

Tax Planning Strategies and Firm Performance of Listed Non-Financial Companies in Nigeria

Grace, BALOGUN-EHIME Ph.D & Godwin OHIOKHA Ph.D, ACA, ACTI,
Department of Accounting, Faculty of Management and Social Sciences. Edo State University Iyamho, Edo State

ABSTRACT

This study examined tax planning strategies and firm performance of listed non-financial companies in Nigeria. It used a longitudinal research design and secondary source of data for 36 sample non-financial companies trading at the Nigeria Exchange Group which makes account to 31st December each year. It covered an eight-year period dated 2015 to 2022. The study used descriptive methods to examine the characterization of variables and inferential statistical analytical technique to determine the reliability and predictive prowess of the model in enhancing judgment of acceptance or rejection of the null hypothesis using a panel least square regression method. The result revealed a positive relationship and significant impact of non-debt tax shield, tax shield with a positive relationship and a significant impact on firm performance. Capital intensity has a direct relationship and a positive impact on firm performance. Thin capitalization has an inverse relationship and a significant impact on firm performance of listed firms in Nigeria, Effective tax rate has a direct relationship and a significant impact on firm performance. Deferred tax does not have relationship with firm performance. Book tax difference has an inverse relationship and a significant impact on firm performance of listed non-financial companies in Nigeria. The study concluded that tax planning strategies and tax avoidance determined firm performance of listed non-financial companies in Nigeria. It also recommended that policy makers should create policy that enhances the subsidization of the cost of debt-financing for the companies operating in Nigeria, and also recommended policies to enhance corporate performance.

Keywords: *Thin capitalization, Capital intensity, Effective tax rate*

INTRODUCTION

The persistent issue of multiple taxation and the absence of a harmonized global tax structure continue to threaten the cash flow and survival of corporate entities (Banwo & Ighodalo, 2019). In addition, the existence of loopholes within tax laws has encouraged legal tax minimization practices through tax planning strategies, resulting in beneficial tax avoidance for corporations while simultaneously reducing public revenue among member nations of the Organization for Economic Co-operation and Development (OECD) (KPMG, 2020). Taxation remains a vital component of every modern economy because it constitutes a major source of government revenue used to finance national development and public expenditure (Samuel et al., 2023). According to the European Commission (2018), taxation is a process through which governments generate the financial resources required to provide

essential public services such as healthcare, education, infrastructure, and social protection. Consequently, taxation serves as a crucial fiscal policy instrument for regulating economic activities and promoting sustainable growth and development (Zhu et al., 2019; Olurankinse & Mamidu, 2021).

Under the Constitution of the Federal Republic of Nigeria (1999), individuals earning taxable income are expected to contribute a portion of their earnings as tax. Similarly, the Companies and Allied Matters Act, Cap. C20 Laws of the Federation of Nigeria 2004, alongside the Finance Act (2023), mandates corporate organizations to pay company income tax based on turnover thresholds. Large companies with turnover exceeding ₦100,000,000 are required to pay 30% company income tax, while medium-sized companies with turnover between ₦25,000,000 and ₦100,000,000 pay 20%, whereas small companies are exempted from company income tax. The Finance Act (2021; 2023) further strengthened the Nigerian tax administration system by ensuring that taxes are generated through direct and indirect remittances by individuals and corporate entities. Consequently, corporate managers are expected to efficiently manage organizations in ways that satisfy stakeholder interests while ensuring compliance with tax regulations (Olanun et al., 2022).

In Nigeria, tax administration is coordinated through agencies such as the Federal Inland Revenue Service (FIRS), which is responsible for the collection of federal taxes; the State Inland Revenue Services (SIRS), which collect state taxes; and the Local Government Revenue Committees (LGRC), which administer local taxes such as tenement rates, kiosk rates, and liquor licence fees (Lasisi & Fijabi, 2023). At the international level, OECD tax regulations relating to transfer pricing, anti-avoidance provisions, country-by-country reporting, and common reporting standards have significantly influenced global tax administration. Nigeria's participation in the Country-by-Country Multilateral Competent Authority Agreement demonstrates the country's commitment to global tax transparency and compliance (Banwo & Ighodalo, 2018). As a result, corporate managers are expected to understand both domestic and international tax laws and strategically adopt lawful tax planning techniques capable of reducing excessive tax burdens and multiple taxation.

Corporate management has the responsibility of maximizing shareholders' wealth, yet taxation significantly reduces corporate profitability and liquidity (Samuel et al., 2023). Profit-oriented firms therefore seek legal means of reducing tax liabilities in order to conserve resources, improve cash flows, and enhance shareholder value (Udochukwu et al., 2022). To achieve this objective, management often adopts various tax planning strategies designed to reduce the effective tax

rate and increase distributable profit. Jensen and Mechling (1976) and Igbiovvia and Ekwueme (2018) argued that corporate managers, acting as agents of shareholders, frequently engage in tax avoidance strategies in order to advance shareholders' interests. However, Desai and Dharmapala (2006) observed that the separation of ownership from management may create opportunities for managers to pursue personal interests under the guise of tax planning.

Tax planning has therefore become a strategic managerial tool aimed at minimizing tax expenses and improving organizational performance. Mahfoudh et al. (2015) stressed that tax managers use lawful tax planning mechanisms to reduce corporate tax obligations in fulfillment of their fiduciary responsibilities to shareholders. Similarly, Madugba et al. (2020) maintained that lower tax payments reduce cash outflows and free additional resources for reinvestment into profitable ventures. Given the complexities and inefficiencies associated with the Nigerian tax system, including multiple taxation and low compliance rates, the Federal Government introduced reforms to improve compliance and broaden the tax base. The FIRS (2020) reported that tax compliance in Nigeria stood at approximately 10%, thereby necessitating a risk-based approach to tax administration. Consequently, the Finance Act (2021) introduced progressive tax rates based on turnover, although such provisions also created opportunities for firms to engage in lawful tax avoidance practices (Izevbekhai & Momodu, 2023).

