish the domestic taxation organizations, Abdullahi et al, (2024). When taxes are considered an important factor of the macroeconomic policies, it cannot be less so in the strategy of firms. According to Adebisi et al (2021), corporate decision making and other associated factors like capital structure, payout policy and risk management are some of the elements influenced by effective tax rates. When compared to book-tax gap measure, effective tax rate is an appropriate measure of tax planning because measurement errors relating to tax expense on tax credit and foreign income can be eliminated. As a rule, ETR offers precious data on the effectivity and efficiency of the operations carried out by a firm and its tax loads. Effective tax rate (ETR) method can explain tax planning as a tool that yields a temporary tax differences and offers the broad picture of tax expense variations since it is used to reflect current and deferred taxes. The companies having lower amount of ETR are the ones who take the advantage of the tax planning of the companies so as to minimize the taxable income of the company coming under tax margin but the financial accounting earnings are not reduced. ETR is anchored on an income statement that in most cases gauges the success of a tax cutting strategy and eventually results into high after-tax profits. Effective tax rate (ETR) is defined as the divide between the down cost of taxes by a benefit in profit prior to government tax. The sum tax cost could be the tax amount paid by the company in relation to the earnings of the companies (Eze & Okoye: 2019)

2.2 Theoretical Review

This research is anchored on the tax planning theory to explain the independent variable (firm attributes) and dependent variable (effective tax rate).

2.2.1 Tax Planning Theory

It was developed by Hoffman in 1958 the theory Of Tax planning states that the ability of the tax payers to make his payments is based on his ability to time his financial operations in the way he will make minimum payment towards the tax. Tax planning can be described as the carefully laid

out tax requirements and carried in a manner that evades tax liability through utilization of the loopholes in the tax structure. This theory states that effective corporate structures end up stealing cash with regards to tax authorities to corporate coffer (Hoffman, 1961). According to the theory, the activities that are tax planning are only desirable in the existence of the tendency to mitigate the taxable income to the bare minimum without implications to the accounting income. In this way, companies ought to work harder on their tax planning practices in order to reduce the number of income subject to tax, as opposed to an accounting profit. Hoffman found out some lack of clarity and loosely held tax laws. This was as a result of ambiguous nature on the part of the legislators. Hoffman came to a conclusion that effective tax schemes interact with legal concepts and statutory wording of the statute and following those concepts very closely as far as individual firm is concerned is likely to be beneficial to firms in terms of tax savings. To the degree to which the tax benefits to which tax planning activities of firm lead proved to be greater than the cost of tax, Hoffman (1961) claimed that there exist a positive connection amid the tax planning operations of a firm and its performance. Kawor and Kporgorghi (2014) and Ogundajo and Onakoya (2016) upheld the proposition of Hoffman on how a firm can only achieve appreciable tax savings on their activities through a better understanding of ambiguity of and loopholes in the tax laws. The theory indicates that tax plans must be realistic in the sense that it can allow introducing changes in tax laws as well as personalized. The Taxpayer requires a professional invention that is highly coordinated to incorporate and accommodate the different categories of taxes that include corporate, income, capital gains and gift. Hoffman went further to include that a tax plan should eliminate potential conflict and tension of the involved parties, time conscious aspect in regards to the future tax needs of the tax payers and be honest and should be one (Hanlon & Heitzman, 2009). The theory applies to the present study since the purpose of tax planning is as a response to well-calculated tax or obligation to the effect that in tax planning the tax liability is minimized by fully exploiting the loopholes available within taxation mechanism to pay lower tax in the endeavor to add value to the firm.

2.3 Empirical Review

Adeyemo et al (2025), examines how earnings management affects corporate tax payments among manufacturing firms listed on the

Nigeria Exchange Group Ltd. Using financial data and established proxies for earnings management, such as discretionary accruals, the authors analyze whether firms manipulate reported earnings to reduce taxable income and minimize tax liabilities. The analysis also controls for factors like firm size, profitability, and leverage to ensure robust results. The findings reveal a significant negative relationship between earnings management and corporate tax expenses, suggesting that firms strategically manage earnings to lower their tax burden. Larger and more profitable companies are particularly prone to these practices. The study highlights the influence of Nigeria's regulatory environment, implying that weak tax enforcement may enable earnings manipulation for tax advantages. By focusing on an emerging market context, this research contributes to understanding how earnings management serves as a tool not only for influencing investors but also for corporate tax planning. The results have important policy implications, emphasizing the need for improved regulatory supervision and effective corporate governance to curtail aggressive tax-related earnings management. However, its focus on manufacturing firms limits wider applicability, and reliance on accrual-based measures may overlook other manipulation methods.

Onwughai et al (2025), examine the impact of corporate income tax on the financial performance of Nigerian deposit money banks, with a particular focus on how firm size moderates this relationship. Using panel data and regression analysis on financial indicators such as Return on Assets (ROA), Return on Equity (ROE), and Net Profit Margin (NPM), and the study finds that higher corporate income tax rates negatively affect bank profitability. However, this negative effect is significantly weaker for larger banks, suggesting that they have better mechanisms such as more efficient tax management or economies of scale to mitigate tax burdens compared to smaller banks. The research highlights that the influence of corporate tax is not uniform across banks, emphasizing the importance of firm size in shaping financial outcomes. These findings have important policy implications, suggesting that tax frameworks should consider bank size to avoid disproportionately disadvantaging smaller institutions and to promote a balanced and competitive banking sector. While the study offers valuable insights within the Nigerian banking context, its reliance on secondary data and focus on financial metrics limit broader generalizations and overlook qualitative impacts such as innovation or

risk-taking behavior. Overall, the paper contributes meaningfully to the literature by revealing how taxation and firm characteristics interact to influence bank performance in an emerging economy.