Tax planning, often referred to as tax aggressiveness, involves deliberate efforts by management to minimize tax liabilities through lawful means. Olarewaju and Olayewola (2019) defined tax planning as the effective management of financial affairs in order to obtain desired tax advantages while complying with statutory provisions. Tax planning enhances financial performance because lower tax payments improve distributable income and increase shareholders' returns. Ogunmakin et al. (2020) further asserted that tax avoidance forms an essential component of corporate financial planning because it provides firms with opportunities to reduce tax burdens and improve financial performance. Akintoye et al. (2020) also emphasized that Nigerian businesses must engage in strategic tax planning due to high tax rates, multiple taxation, inefficient tax administration, and unfavorable tax policies that threaten business survival and profitability.

Otuya and Omoye (2021) argued that effective tax rates influence firms' investment decisions and performance, while Ezugwu and Akubu (2014) observed that Nigeria's statutory corporate tax rate of 30% is considerably higher than the OECD average of 25.32%. Consequently, Salaudeen (2019) recommended that Nigeria adopt a more competitive tax rate capable of attracting investment and stimulating economic growth. Fagbemi et al. (2019) further noted that knowledge of corporate tax strategies enables firms to reduce tax liabilities through legal mechanisms such as tax planning, tax aggressiveness, and tax sheltering, while illegal practices amount to tax evasion.

Corporate boards therefore employ strategies such as debt tax shields, non-debt tax shields, capital intensity, and thin capitalization to reduce tax liabilities and improve firm performance (Samuel et al., 2023). Tax shields arise from allowable deductions such as interest expenses, depreciation, amortization, and charitable

donations. Thin capitalization, which involves financing a firm primarily through debt rather than equity, provides tax advantages because interest payments on debt are tax deductible (Akabom & Ejabu, 2018). Consequently, firms with higher leverage often experience lower tax liabilities due to increased interest deductions. Merlo et al. (2020) also emphasized the importance of debt financing in achieving tax-saving benefits under thin capitalization strategies.

The Finance Act (2023) further created opportunities for lawful tax avoidance by allowing firms to identify technical loopholes within tax laws and use them to minimize tax obligations (Ojo, 2008; Abata, 2014; Ogunmakin et al., 2020). Tax avoidance is generally viewed as a legal practice involving the exploitation of weaknesses in tax regulations without violating the law (Devi et al., 2022). Salawu and Adedeji (2017) described tax avoidance as the outcome of effective tax planning strategies. Common indicators of tax avoidance include effective tax rates, deferred tax, book-tax differences, transfer pricing practices, tax treaties, pension schemes, and related-party financial payments (KPMG, 2020).

Despite the growing relevance of tax planning and tax avoidance, prior studies in Nigeria have produced mixed findings due to differences in methodology, sectors, periods, and variable measurements. For instance, Olajide (2017) examined tax planning using timing effects and tax liabilities, while Abdullahi et al. (2021) measured tax planning through inventory intensity, leverage, and capital intensity. Similarly, Egbadu and Odey (2022) and Olaniun et al. (2022) employed different proxies for tax aggressiveness, including effective tax rates and corporate social responsibility measures. Previous studies also focused on different sectors and periods, such as financial institutions, industrial goods firms, and consumer goods firms.

This study therefore broadens the scope by examining three major sectors of the Nigerian economy oil and gas, industrial goods, and consumer goods using 36 listed non-financial companies over the period 2015–2022. Furthermore, prior studies adopted different indicators of firm performance such as return on equity, earnings per share, Tobin's Q, and return on investment (Abdullahi et al., 2021; Osamor, 2022; Wang, 2010). The inconsistencies in empirical evidence, methodology, and variable measurements created the need for further investigation into corporate tax strategies, tax avoidance, and firm performance in Nigeria. Given the increasing pressure on firms to maintain liquidity and profitability amidst changing tax laws, corporate managers must adopt effective tax planning strategies capable of enhancing firm performance and maximizing shareholders' wealth. It is against these identified methodological and operational gaps that this study investigates the impact of corporate tax strategies and tax avoidance on the performance of quoted non-financial companies in Nigeria.

LITERATURE REVIEW

Conceptual Review

Firm Performance

An entities financial and operational performance is critical to its health, liquidity, solvency, resource utilization and survival (Kurawa & Saidu, 2018). According to Ilesanmi (2011) and Samuel et al. (2023), Performance is described as the outcome or results of actions taken in connection to the goals that are being

accomplished; with the aim of boosting the extent to which each organization achieves their objectives. Firm performance is referred to as the manner in which a business entity's goals and financial targets have been or will be met (Abdullahi et al., 2021). Corporate performance is a composite assessment of how well a company efficiently and effectively executes its critical tasks, which often include financial, market, and shareholder performance (Akadakpo & Akogo, 2022). The efficiency and effectiveness of management efficient utilization of resources for appreciated performance requires comparing an entity's actual output to its planned results (or goals and objectives) (Olaniun et al., 2022), and is based on meeting or exceeding stated targets. Corporate performance is concerned with the "health" of a company, which has historically been measured in terms of financial success

However, different indicators of performance have been used in studies, and the most prevalent performance measures were incorporated in stock market and accounting measures, such as Tobin's Q or the ratio of market-to-book values, stock market measures, such as cumulative abnormal returns (CAR), earnings per share, and accounting-based measures, such as absolute figures (cash profit or accounting profit) and financial statement ratios, such as return-on-equity (ROE), return

Yadav et al. (2022) is of the view that firm performance is the criteria for identifying corporate entities that perform well in terms of asset returns, investment returns, and equity returns. It is the capacity of a legal corporate concern to employ its limited resources to produce cash inflow in the form of revenue that exceeds its costs (Lasisi & Fijabi, 2023). The major accounting-based indicators of performance are return on assets (ROA), which is an indicator of the profitability that a company is in relation to its total financial assets, return on equity (ROE), which at first is the amount of net income returned as a percentage of shareholders' equity, and return on capital employed (ROCE), which can be utilized for assessing the corresponding profitability of companies after taking into account the amount of capital used (Oeta & Muchirir, 2019). In general, objective measurement is based on past financial facts, and subjective evaluation is established by managerial assessments (Osamor, 2022). While objective measurements were generally based on financial facts, subjective measurements relied on managerial assessments.