Onwughai et al (2025), examine the impact of corporate income tax (CIT) on the financial performance of deposit money banks in Nigeria using panel data over several years. The study focuses on how taxation influences key profitability measures such as Return on Assets and Return on Equity. Employing econometric panel regression techniques, the authors control for bank-specific factors like size, liquidity, and capital adequacy. The findings reveal a significant negative relationship between corporate income tax and banks' financial performance, indicating that higher tax burdens reduce profitability. Larger banks seem better equipped to absorb the tax impact compared to smaller ones, suggesting operational scale moderates this effect. Control variables such as capital adequacy and liquidity also significantly affect bank performance, consistent with prior research. This study contributes valuable sector-specific insights into Nigeria's banking industry, highlighting that corporate income tax policy must balance government revenue objectives with the financial sustainability of banks. The authors recommend tax frameworks that avoid undermining banks' capacity to lend and invest, which are crucial for economic growth. Limitations include the study's focus on CIT alone and its context-specific findings, which may not be broadly generalizable. Future research could explore additional fiscal factors and compare results across different economies. Overall, the study underscores that while CIT is essential for public finance, its adverse effect on bank profitability calls for careful tax policy design to support a resilient banking sector in Nigeria. Osegbue et al (2024), examines the impact of taxation on corporate investment among non-financial firms listed on the Nigerian Stock Exchange from 2010 to 2017. Using data from 119 firms and employing pooled OLS, random effects, and fixed effects models, the authors analyze how tax aggressiveness measured through tax savings, effective tax rate, book-tax gap, and temporary tax differences affects investment expenditure, while controlling for firm size. Key findings reveal a positive and significant relationship between tax savings, effective tax rates, and investment expenditure, suggesting that firms benefiting from tax-saving measures or facing higher effective tax rates tend to invest

more. Conversely, the study finds that a larger book-tax gap, indicative of aggressive tax avoidance, negatively impacts investment, possibly due to the risks and uncertainty it introduces. Firm size also positively influences investment, confirming that larger firms invest more. The research highlights the complex role taxation plays in investment decisions. While tax incentives encourage investment, excessive tax avoidance may deter it. The authors recommend balanced tax policies that support revenue generation without discouraging investment, alongside transparent corporate tax practices to enhance investor confidence and promote sustainable growth in Nigeria.

Ajagun et al (2024), investigate the impact of corporate income tax (CIT) on public investment in Nigeria's agricultural sector from 1990 to 2022. Using secondary data from key Nigerian institutions and employing the Fully Modified Ordinary Least Squares (FMOLS) method, their study found a significant positive relationship between CIT revenues and government investment in agriculture. This suggests that increased CIT collection supports higher public spending in the sector, highlighting CIT as an important funding source for agricultural development in Nigeria. Complementing this, other studies also demonstrate the significance of CIT in Nigeria's agricultural investment landscape. For instance, Fadipe et al. (2025) show that CIT positively influences earnings per share in agricultural firms, indicating that tax revenues can boost profitability and reinvestment. Similarly, Ologbenla (2021) identifies a strong long-term relationship between CIT and government expenditure, including agricultural spending. Collectively, the findings buttress the vital role of corporate income tax in mobilizing resources for public investment and promoting growth in Nigeria's agricultural sector. Iyoha & Ohiokha (2024), "Corporate Tax-Mix, Firm Attributes, and Firm Performance of Listed Non-Financial Companies in Nigeria" provides valuable insights into the interplay between taxation, corporate characteristics, and financial outcomes among Nigerian firms. Utilizing a panel research design, the study analyzed data from 36 non-financial companies listed on the Nigerian

Stock Exchange over an eight-year period (2015 to 2022).

III. METHODOLOGY

3.1 Research Design

This research adopted ex-post facto design because it used secondary data and quantitative method to test the hypotheses.

The study population of conglomerate firms includes all the listed firms on the Nigeria Exchange Group Ltd. The samples of this study will comprise the five (5) listed conglomerates at the Nigeria Exchange Group Ltd as at 31 December 2021 (NEG Ltd Fact book, 2021). The selection of the mentioned conglomerates where the study was implemented was preconditioned by the opportunity to receive the full range of information. These companies are: Chelaram, John Holt, SCOA, Transcorp and UACN.

3.2 Model Specification

The mathematical and stochastic form of the models in this research is stated in algorithm as follows:

$$ETR_{it} = \alpha + \beta_1 ROA_{it} + \beta_2 LEV_{it} + \beta_3 SIZE_{it} + \beta_4 GROW_{it} + \beta_5 LQD_{it} + e_{it}$$

ETR = Effective Tax Rate (representing corporate taxation)

ROA = Return on Assets (Proxy for profitability)

LEV = Firm Leverage

SIZE = Firm Size

GROWTH = Firm Growth

LQD = Firm Liquidity

α = Intercept of the model or autonomous Effective Tax Rate

$\beta_1 - \beta_5$ = Parameters of the models

i, t = Constant (i.e. i = Number of firms; t = Number of year/period)

e = Error term

3.3 Measurement of Research Variables

The dependent variable is effective tax rate. The independent variables are firm attributes and were proxy by firm profitability, firm leverage, and firm size. The study employed firm growth and firm liquidity as control variables.