Return on Asset (ROA)

Akadakpo and Akogo (2022) is of the opinion that a firm's operational and financial performance is determined by how well it uses its assets in its primary job of conducting business and generating cash flows. Financial performance can also be referred to as the principal goal that companies, particularly profit-driven entities, seek to achieve

The return on assets (ROA) is a statistic that calculates the amount of earnings generated by invested capital, representing the number of kobo earned per naira of assets (Abiahu M.C. 2020). It allows users, stakeholders, and monitoring authorities to determine the most effective tax management techniques for ensuring and motivating efficient firm management.

Furthermore, this assesses the operational efficiency and intensity of short-term management behavior based on asset returns, and its metrics are provided by the formula:
[Net profit (before interest and taxes)/Total Assets] x100.

It is represented as the organization's ratio of profitability to total assets which is a crucial performance measure.

Tax Planning Strategies

The impact of tax planning strategic metrics of non-debt tax shield, capital intensity, thin capitalization on the firm performance is extremely vital in extant literature. Therefore, this section constructively conceptualize the independent variables. Tax is generally seen as a compulsory levy charged directly on income of individual, corporate entities, institutions and indirectly on goods and services, paid or payable to the government through statutory authority empowered by the law to account for such remittances (Sweet williams et al., 2023). States that taxes is the required transfer or money (or, in certain cases, commodity) from private persons, institutions, or groups to governments. Due to the fact that taxes are collected on both individuals and firms, the understanding of the corporate tax mix of an entity will enhance manager's legal manipulation strategy through a process of tax planning (Abdullahi et al., 2021).

Ogbodo, et al, (2017) opine that corporate tax is a statutory transfer or payment paid to the government by private individuals, institutions, or groupings. These scholars felt that corporation taxes are mostly levied on companies' operational earnings after deducting expenses from sales. Tax planning enables a company to employ legal procedures to identify tax loopholes with the purpose of reducing tax bills. Thus, tax planning comprises the legal and competent arrangement of a company's financial operations in order to reduce its tax burden or liabilities.

Tax planning enables corporations to employ appropriate incentive provisions in conjunction with legislative provisions to change earnings and expenditures in order to lower their tax liability. According to Nwaobia and Jayeoba (2016), tax rules that reduce the tax burden are classified as "commencing rule, cessation rule, allowance on investment, tax exemptions, and interest tax deduction, which tax managers of organizations explore." To efficiently prepare taxes, a tax manager or consultant must have a deep understanding of an organization and how it works in conjunction with a company's numerous tax requirements. Effective tax planning goes beyond enforcing tax regulations to coordinating many parties with disparate interests and information, including managing local and international activities.

Lormbagah and Abiahu, (2021) stress that corporate tax strategies encompass all public finance-related liabilities incurred by a firm, including not only profit taxes but also non-profit taxes such as real estate taxes and labor-related taxes such as social security payments. According to Lormbagah & Abiahu, (2021) and Hamilton et al. (1998), the tax mix can be further classified as personal tax mix for individuals and corporate tax mix for corporations. Personal tax mix entails taking advantage of tax reliefs such as the consolidated relief allowance to reduce the burden of tax borne by individuals, whereas corporate tax mix involves taking advantage of tax incentives such as timing of remittance, allowable tax expenses, cashflow engineering, and deferred tax to reduce the burden of tax borne by corporations (Akadakpo & Akogo, 2022). Corporate tax mix is a financial planning activity for tax that combines the mixture of corporate income tax to be paid, tax benefits to be enjoyed, and deferred tax for the firm's effective tax rate (Abiahu, 2020).

The (2012) described tax incentives as a planned decrease in the government's responsibility offered to encourage a firm's specific commercial activity. Tax incentives in Nigeria include, but are not limited to: pioneer legislation, capital allowance, initial allowance, loss reliefs, zero taxes for export trade zones, rural incentives, export credit certificates, gas utilization incentives, tourism incentives, and interest incentives (Price-water-coopers, 2023). Abdullahi et al., (2021) also asserted that prudent managers also create tax incentives from that use of financial skills of allowable expenses, debt financing tax shield, tax savings strategies, tax avoidance strategy and investment in non-current asset strategy to enhance entity's cash flow position and optimize tax liability. The effective utilization of corporate specific tax mix is directly related to the managerial efficiency and prowess of tax planner to optimize all legal avenues within the tax laws and finance operationalization horizon to reduce tax liabilities (Osamor, 2022). As a result, tax planning or proactive techniques, which reflect multiple templates employed by enterprises to reduce tax payable to the government, resulting in a reduced effective tax rate (Olaniun et al., 2022), must be prioritized by corporate management. Tax planning is also known as sophisticated tax mix strategies employed by company executives to take advantage of tax loopholes and pay little or no taxes, resulting in a lower effective tax rate.

The significance of using the most effective corporate tax mix when creating tax strategies for corporate management cannot be emphasized. Firm managers in the business sector have faced the challenge of establishing the best model and method of corporate tax mix for promoting an effective tax strategy..

Non-debt Tax Shield (NDTS)

A tax shield is a reduction in taxable income that an individual or organization obtains by claiming allowable deductions such as medical expenses, charitable contributions, amortization, depreciation, and mortgage interest. These deductions reduce a taxpayer's taxable income for the current year or postpone income taxes until later years. Furthermore, Ezeoha and Ogamba (2010) defined a tax shield as a reduction in taxable income obtained by deducting allowable deductions based on the deliberate use of taxable expenses to balance taxable income with the purpose of deferring or eliminating a tax burden. This can minimize the effective tax rate of a firm or individual, which is especially important when their reported income is relatively large (Olaniun et al., 2022). Kliestik and Michalkova (2018) is of the opinion that tax shields appreciate the volume of cash flow without affecting the income of the entity adversely.