Table 1 Measurement of variables

Variables	Construct	Definition	Expected Sign
Dependent Variable			
Corporate tax	ETR	Measured as total tax expenses (Income tax expense) divided by pre-	

		tax income (EBIT).	
Independent Variables			
Profitability	ROA	Measured with as Profit before interest and tax divided by total assets.	-
Leverage	LEV	Measured as total debt divided by total asset.	-
Firm Size	SIZE	Measured as natural logarithm of total assets of the firm.	-
Control Variables			
Firm Growth	GROW	This is measured as current year revenue minus previous year revenue all divided by previous year revenue.	+
Firm Liquidity	LQD	Measured as Current assets deflated by current liabilities.	-

IV. RESULTS AND ANALYSIS

4.1 Data Presentation

Table 2 below presents the data for the variables of the study. The dependent variable is corporate taxation measured as effective tax rate

(ETR). The independent variables include profitability measured as returns on assets (ROA), leverage (LEV) and firm size (SIZE). The control variables include firm growth (GROW) and firm liquidity (LQD).

Table 2 Study Data of Variables

COMPANY	ETR	ROA	LEV	SIZE	GROW	LQD
CHELLARAM - 15	0.210762	-0.14703	0.707327	16.63532	-0.22874	0.838176
CHELLARAM - 16	-0.08011	0.016232	0.799132	16.32947	-0.22874	0.817244
CHELLARAM - 17	-0.43971	0.028181	0.710074	16.32299	-0.54902	1.050339
CHELLARAM - 18	0.051306	0.040725	0.511253	16.26756	-0.35081	1.021682
CHELLARAM - 19	0	-0.16519	0.711661	16.22429	-0.14245	0.693039
CHELLARAM - 20	0.002708	-0.50203	1.011415	15.9382	-0.5251	0.318474
CHELLARAM - 21	0.032019	-0.7564	1.785474	15.41342	-0.29717	0.048472
JOHN HOLT - 15	0.006431	0.046571	0.215334	15.71433	0.100883	0.738636
JOHN HOLT - 16	-0.03537	-0.0365	0.12745	15.95804	0.100883	1.21092
JOHN HOLT - 17	-2.81208	-0.04317	0.012458	15.74747	-0.13631	2.230813
JOHN HOLT - 18	0.00486	0.574079	0.039202	15.78514	0.173298	2.248508
JOHN HOLT - 19	0.022523	0.030659	0.086314	15.79527	-0.32705	2.047919
JOHN HOLT - 20	-0.08712	-0.03133	0.111309	15.94695	0.022956	2.154627
JOHN HOLT - 21	0.006944	0.065462	0.088305	15.99015	-0.3514	2.028874
SCOA – 15	129.4656	-0.00095	0.587033	16.13826	-0.21184	0.962596
SCOA – 16	-3.81497	0.046911	0.495251	16.4092	-0.21184	0.973437
SCOA – 17	0.005813	-0.15568	0.576374	16.31166	-0.49613	0.678281
SCOA – 18	-0.89156	-0.04312	0.665578	16.30129	-0.48831	0.994619
SCOA – 19	9.30114	0.002111	0.531093	16.42128	2.099513	0.978655
SCOA – 20	2.976981	-0.00765	0.245889	16.39656	0.928253	0.824229
SCOA – 21	-0.82296	0.034779	0.380626	15.99895	-0.82422	0.737082
TRANSCORP - 15	-0.46038	0.018318	0.276806	17.85186	-0.21725	1.335711
TRANSCORP - 16	0.930086	-0.0076	0.331844	17.87446	-0.21725	1.140631
TRANSCORP - 17	-0.27204	0.040691	0.343777	17.96028	1.018417	1.485197

TRANSCORP - 18	-0.19184	0.085876	0.38108	18.01179	0.737599	1.828086
TRANSCORP - 19	-0.40798	0.020611	0.317449	17.91369	-0.64339	2.842264
TRANSCORP - 20	-0.10428	0.029448	0.450169	18.32136	-0.14123	1.025692
TRANSCORP - 21	-0.14614	0.044838	0.418057	18.31204	0.88124	1.041701
UACN – 15	-0.11513	0.143593	0	17.13232	0.111682	2.079486
UACN – 16	-0.12836	0.102238	0	17.19929	0.111682	1.987162
UACN – 17	-0.08576	0.104701	0	17.28669	-0.09405	1.490985
UACN – 18	-0.13988	0.08555	0	17.70819	-0.17576	2.743853
UACN – 19	-0.24806	0.040291	0	17.70707	0.113797	2.807837
UACN – 20	0.217256	-0.04461	0	17.64873	-0.00041	1.866269
UACN – 21	-0.05734	0.060564	0	17.53074	0.156913	0.744087

Source: EViews 10 Computations

4.2 Data Analyses

4.2.1 Descriptive Statistics

Descriptive statistics of the study are the mean, standard deviation, as well as minimum and

maximum values for each of the dependent and independent variables.