According to Samuel et al. (2023), tax shields are referred to as non-debt tax shields, which consist of charitable and donation tax shields (the one who pays out funds for charitable contributions in order to deduct the contributions as a taxable expense), medical expense tax shields (deducting payments as a taxable expense), and depreciation and amortization tax shields. The term tax shield denotes a deduction's ability to shelter certain elements of a taxpayer's income from taxation. This study concentrated on non-debt tax shield through the use of depreciation and amortization tax shield due to the fact that investment in non-current assets is expected to yield future economic benefit that impacts performance positively.

Depreciation is the systematic allocation of the cost of long-lived non-current assets to the period during which they are used (Madugba et al., 2020). The acquisition of non-current assets for company usage is viewed as an investment since it represents a monetary outflow with the potential to yield future advantages (Yusuf, 2021). It has also been demonstrated that a tax plan can involve non-monetary savings, such as depreciation, to reduce the amount of taxes paid by firms. This suggests that investing in fixed assets is a viable strategy that can be implemented successfully: Nnubia & Okolo, 2018. Legally, this outflow of investment is frequently compensated with non-taxable capital allowance deductions, which approach the depreciation charge. Tax policy makers, over the years in different country has created concrete policies in unifying depreciation calculation as capital allowance due to various method used by entities to accounts for it in financial statements. Section 21(g) of the Personal Income Tax Act of 1993, as amended to date, treats depreciation as non-allowable expenditure, whereas the 5th Schedule of the same Act provides for capital allowance in place of depreciation as compensation for the acquisition and use of non-current assets in business (Madugba, 2020). In their study, Abbas et al. (2013) discovered that depreciation and other non-debt tax sheltering measures that businesses can efficiently deploy have a considerable impact on firm performance and tax savings tactics. Non-debt tax shield refers to items other than interest expenses that contribute to a decrease in tax payment obligations. In light of this, businesses that invest heavily in fixed assets might choose to use depreciation as a tax shield rather than interest expense to maximize a company's performance. This financial decision-making may be motivated by a desire to minimize the risk of insolvency or bankruptcy that arises from using more debt when entities are highly geared (Sweetwilliams et al., 2023).

Debt Tax Shield (DTS)

The term "debt tax shield" describes the decrease in taxable income resulting from the deduction of interest on loan expenses (Samuel et al., 2023). Theories like Modigliani and Miller's Agency Theory (1979), Modigliani and Miller's Irrelevance Theory (1958), and Mayer's Trade-Off Theory (1984) have all addressed this idea and how it affects the company. In addition to being utilized to save expenses, debt can be employed by corporations as a tax shield while ignoring their financing concerns because debt is risk-free through arbitrage channels, according to Modigliani and Miller (1967). Samuel et al. (2023) believe that a debt tax shield suggests efficient company performance, as evidenced by an improved firm asset base and a tax deduction on interest charges. As a result, the more debt interest payments made by Nigerian non-financial listed enterprises, the more probable it is to have an impact on firm performance through increased productive capacity and operational cash flows. Tax deductibility of business expenses reduces an individual's or corporation's taxable income by allowing them to deduct certain expenses, like mortgage interest (Olajide, 2017). This results in a debt tax shield. These deductions either postpone income taxes to later years or lower a taxpayer's taxable income for a predetermined amount of time. Debt tax shield is considered important since it affects the amount of debt held, which facilitates better tax evasion. Interest multiplied by the corporate tax rate provides the calculation (Izevbehai & Momodu, 2023). According to

Samuel et al. (2023), companies that have larger debt tax shields are more likely to use debt, while those that have higher non-debt tax shields are less likely to do so.

Capital Intensity

Masset and Weisskopf (2016) conceptualized asset intensity as the total value of property, plant, equipment and non-liquid assets utilized to generate a certain amount of revenue. Asset intensity can either be static that is the proportion of the firm investment, invested on non-current assets or the proportion of sales revenue that result from asset usage (Wahal & McConnell, 2000) or dynamic asset intensity which evaluate the total proportion of the residue of non-current assets after its economic life has yielded all the required returns with respect to investment on such assets (Masse & Weisskopf, 2016). Furthermore, Prastyatini and Sartika (2023) and Abdullahi et al., (2021) view asset intensity from two perspective which are capital intensity and inventory intensity. Furthermore, Syifa and Aloysius (2021), Dwiyanti and Jati (2019), and Syamsuddin and Suryarini (2020) saw inventory intensity as being related to how much an entity invests in inventory, and the more the firm's inventory, the more storage and maintenance costs will reduce the company's profits, resulting in a decrease in the entity's tax liabilities.

Capital Intensity, on the other hand, refers to how much a corporation invests in non-current assets. Due to usage and wear and tear, almost all non-current assets will eventually lose value. This will result in annual depreciation expense, which is a model for capital allowances in the financial statements of the organization. To lessen the tax burden on the corporate entity, this depreciation charge is subtracted from pre-tax profit (Dwiyanti & Jati 2019). The amount of money a company invests in non-current assets is known as capital intensity, and it directly relates to the amount of capital asset-related incentives that company may be eligible for (Nwaobia & Jayeoba, 2020). Businesses with high capital intensity or a high ratio of tangible non-current assets to total assets usually use the allowed basic depreciation deduction to reduce their tax liability (Onyeka-Iheme, 2021). Capital intensity is measured as non-current assets divided by total assets. Capital intensity is the amount of money invested to produce one Naira output, and a firm is regarded as more capital-intensive when larger capital is employed to generate the same unit (Salawu et al., 2017; Zhu et al., 2019; Oeta et al., 2019).

The quantity invested in non-current assets is known as capital intensity, and Ilaboya et al. (2016) claim that it is positively correlated with firm value. Capital intensity was described by Nwaobia et al. (2016) as the amount of tangible assets associated with a firm's tax benefits, as well as the investment made by the firm in non-current assets. The quantity of Plant Properties and Equipment (PPE) or non-current assets that organizations have accessible for use in production activities is referred to as capital intensity. Before imposing taxes on earnings, tax authorities offer a deduction for capital allowances, amortization, or depreciation (Otuya & Omoye, 2021). Capital-intensive businesses effectively utilize these exemptions by determining the optimal investment strategy to raise after-tax earnings and production quality.