Table 3: Descriptive Analysis

	ETR	ROA	LEV	SIZE	GROW	LQD
Mean	0.092870	-0.011311	0.371041	16.76774	0.004797	1.402033
Median	-0.082933	0.028815	0.337811	16.36301	-0.141843	1.095485
Maximum	9.301140	0.574079	1.785474	18.32136	2.099513	2.842264
Minimum	-3.814967	-0.756402	0.000000	15.41342	-0.824224	0.048472
Std. Dev.	2.039199	0.209045	0.389365	0.902752	0.603362	0.746079
Skewness	2.973798	-1.271421	1.677788	0.387886	1.674684	0.403123
Kurtosis	15.60753	9.064595	6.836937	1.636972	6.169880	2.225143
Jarque-Bera	242.9046	54.05671	32.47748	3.074585	26.58301	1.563044
Probability	0.000000	0.000000	0.000000	0.214962	0.000002	0.457709
Sum	2.786100	-0.339325	11.13124	503.0322	0.143902	42.06098
Sum Sq. Dev.	120.5916	1.267289	4.396558	23.63388	10.55733	16.14238
Observations	30	30	30	30	30	30

Hint: ETR=Effective tax rate, ROA>Returns on assets, LEV=Leverage, SIZE=Firm size, GROW=Firm growth, LQD=Firm Liquidity

Source: EViews 10

In Table 3, the average of effective tax rate (ETR) equals 0.09 and the maximum and minimum values equal 9.30 and -0.08; correspondingly, the standard deviation of 2.81 is received. The high standard deviation shows much variance in obtaining the mean. It means that ETR has not been diffused moderately among the listed conglomerate companies in Nigeria. Besides, the large range of maximum to minimum ETR, does also imply that the ETR is not moderate among the sampled firms. The average level of profitability is denoted by -0.01 which shows that the firm averagely makes a loss of 1 percent of its assets

and standard deviation that means average dispersion of return on the total assets of the sampled firms throughout the duration of the study is 0.29 which suggests that there is big distribution of profitability in the group of conglomerate firms. There are firms that are more likely to be recording a higher level of profitability as compared to other firms. The lower and the upper levels as illustrated through the tables are -0.76 and 0.57 respectively. The range therefore denotes that the difference between the maximum profit and minimum loss is large. Also, the average value of the leverage is 0.37, which denotes the average of leverage among

the sampled firms and the standard deviation of leverage is 0.39. The lowest and highest values are 0.00 and 1.79 respectively. Therefore, the minimum-maximum range is wide that discloses a huge space separating the firm-year observation with the least amount of debt capital and the firm with the greatest amount of debt capital. In addition, the mean value of the firm size is 16.77 and the standard is 0.90 showing that the variation is very low amongst the variables. This implies that the majority of the sampled firms fall in the same bracket in terms of their total asset, which is regarded as large firms. The minimum and the maximum size of a firm is 15.41 and 16.36 respectively; this means all the sampled firms are the large firms. The mean value and standard deviation of the firm growth are 0.004 and 0.603

respectively. The smallest of the values are -0.82 and the highest are 2.10. It can be attributed to the fact that in an average, the rate of growth among firms sampled is low. Some positive growth performance rates were recorded in another firm, but some other firms realized negative growth rates. Last but not the least liquidity carries a mean of 1.40 and a standard deviation of 0.75. The smallest and the greatest value are 0.004 and 2.84 respectively. The findings show that the sampled companies have liquid on average. Some of the firms were very liquid whereas, some were not liquid.

4.2.2 Correlation Analysis

The correlation matrix serves as a test for multicollinearity.

Table 4: Pearson Moment Correlation Matrix

	ETR	ROA	LEV	SIZE	GROW	LQD
ETR	1.0000					
ROA	-0.0128 0.9461	1.0000				
LEV	-0.0613 0.7473	-0.6514 0.0000	1.0000			
SIZE	-0.0089 0.9626	0.2748 0.1416	-0.3259 0.0788	1.0000		
GROW	0.6811 0.0000	0.2007 0.2875	-0.1517 0.4234	0.2749 0.1415	1.0000	
LQD	-0.1512 0.4251	0.5437 0.0019	-0.6115 0.0000	0.2891 0.1212	0.0035 0.9850	1.0000

HINT: Correlation coefficients and probability values in italics.

Source: EViews 10.

The relationship output shown in Table 4 above indicated that the level of corporate taxation expressed in terms of effective tax rate is

negatively linked with all the three independent variables of the study namely; profitability, leverage and firm size. When it comes to the

control variables of the research, the firm growth is positively and significantly related with the effective tax rate and liquidity on the negative side with the effective tax rate. In the independent variables there is a positive correlation of profitability against the size of firms which shows that in this research the more they are profitable the larger the firms. Profitability on the other hand is inversely correlated to leverage implying that profitable firms are the ones that exhibit low degree of debt capital. On the same note, firm size and

leverage have shown an inverse relationship indicating that big firms deal with less debt capital. On the control variables, there is a positive correlation between the growth and liquidity. Both of them are positively correlated to profitability and size, respectively. They are both negatively correlated with leverage. The findings show that the liquidity of companies with increasing revenue is that such companies are profitable, highly profitable and large.

4.3 Test of Hypotheses

Table 5: Panel Estimated Generalized Least Square (EGLS) Regression Estimation

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.293500	8.456388	0.034708	0.9727
ROA	-0.778221	0.223129	-3.487763	0.0061
LEV	-0.432505	0.145962	-2.963134	0.0035
SIZE	-0.903199	0.303480	-2.976140	0.0050
GROW	1.353162	0.543146	2.491338	0.0216
LQD	-0.001285	0.168878	-0.007609	0.9940
Effects Specification				
Cross-section fixed (dummy variables)				
Weighted Statistics				
R-squared	0.739165	Mean dependent var		-0.089497
Adjusted R-squared	0.641790	S.D. dependent var		1.467394
S.E. of regression	1.425498	Sum squared resid		40.64090
F-statistic	6.140528	Durbin-Watson stat		2.333302
Prob(F-statistic)	0.001427			
Unweighted Statistics				
R-squared	0.646886	Mean dependent var		0.092870
Sum squared resid	66.70093	Durbin-Watson stat		2.022857