Thin Capitalization

Thin capitalization refers to a scenario in which a corporate organization is heavily leveraged or financed with a high degree of debt relative to equity. Corporate

entities with a high level of leverage are considered thinly capitalized (Merlo et al. 2013). The favourable benefit of highly geared entities is the corporate tax shield, which is interest paid on borrowed funds or debt finance expenses is a tax-deductible expense, implying that financial risk is being compensated for as the debt of the corporate entity increases in volume, resulting in less tax remittance (Akabom & Ejabu, 2018). Generally speaking, a thin capitalization policy includes all strategic measures implemented to limit the tax deductibility of debt, whether they originate from within or outside the company, or whether the base threshold is based on metrics related to profits or the debt-to-equity ratio (Ruf & Schindler, 2015). The purpose behind thin capitalisation is to reduce taxable earnings by deducting interest on debt capital. This can be further done when a multinational company funds its associates through loan financing rather than floating through share capital provisions (Junaidu, 2018).

According to Fagbemi et al. (2019), organizations that employ thin capitalization organize their finances by maintaining a high debt-to-equity ratio. Businesses that use tax planning techniques would rather pay large interest rates (Organisation for Economic Cooperation and Development, 2012). Therefore, thin capitalization can be defined as the strategy used by corporate entities to take on a substantial amount of debt relative to equity in order to fully profit from the tax regulations that consider loan interest to be an acceptable expense.

Graham ,et al. (2014) considered thin capitalisation as a tax planning or aggressive strategy that is utilized by entities to structure their capital structure in such a way that will influence the utilization of more debt than equity through a country's tax legislation or fiscal policy scrutiny.

Otuya and Omoye (2021) asserted that anti-thin capitalization laws are enforced by nations and tax authorities, which set a cap on the total amount of debt or the amount of debt interest that can be written off. They continued by saying that there were two ways to limit the amount of debt that corporate entities might have: the arm's length technique, which considers a transaction to be attainable if it were carried out by an independent person, or the ratio method, which uses a predefined debt-to-equity ratio. The second tactic, sometimes referred to as the "earnings stripping approach," involves capping interest on loan capital. This is implemented by applying a percentage of interest paid to operational income, as is the case in countries such as Germany and Italy (OECD, 2012; Gbonjubola,). Nigeria currently has no thin capitalization rules or policy but France, Belgium and Austria have regulated limit for debt funding of entities to avoid insolvency or liquidation (Osamor, 2022).

Tax Avoidance

Tax avoidance refers to an attempt by taxpayers to legally evade paying taxes, in compliance with tax laws and regulations, by employing strategies and tactics that tend to exploit the flaws in the tax laws and regulations themselves, thereby reducing the total amount of taxes owed (Chude, 2015). According to Abdul et al. (2012), the phrase "corporate tax avoidance" refers to any activity that businesses do in in order to reduce their tax liability or maximize their tax efficiency. Since tax planning seeks to reduce expenses and boost after-tax earnings, it is customarily seen as being in the best interests of shareholders. On this idea, there have been

divergent opinions, nevertheless. Weisbach (2001) also referred to this as the "under sheltering puzzle." This suggests that the relationship between tax avoidance and firm performance is not a straight-line type of relationship, whereby firm value increases in the form of positive net benefits (short-term cash savings). Tax avoidance is also seen as the result of tax planning strategies that yield a tax benefit, either in the form of permanent tax benefits or temporal tax benefits (Temporal Differences). The majority of firms prefer a permanent difference because, while producing short-term cash flow benefits, temporal differences do not have a long-term effect on the firm's tax burden (Abdul, et al., 2012). (Maydew & Shackelford, 2005; Wilson, 2009) According to Armstrong et al. (2015), the benefits of tax avoidance are not linear and can be attained to an ideal degree, above and beyond the costs associated with tax avoidance (such as the expenses associated with arranging intricate tax transactions and the costs associated with regulatory and reputational issues). Desai and Dhamapala (2006) contend that managers cover up and often conceal their self-serving intentions to engage in corporate tax avoidance in a firm where there is information asymmetry (moral hazard), which raises agency costs in addition to salaries and fees associated with the tax avoidance activities.

There is no apparent separation between the legality of a firm's tax reduction decision or plan and the judicial interpretation of the relevant tax statute (Hanlon & Heitzman, 2010). The study defined tax avoidance as tax savings, effective tax rate, and deferred tax.

Effective Tax Rate

The amount of a company's tax burden that can be decreased without having a detrimental effect on accounting income is known as the effective tax rate. The ratio of tax expense to earnings before tax is used to calculate real corporate tax loads, which are used to assess how well companies pay their fair share of taxes. The firm's aggressive tax planning strategy was reflected in the effective tax rate. The average tax rate for an individual or business is known as the effective tax rate. An individual's effective tax rate is the average tax rate on earned income; a corporation's effective tax rate is the average tax rate on pre-tax revenue. The corporate effective tax rate serves as a gauge for a company's tax efficiency. According to Rafiu et al. (2017), the effective tax rate is a common statistic used to estimate a company's tax burden. The income tax tariff percentage is defined by Waluyo and Wirawan (2013) as the total of the marginal and effective tax rates. The marginal tax rate is the percentage of the applicable rate that rises as the tax base expands, whereas the effective tax rate is the portion of the effective tax rate that must be imposed based on certain tax rates. The agency hypothesis will incentivize managers to boost revenue in their companies. Income tax paid automatically increases in proportion to the company's profitability. The key aspect determining corporate income tax assessment is the amount of income received. Compared to the OECD average of 25.32%, Nigeria's 30% corporate income tax rate is considered excessive (Ezugwu & Akubu, 2014). Research like (Salaudeen, 2018; Jacob & Spengel, 1999; Nicodeme, 2001) suggests that while choosing investments, one should consider the effective tax rate as opposed to the statutory tax rate. The average tax rate applied to a business's pre-tax profits is known as the effective tax rate.