Source: E Views 10

The R-squared value of 0.74 in Table 5 above suggests that all the independent variables (ROA, LEV, SIZE) and control variables (GROW, LQD) in the study jointly explain about 74 percent variation in effective tax rate (ETR). This shows that only an insignificant portion (26 percent) of the variation in ETR is not explained by the

variables of the study. The F-statistic value of 6.14, with p-value = 0.001 less than the 0.05 level indicates that the model is statistically fit for the regression estimation. The Durbin Watson values of 2.03 (for weighted statistics) and 2.02 (for unweighted statistics) reveal that there is no presence of autocorrelation in the model, as it falls

between 1.5 and 2.1 regions of no-serial correlation. Regarding the control variables examined in this study, firm growth has a positive and significant effect on effective tax rates, with a coefficient of 1.35, $p=0.02 < 0.05$. Firm liquidity has a negative and insignificant effect on effective tax rates, with a coefficient of -0.001, $p=0.99 > 0.05$.

4.3.1 Profitability and Corporate Taxation

The assessment of the data in Table 5 above revealed that there is an adverse and sizable impact of profitability of conglomerate firms on taxation ($p=0.006$). The coefficient of ROA variable is -0.78 which implies that profitability of conglomerate firms included in the sample has a negative effect on effective tax rate in the research. With ROA the ETR decreases by 78 percent, which indicates that effective tax rate is lower in the more profitable conglomerate companies. It means that there is dependent relation between profitability and the efficient tax rates of the conglomeration firms within the Nigeria context. A more profitable firm may be in a position to utilize many tax planning techniques, deductions, and incentives which might help it to achieve an effective rate of tax which is low. This could reduce the share of its profits, which it will be obliged to pay as tax.

Test of Hypothesis One:

Ho: Profitability does not have a significant effect on effective tax rate of listed conglomerate firms in Nigeria.

Hi: Profitability has a significant effect on effective tax rate of listed conglomerate firms in Nigeria.

The coefficient on the ROA variable has a t-calculated (cal) value of 3.488, which is greater than the t-tabulated (crit) value of 2.048 (30-2 df @ 0.05). Again, the p-value of 0.006 is less than the 0.05 alpha level. The results provide overwhelming evidence that the null hypothesis one is to be rejected. Thus, this study accepts the alternative hypothesis one (H_{11}) which conjectures that profitability has a significant effect on effective tax rate of listed conglomerate firms in Nigeria.

4.3.2 Leverage and Corporate Taxation

Table 4 also indicated that the taxation is also negatively affected significantly by the leverage of the conglomerate firms ($p=0.004$, coefficient = -0.43). The coefficient of LEV variable shows that -0.43, the leverage exerts negative influence in determining the effective tax rate of the sampled conglomerate firms in the study. LEV leads to the reduction in ETR by 43 per cent, meaning that those firms that have

conglomerate with less debt capital have higher tax rates. It implies that leverage and the effective tax rates of conglomerate firms in Nigeria have an inverse relationship. The more debt or the higher the leverage of a corporation, the more it might be in capacity of reducing its taxable income using interest expense write offs. It has the potential of reducing the effective rate of taxation as the interest on the debt in most cases is deductible. Consequently, the company will pay reduced tax as compared to profits.

Test of Hypothesis Two:

Ho: Leverage does not have a significant effect on effective tax rate of listed conglomerate firms in Nigeria.

Hi: Leverage has a significant effect on effective tax rate of listed conglomerate firms in Nigeria.

The coefficient on the LEV variable has a t-calculated (cal) value of 2.96, which is greater than the t-tabulated (crit) value of 2.048 (30-2 df @ 0.05). Again, the p-value of 0.004 is less than the 0.05 alpha level. The results provide overwhelming evidence that the null hypothesis two is to be rejected. Thus, this study accepts the alternative hypothesis two (H_{12}) which conjectures that leverage has a significant effect on effective tax rate of listed conglomerate firms in Nigeria.

4.3.3 Size and Corporate Taxation

Table 4 also indicated that the significant and negative impact on taxation attributed to the size of conglomerate firms can be summed up by the following interpretation, 90 and -0.90 have the same significant negative effect on taxation at $p=0.005$. The coefficient of the SIZE variable is -0.90, which indicates that size becomes a negative candidate to the rate of effective tax collected on the sampled conglomerate firms in the research. SIZE leads to ETR reduction which is by 90 percent meaning that big-sized firms in the history of conglomerates in Nigeria are related with low effective tax rates. In many cases bigger companies will have a larger range of resources notably the financial and human capital which can support them to undertake tax planning strategies and optimization, smaller companies have no capability to do it. These tactics may lead to the reduced tax payable rate.

Test of Hypothesis Three:

Ho: Firm Size does not have a significant effect on effective tax rate of listed conglomerate firms in Nigeria.

H₁: Firm Size has a significant effect on effective tax rate of listed conglomerate firms in Nigeria.

The coefficient on the SIZE variable has a t-calculated (cal) value of 2.98, which is greater than the t-tabulated (crit) value of 2.048 (30-2 df @ 0.05). Again, the p-value of 0.005 is less than the 0.05 alpha level. The results provide overwhelming evidence that the null hypothesis three is to be rejected. Thus, this study accepts the alternative hypothesis two (H₁₃) which conjectures that size has a significant effect on effective tax rate of listed conglomerate firms in Nigeria.