Wang et al. (2014) claim that since paying taxes has a negative impact on earnings, businesses with higher effective tax rates are more likely to have worse financial performance. In addition, Ezugwu and Akubu (2014) suggested that, to prevent the long-term negative economic effects of high corporate income tax, Nigeria's statutory tax rate be lowered below the OECD average. These recommendations were put into practice by the Finance Acts of 2021 and 2023.

Deferred Tax

Deferred taxes, in particular, represent the taxes that, in the event that the entity's assets and liabilities were retrieved or resolved at their current carrying level, would be due or payable (Hanlon, 2010). Deferred taxes happen when a revenue or expense item is reported on the income tax return in a year different from the year it appears on the financial statements, according to Ogbodo et al. (2017). The matching principle's result is deferred tax accounting, which compares the tax impacts of an item reported in the current financial statements to a future measurement and recognition of the same item (Ogbodo, et al., 2017). The actual income tax expense that matches accounting revenues and expenses can be documented through the expense on deferred income tax (Uwaigbe, 2016). The concept of temporary book-tax differences between an asset or liability's book value and its tax base that will result in taxable amounts when the asset or liability's book value is recovered is defined by IAS 12 on deferred tax accounting as the amounts of income taxes payable or recoverable in future periods (Halim et al., 2015). Haskins and Simko (2011) state that deferred tax obligations are frequently a result of income that has been recorded but has not yet been subject to taxation, such as accelerated tax depreciation, in which taxable revenue is postponed by tax depreciation rates that are higher than book depreciation rates.

Citron (2011) emphasize that deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss. Deferred tax liabilities are recognized for all taxable temporary differences. In addition, deferred taxes are offset if the deferred taxes are owed to the same taxable entity and taxing authority and there is only a legally enforceable entitlement to set off current tax assets against current income tax liabilities.

Book Tax Difference

Book-tax differences (BTDs) are the difference between pre-tax income in financial reporting and the estimated taxable income (Hanlon, 2005; Mills, 1998). BTDs may appear due to the different rules applied for financial reporting and tax reporting. Beyond that, BTDs represent firms' tax avoidance policy and reflect the quality of the reported earnings (Frank & Rego, 2006; Dyussemina & Park, 2024). This process starts with manipulating the earnings of the company in such a way that the lowest amount of tax can be paid while making the financial stance of the firm look stable. The aftermath of the earnings manipulation is that the firm's taxable profits calculated by tax authority will be different from the pre-tax profits calculated by the firm and this difference is termed book tax differences (BTDs) (Orji & John-Akamelu, 2023).

Economic events are recorded differently for financial accounting ("book") and tax income purposes, which leads to book tax differences BTDs (Brummer, 2017).

These discrepancies result emanate from the fact that tax revenue is calculated in accordance with the relevant tax laws and regulations; while book income is computed in accordance with a specific standard, such as International Accounting Standards (IAS), International Financial Reporting Standards (IFRS). These accounting standards are based on prudence concept that strives to prevent overstating income and assets to protect creditors, whereas tax accounting has a fiscal objective and seeks to prevent understatement of income; this assertion is the major cause of book tax difference (Orji & John-Akamelu, 2023).

Wahab and Holland (2015) conceptualized book tax difference (BTD) as the discrepancy between accounting income and the anticipated taxable income. In simpler terms, BTDs are the differences between the taxable incomes reported to tax authorities and the pre-tax incomes displayed in the published financial statement. Total BTDs consists of temporary and permanent differences and tax accruals. Book tax difference is a term used to explain the gap between pre-tax incomes, as shown in a company's published financial statement, and the taxable incomes reported to tax authorities (Tang, 2006).

Prior studies, BTDs have been subdivided into three components which reflect variations of BTD sources, namely permanent differences, temporary differences and statutory tax rates differences (Ofor & Akaegbobi, 2022; Tye & Wahab, 2018). However, Miiller and Martinez (2016) opine that book tax difference can be broken down into two portions: the non-discretionary part of the permanent differences between the financial numbers according to tax and accounting rules (NBTD – normal book-tax differences); and the discretionary part of those differences (ABTD – abnormal book-tax differences). This second portion can be caused by earnings management (EM) and tax management (TM) (Koubaa & Anis, 2015). Permanent differences arise from income and expenses transactions that are recognized by accounting principles but not by tax rules, whereas temporary differences are caused by the difference in recognition time between the accounting principles and rules.

Wahab (2016) stressed that book-tax difference (BTD) at firm-level can also be called tax gap because it can measure the differences between tax theoretically due and tax actually paid. BTDs are attributed to tax planning and the measures of BTDs reveal the extent to which taxable income deviates from the accounting income. The main factors that determine book tax differences stem from different accounting standards and tax treatment of revenue and expense items (Orji & John-Akamelu, 2023). The regulations guiding conventional accounting procedures and those guiding taxation of companies, although share similar concepts, are often in disagreement as to how to treat revenue and expenses in the books of the accounts (Koubaa & Anis, 2015). Total BTDs represent the most comprehensive measure and capture both temporary and permanent BTD. et al., (2016)

Hoffman's Tax Planning Theory

This theory, proposed by William Hoffman in 1961, holds that firms should engage in tax planning activities only when there is a tendency to reduce taxable income to the bare minimum so that it does not negatively impair accounting income, as the firm is assessed by the appropriate tax authority based on taxable profit rather than accounting income. Ishola et al., (2020) pinned that

Hoffman tax planning theory encourages the employment of tax planning activities by firms as it is legal. Therefore, corporate managers should lay emphasis on tax planning strategies that reduce taxable income rather than accounting profit. Hoffman (1961) claimed that there is a direct link between tax planning efforts and an entity's corporate performance to the extent the gains of tax planning or tax mix strategies exceed its expenses. Hoffman theory is based on four key factors which include; firstly, tax planning strategies is not a sampling technique but a conducted practical process; Secondly, tax planning has significant benefits when executed; thirdly, many tax planners do not use tax planning to its full potential; and lastly, tax planning might assist many taxpayers, but few are aware of its meritorious benefits. This study is underpinned on Hoffman tax planning theory because the researcher believes that if corporate entities use the prerequisite tool of in proper tax planning strategies; this will enhance the combination of optimal corporate tax mix that it will reduce corporate tax liabilities and chargeable income which will lead to optimal corporate performance.