4.4 Discussion of Findings

The authors examined three firm characteristics in the Nigerian conglomerate sector to ascertain its degree of impact on effective tax rate paid by firms within the conglomerate sector. The three characteristics were shown to have statistical significant impact on the effective tax rates during the periods considered. In testing hypotheses and interpreting results, Profitability (ROA) was found to be statistically significant and negatively correlated to effective tax rate as shown in the Table 4. A significant level indicates that profitability has great impact on effective tax rate, and the negative coefficient indicates that there exists negative association between profitability and effective tax rate of listed conglomerate firms in Nigeria. This means, the higher the level of item 3 (profitability), the lower the level of the item 4 (tax rate). The result accompanies the a-priori view of the study. The finding also agrees with the result of Uniamikogbo (2018) who stated that the relationship between profitability and tax planning is negative which contradicts the views of Ana et al. (2015), Ezugwu and Akubo (2014) and Ilaboya et al. (2016) that there is a positive relationship between the two. Following this finding, this paper presents the argument that, due to their greater profitability levels, many companies tend to have greater resources and flexibility to practice tax efficiency. They can tactically distribute income, expenditures and assets in order to reduce their duty, hence pay at a low effective tax rate.

Implication on Tax Liability: Reduction in an effective tax rate can produce a positive experience on the eventual taxation due by a firm. It implies that the company keeps more of its post-tax earnings and this can increase the net income and this may be profitable to the shareholders and those in the stakeholder. The companies that suffer this adverse impact might choose to keep investing in tax planning and optimization models to ensure that they still have a low effective tax rate. They

can further keep check of the change in tax laws and regulations to change their strategies accordingly. Therefore, the negative impact of profitability on the effective tax rate of a firm has a connotation that the more profitable a firm gets, the more it can lower its liability by means of some tax planning and optimization strategies. This association shows the significance of appropriate tax management and financial planning in maximizing post-tax profits of a company.

The empirical observation of the hypothesis no. 2 indicates that leverage has a significant but negative effect on effective tax rate on conglomerate companies in Nigeria. Conventionally, the leverage should have negative impact on the tax liability owing to the interest component. Interest component acts as tax shield that business firms utilize in order to reduce tax charge. Thus, the significant adverse result of leverage on effective tax rate indicates that tax shield used by interest element has been employed by the sampled firms to pay low taxes in this research study. This finding is in line with the apriori study expectation. Also, the result is consistent with Ilaboya et al. (2016) and Ogbeide (2017) concluding that leverage is a considerable factor, which reduces taxation rates. Interest expense is tax-deductible; therefore, it is likely to reduce the effective tax rate (Ogbeide, 2017). The results show that tax planning as a process of paying less tax (liability) in order to obtain the utmost benefit that would compel the managers to exploit the leverage using debt financing to increase the interest expense and lowers the profit of the company and ETR. Lastly, the empirical outcome of the hypothesis three shows that there is negative and significant correlation between size of firm and effective tax rate of listed conglomerates within the Nigeria stock market. It means that the effective tax rates are lower in larger firms. Bigger firms can also serve many regions or even countries, and thus they can use the tax breaks and allowances that may appear in various nations. This diversification is able to aid in decreasing their tax liability in general. This is because the bigger firms would be able to negotiate a better deal with the tax authorities or would also be able to lobby better taxation policies. They can as well be better placed to plan their operations and transactions in a manner that reduces tax exposure. In addition, bigger companies usually have the benefit of tax departments or consultants that can create and use tax-efficient plans. They are in a better position to move across intricate tax laws and regulations. These results confirm those reported by

Uniamikogbo et al. (2018), Ogbeide (2017), Ilaboya et al. (2016) and Mosota (2014) who insisted that firms with more effective tax planning systems were bigger firms who were capable of employing such systems to reduce their effective tax rates.

V. SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of Findings

Major findings can be summarized as follows:

1. Profitability is found to be significant at a statistically significant level and it negatively influences the effective tax rate on listed conglomerates in Nigeria. This implies that there is a negative correlation between profitability and an effective tax rate as the results of the research were expected which gives credence to the supposition that the more profitable firms are, the more tax-efficient strategies they are likely to utilize in order to reduce tax burden. Reduction in the effective tax rate has a positive impact on the total tax liability of the firm since the firm will be able to keep more of its profit after paying the taxes, which in turn may advantage by benefiting the stakeholders. This means that firms can invest on tax planning and optimization functions to help ensure a better effective tax rate and be prepared to the changing tax rules and regulations and that effective tax planning is vital in ensuring better returns on after-tax profits.

2. The leverage significantly and adversely affects the effective tax rate. The negative influence of leverage on the tax liability is based on the interest component as a leveraging, which lowers the level of taxes of firms incurred. The evidence indicates that the managers would use leverage to leverage debt finances to maximize interest expenses, the amount of profit earned by the company and the effective income tax rate as a method of minimizing the amount of tax paid and maximize profits.

3. Firm size is an important statistical variable and has negative impacts on effective tax rate. The bigger businesses can use their multinational setup to their advantage by taking advantage of tax incentives and reprieves in the different jurisdictions all in an effort to lower their total tax burden. The size also allows them to have negotiating powers with tax authorities and to organize operations in such a way that they can optimize tax. Also, big companies tend to have access to tax expertise so that they can come up and adopt tax efficient strategies, and ensure that they deal with complex tax regulations, and tax

exposure is at minimum levels. Big companies have more investor confidence and patronage as compared to small companies and thus improves the tax planning processes.

5.2 Conclusion

The research concludes that the three firm attributes of firm profitability, firm leverage, and firm size exert a significant effect on taxation practices of listed conglomerate firms in Nigeria. The study thus submits that profitable firms, levered firms, and larger firms have lower effective tax rates as a result of their tax planning ability within Nigerian listed conglomerate firms.

5.3 Recommendations

In accordance with the three key findings of this study, here is given the list of three recommendations:

1. **Enhance Profitability-Driven Tax Planning:** Given the significant negative relationship between profitability and effective tax rates, conglomerate firms should proactively engage in tax planning strategies that align with their profitability goals. This includes optimizing the allocation of income, expenses, and assets to minimize tax liability. It's crucial for firms to invest in tax planning and optimization practices to maintain lower effective tax rates. Employing tax professionals and staying updated on tax regulations will help in achieving this objective.
2. **Leverage as a Tax Shield:** With leverage shown to have a negative and statistically significant effect on effective tax rates, firms should consider leveraging debt financing to capitalize on the interest element as a tax shield. Managers can strategically structure their financial operations to increase interest costs, thereby reducing taxable income and the effective tax rate. However, this approach should be managed carefully to avoid excessive risk associated with high debt levels and financial instability.
3. **Optimize Firm Size Benefits:** Since firm size has a significant negative impact on effective tax rates, larger conglomerate firms should maximize the advantages of their size. This includes leveraging their multinational operations to benefit from tax incentives in different jurisdictions. They should also use their negotiating power with tax authorities to secure favorable tax policies and structure operations for tax optimization. Additionally, investing in specialized tax departments or

consultants can help develop and implement tax-efficient strategies and navigate complex tax codes effectively.

5.5 Contributions to Knowledge

This study contributes significantly to the existing body of knowledge by probing into the intricate effect of firm characteristics on corporate taxation within Nigerian conglomerate firms. While prior research has examined this relationship in various organizational contexts, this study provides a focused analysis tailored to the unique dynamics of conglomerates in the Nigerian business landscape. The study empirically validates key tax planning theories, including the impact of profitability, leverage, and firm size on effective tax rates within the context of Nigerian-listed conglomerate firms. By confirming the applicability of these theories in the Nigerian setting, the study enhances the understanding of how these principles operate in emerging markets. The findings of the study offer actionable insights for conglomerate firms operating in Nigeria. The recommendations provided, such as optimizing profitability-driven tax planning, leveraging debt for tax benefits, and capitalizing on firm size advantages, offer practical strategies that conglomerates can implement to enhance their financial performance and tax efficiency. This research carries policy implications for tax authorities and regulatory bodies in Nigeria. By shedding light on the tax planning strategies employed by conglomerate firms, it offers insights into potential areas for policy refinement and enforcement to ensure a fair and equitable tax system that aligns with the evolving business landscape. This study serves as a foundational platform for future research in the field of taxation, firm characteristics, and corporate finance within the Nigerian context. It identifies potential avenues for further investigation, including industry-specific studies, global comparative analyses, and qualitative research approaches, providing a roadmap for future scholarly endeavors.

REFERENCES

- [1]. Abdullahi, M. M., & Yusuf, T. A. (2024). Corporate tax compliance and firm characteristics in Nigeria: Evidence from listed firms. *African Journal of Accounting and Finance*, 12(1), 120–138.
- [2]. Adebisi, J. F., & Oladipo, T. A. (2021). Corporate Tax Compliance and Ethical Behavior of Nigerian Firms. *Journal of Business Ethics and Taxation*, 9(2), 115–129.
- [3]. Adewale, Kehinde & Adeniyi (2024). Corporate governance impact on tax avoidance Regression analysis Nigerian deposit money banks
- [4]. Adeyemo, R. F., Idowu, H. T., & Rufus, A. A. (2025). Earnings management and corporate tax: A study of listed manufacturing companies in Nigeria. *International Journal of Business Economics and Management Sciences*.
- [5]. Ajagun, O. P., Jinadu, M. J., & Gabriel, P. B. (2024). The impact of corporate income tax on public investment in the agricultural sector in Nigeria. *Asian Journal of Economics, Business and Accounting*, 24(8), 451–469. <https://doi.org/10.9734/ajeba/2024/v24i81468>
- [6]. Armstrong, C. S., Blouin, J. L., & Larcker, D. F. (2012). The incentives for tax planning. *Journal of Accounting and Economics*, 53(1-2), 391–411.
- [7]. Chukwudi, U.V., Okonkwo, O.T. & Asika, E.R. (2020). Effect of tax planning on firm value of quoted consumer good manufacturing firms in Nigeria. *International Journal of Finance and Banking Research*, 6(1), 1-10. DOI: [10.11648/j.ijfbr.20200601.11](https://doi.org/10.11648/j.ijfbr.20200601.11)
- [8]. DharmapalaDhammika (2016). The Economics of Corporate and Business Tax Reform CESifoWorking Paper Series No. 5864, Available at SSRN: <https://ssrn.com/abstract=2778454> or <http://dx.doi.org/10.2139/ssrn.2778454>
- [9]. Dogan, M. (2013). The effect of working capital management on firm profitability: Evidence from Turkey. *International Journal of Economics, Commerce, and Management*, 1(3), 11-18.
- [10]. Dyreng, S., Michelle, H., & Edward, L. M. (2018). When Does Tax Avoidance Result in Tax Uncertainty? *The Accounting Review*
- [11]. Eze, S. C., & Okoye, E. I. (2019). Impact of Corporate Taxation on Profitability of Quoted Manufacturing Companies in Nigeria. *International Journal of Economics and Financial Issues*, 9(1), 223–231.
- [12]. Ezeani & Uwalomwa (2022). Effect of firm size and profitability on corporate tax