Empirical Review

Non-debt tax Shield and Firm performance

Samuel et al. (2023) assessed the impact of a tax shield on the 2012–2021 performance of a subset of Nigerian manufacturing businesses. Using SPSS Version 20 as the statistical tool package, the study employed an ex post facto research approach, secondary data, and the ordinary least square regression procedure. The results showed that the performance of particular industrial firms in Nigeria is significantly impacted by the charitable contribution tax shield and the depreciation tax shield. According to the study's conclusions, managers of manufacturing companies should make charitable contributions to enhance the company's reputation and keep the right amount of tax shields in place, which would benefit both current and potential shareholders.

Izevbekhai and Momodu (2023) looked into the relationship between share price performance and business tax-saving tactics. It looked into the impact of the non-debt tax shield on the performance of share prices. The study employed a secondary data collection approach, and a sample size of twelve (12) listed industrial goods businesses in Nigeria was chosen using the purposive selection methodology. Ordinary Least Squares regression analysis was used in this study and the findings demonstrated a significant impact of the non-debt tax shield on the share price performance of listed industrial products companies in Nigeria. The report suggested that stakeholders create financial markets and make it simpler for businesses to get long-term funding for economic development, as well as that the Nigerian government subsidize the cost of debt-financing for businesses engaged in the nation's capital market. Caleb et al. (2020) analyzed Nigerian enterprises' tax-saving activity in order to determine its impact on performance. Secondary data was taken from the financial statements of listed Nigerian firms, and the ex-post facto research design was applied. Panel data regression tests were used to collect and evaluate the data using both descriptive and inferential statistics. The results indicate a significant negative correlation between depreciation savings behavior and the performance of the business. By enabling tax-saving strategies, the research recommends that tax authorities should take small enterprises' aggressive tax strategies into consideration.

Debt tax Shield and Firm Performance

Izevbekhai and Momodu (2023) looked into the relationship between share price performance and business tax-saving tactics. It looked into how share price performance is impacted by the debt tax shield. According to the research, Nigeria's listed industrial product manufacturers' share price performance is significantly impacted by the debt tax shield. The report suggested that stakeholders create financial markets and make it simpler for businesses to get long-term funding for economic development, as well as that the Nigerian government subsidize the cost of debt-financing for businesses engaged in the nation's capital market. Samuel et al. (2023) assessed the impact of a tax shield on the 2012–2021 performance of a subset of Nigerian manufacturing businesses. The results showed that the performance of particular Nigerian industrial businesses was significantly impacted by the debt tax shield. The study's conclusions suggest that management of manufacturing companies should think about borrowing more money, putting more money into non-current assets, and keeping the right combination of tax shelters inside the company to maximize returns for both present and potential investors.

The impact of thin capitalization on the performance of multinational businesses operating in Nigeria was examined in Otuya and Omoye's (2021) study. The study discovered a positive but negligible correlation between interest expense rates and the financial performance of multinational firms. The study also discovered a small but negative correlation between financial performance and management effectiveness. According to the research, tax authorities should enact tax reforms in order to lower the corporation tax rate that is set in statute. Caleb et al. (2020) examined the tax-saving practices of Nigerian businesses to ascertain how they affected their output. Using secondary data from listed Nigerian firms' financial accounts, an ex-post facto research design was employed. Descriptive statistics and inferential statistics using panel data regression tests were used to analyze the data. The results show a negative but significant correlation between interest tax savings behavior and corporate performance. According to the paper, tax authorities ought to be more cognizant of small enterprises' tax aggressiveness by permitting tax-saving strategies.

Capital Intensity and Firm Performance

Prastyatini and Sartika (2023) looked into how political ties and fixed asset intensity affected tax aggression. With a sample size of 25, the population of this study consists of multinational firms that registered on the Indonesia Stock Exchange between 2017 and 2021. Financial reports were the source of the data. Multiple linear regression analysis was used to examine the data. The research demonstrates that investing in fixed assets has a beneficial impact on tax aggressiveness. The political connections have no bearing on tax evasion. Therefore, the study recommends investment in cash generating unit of corporate entities.

Additionally, Egbadju and Odey (2022) investigated how tax aggression affected the financial results of publicly traded Nigerian businesses. 2009–2019 is the study's time frame. Information was gathered from the yearly reports of fifteen consumer goods businesses that are listed on the Nigerian Exchange Group Ltd. The results of the Random Effect Ordinary Least Squares demonstrate that capital intensity (CAPINT) is negatively

and insignificantly connected to firm performance as measured by ROE. It advocates ongoing investment in non-current assets, which improves business performance. Olurankinse and Mamidu (2021) looked into how tax planning affected the development banks in Nigeria financially. The study was conducted between 2012 and 2019 (after Nigeria adopted IFRS). The information was taken from the annual reports of the designated development banks in Nigeria. Using a technique called pooled regression analysis, it was demonstrated that capital intensity and firm size positively and significantly correlated with return on equity. Therefore, in order to lower tax burden or responsibility, Nigerian Development Banks must actively look into tax planning strategies in areas like effective tax rates and tax savings.