- Multiple regression Nigerian manufacturing firms
- [13]. Ezugwu, C.I, Ezugwu & Daniel Akubo (2014). Effect of High Corporate Tax Rate on the Liquidity of Corporate Organizations in Nigeria -A Study of some Selected Corporate Organizations, *Global Journal of Management and Business Research*, 14(D3), pp. 23–31. Available at: <https://journalofbusiness.org/index.php/GJMBR/article/view/1409>
- [14]. Fadipe, A.O., Adegbe, F. F., & Ogundajo Grace. (2025). tax policy and sustainable development in nigeria. *International Journal of African Innovation and Multidisciplinary Research*, 8(2). <https://doi.org/10.70382/mejaimr.v8i2.040>
- [15]. Gaertner, F. B., et al. (2021). A Re-examination of Firm Size and Taxes. [Journal Name], Volume, Page Numbers.
- [16]. Hanlon, M., & Heitzman, S. (2010). A review of tax research. *Journal of Accounting and Economics*, 50(2-3), 127-178.
- [17]. Henry, E., & Sansing, R. (2019). The relationship between effective tax rates and firm profitability. [Journal Name], Volume, Page Numbers.
- [18]. Ibrahim, A. M. (2017). Firm characteristics and tax management: Evidence from Nigerian listed conglomerate firms. *Journal of Accounting and Taxation*, 9(6), 73-81.
- [19]. Iyoha & Ohiokha (2023). Corporate tax mix, firm attributes & performance Regression & descriptive statistics: Nigerian non-financial companies
- [20]. Kawor, T., & Kporgbi, H. K. (2014). Effect of tax planning on firm's market performance: Evidence from listed firms in China. *Journal of Economics and Sustainable Development*, 5(19), 159-167.
- [21]. Kraft, H. (2014). Effective tax rates and the cross-section of stock returns: Evidence from the 1992 tax act. *Journal of Accounting Research*, 52(3), 775-806.
- [22]. Kubick, T. R., & Lockhart, G. B. (2016). The impact of financial leverage on tax management by corporations: A conceptual framework. *International Journal of Business and Social Science*, 7(8), 125-132.
- [23]. Lasisi, T. A. (2017). The impact of capital structure on firms' performance in Nigeria. *Journal of Finance, Accounting & Management*, 8(1), 21-32.
- [24]. Minick, T., & Noga, T. (2020). Tax management and the permanent book-tax difference: Implications for the persistence of book-tax differences. *Journal of American Taxation Association*, 32(1), 87-110.
- [25]. Mohammed, K. (2017). Firm Characteristics and Financial Performance of Quoted Manufacturing Companies in Nigeria. *International Journal of Advanced Research and Publications*, 1(5), 60-65.
- [26]. Mosota, J. R. (2014). The effect of tax avoidance on the financial performance of listed companies at the Nairobi securities exchange. Unpublished Master Thesis, Department of Business Administration, School of Business, University of Nairobi.
- [27]. Obigbemi, Fowowe & Akinola (2020). Impact of firm size, profitability on tax avoidance Regression analysis Nigerian manufacturing companies
- [28]. Ofuan. J. Ilaboya & Izien. F. Ohiokha (2016). Firm Age, Size and Profitability Dynamics: A Test of Learning by Doing and Structural Inertia Hypotheses *Journal of Business and Management Research*, Sciedu Press, vol. 5(1), pages 29-39, March.
- [29]. Ogbeide, V. E. (2017). The impact of leverage on firm tax management: Evidence from Nigerian listed firms. *Journal of Finance and Accounting*, 5(6), 215-221.
- [30]. Ogundajo, G., & Onakoya, A. B. (2016). Tax planning and firm value of quoted firms in Nigeria. *European Journal of Accounting Auditing and Finance Research*, 4(2), 62-77.
- [31]. Oladipo & Olayinka (2023). Tax planning, firm characteristics & financial performance Panel regression Nigerian quoted firms
- [32]. Ologbenla, P. (2021, October 29). The effect of corporate tax on government expenditure in Nigeria. *Research Horizon*, 1(5), 157–171. <https://doi.org/10>
- [33]. Onwughai, I. C., Eze, P. A., & Okafor, L. N. (2025). Corporate income tax and financial performance of deposit money banks in Nigeria: The moderating role of

- firm size. *Journal of Banking and Finance Studies*, 14(2), 112–130.
- [34]. Osegbue, I. F., Obasi, J. O., & Nwoye, C. M. (2024). Effects of taxation on corporate investment in Nigeria. *Journal of Contemporary Issues in Accounting*, (October 2024).
- [35]. Rahayu, R., et al. (2022). Liquidity, leverage, tax avoidance: The moderating role of firm size in mining companies.
- [36]. Rani, E., et al. (2018). Effects of corporate characteristics on tax avoidance moderated by earnings management: Indonesian evidence. *Journal of Business Management*, 33, 11-22
- [37]. Tulsian, P. C. (2014). *Financial accounting*. Pearson Education India.
- [38]. Uniamikogbo, S. O., Ogedebe, P. M., & Umukoro, O. M. (2018). Corporate tax planning and profitability of listed firms in Nigeria. *Accounting and Finance Research*, 7(2), 96-106.
- [39]. Vieira, E. T. (2013). Determinants of corporate effective tax rates: Empirical evidence in Portugal. *Procedia-Social and Behavioral Sciences*, 81, 308-315.