Abdullahi et al. (2021) use secondary data from Thompson Reuters DataStream and the financial statements of stated corporations to examine the impact of corporate tax planning on the financial performance of the companies listed on the Nigeria Stock Exchange (NSE). Over a nine-year period, from 2010 to 2018, the study analyzed 84 publicly traded companies using multiple regression. The study found that ROA is significantly impacted negatively by capital intensity. On the other hand, the analysis also shows that leverage significantly and favorably affects ROA. To improve their financial performance, the research advises businesses to hire tax consultants and implement healthier tax planning techniques. An empirical study on the connection between tax preparation strategies and the financial results of Nigerian listed banks is carried out by Erasmus and Uwikor (2021). Twelve money deposit banks were selected for the study's sample size using judgmental selection techniques, and secondary data were obtained from the yearly financial reports of money deposit banks that are listed on the Nigerian stock exchange between 2006 and 2019. The study, which is aided by E-view 10 econometric software, uses the descriptive and inferential statistics of the ordinary least square regression statistical technique. The results showed that the return on equity of Nigerian listed banks is negatively impacted, however somewhat, by the effective tax rate, thin capitalization, and capital intensity. Research indicates that the earnings per share of Nigeria's listed banks are negatively and marginally impacted by capital intensity. It also shows that the net interest margin of Nigeria's listed banks is positively and significantly impacted by effective capital intensity. The study concluded that banks could enhance their financial performance by using effective tax rates as a tax planning strategy.

The impact of thin capitalization on the performance of multinational businesses operating in Nigeria was examined in Otuya and Omoye's (2021) study. According to the studies, the financial success of multinational firms is positively but marginally correlated with thin capitalization and capital intensity. The study also discovered a small but negative correlation between financial performance and management effectiveness. According to the research, tax authorities should enact tax reforms in order to lower the corporation tax rate that is set in statute. The impact of corporate tax planning on the financial performance of Nigeria's systemically important banks was examined by Fagbemi et al. (2019). The research design employed in this study was ex-post facto, and Pooled Ordinary Least Squares was utilized

for data analysis. This analysis shows that the financial performance of Nigeria's Systematically Important Banks is mostly unaffected by capital intensity and lease options. The research recommended that tax authorities implement tax reforms that alter tax rates to improve bank cash flow.

Between 2004 and 2014, Salawu and Adedeji (2017) looked into how corporate governance affected tax planning at non-financial quoted enterprises in Nigeria. A sample of fifty publicly traded corporations provided data from their annual reports, which were then analyzed using the generalized method of moments (GMM). The findings demonstrate that capital intensity (CIN) significantly and favorably affects the value of a company. The report proposes that firms implement more healthy tax planning procedures and hire expert tax consultants to increase firm value. Oeta et al. (2019) the effect of tax planning on the financial performance of industrial companies listed on the Nairobi Securities Exchange between 2010 and 2017. An explanatory research design and positivistic research philosophy were employed in the investigation. The data was analyzed using SPSS version 23, and the multiple linear regression technique was utilized to apply both descriptive and inferential statistics to panel data. The study's conclusions showed that the financial performance of manufacturing companies listed on the Nairobi Securities Exchange and tax planning do not statistically significantly correlate. The results of the study showed that firm size, capital intensity, and R&D spending all had a small but favorable effect on financial success. Investing in tax-deductible critical non-current assets is also advised by the research.

Thin Capitalization and Firm Performance

Prastyatini and Sartika (2023) examined how leverage affects tax aggression. With a sample size of 25, the population of this study consists of multinational firms that registered on the Indonesia Stock Exchange between 2017 and 2021. Financial reports were the source of the data. Multiple linear regression analysis was used to examine the data. The test's findings show that tax aggressiveness is not much impacted by leverage. It proposes that financial managers utilize more debt to support the organization because of the tax benefits that come from the debt shield.

Osamor (2022) looked into how thin capitalization affected the return on capital invested in both multinational and non-multinational businesses. Secondary data were obtained from the audited financial statements of the companies during the years of 2006 and 2020. The data were analyzed using panel data regression inferential statistics, co-integration, unit root test, and descriptive statistics. The results show that low capitalization affected the financial success of Nigerian multinational and local businesses alike. Therefore, in order to guarantee that both multinational and non-multinational firms pay an effective tax rate, it recommends that the Nigerian government enact thin capitalization requirements and tax avoidance strategies. The effect of corporation tax planning on the firm value of Nigerian consumer goods companies that are listed was assessed by Omesi and Appah (2021) between 2015 and 2019. Ex post facto and correlational research designs were employed in the study. Using information from annual reports and Taro Yamen's algorithm, the study's sample consisted of 26 listed businesses. To analyze the data, pooled ordinary least squares were

employed. The findings demonstrated a weak and negative relationship between capital intensity and corporate company value. Leverage and firm size also have a positive, albeit marginal, effect on firm value. Therefore, in order to help reduce tax costs and boost overall corporate value, the research advises corporations to use appropriate tax planning methods.

Erasmus and Uwikor (2021) carried out an empirical study on the connection between tax preparation strategies and the financial results of Nigerian listed banks. The results showed that the return on equity of Nigerian listed banks is negatively and marginally impacted by thin capitalization. It also shows that the net interest margin of Nigeria's listed banks is positively and significantly impacted by thin capitalization. According to the paper, banks can enhance their financial performance by utilizing thin capitalization as a tax strategy. Otuya and Omoye (2021) examined the impact of thin capitalization on the performance of multinational businesses operating in Nigeria. Using an ex post facto research design, the study obtained relevant data from the 2014 to 2018 financial statements of a sample of multinational firms. The study employed descriptive, correlation, and inferential regression analytic statistics. According to the studies, there is a slight but positive correlation between thin capitalization and the financial success of multinational corporations. According to the research, tax authorities should enact tax reforms in order to lower the corporation tax rate that is set in statute.

Fagbemi et al. (2019) investigated the impact of corporate tax planning on the financial performance of Nigeria's systemically important banks. The research design employed in this study was ex-post facto, and Pooled Ordinary Least Squares was utilized for data analysis. The study finds that thin capitalization significantly and favorably affects the financial performance of Nigerian Systematically Important Banks (SIB). According to the report, tax authorities should enact tax reforms that change tax rates in order to increase bank cash flow. Between 2004 and 2014, Salawu and Adedeji (2017) looked into how corporate governance affected tax planning at non-financial quoted enterprises in Nigeria.

A sample of fifty publicly traded corporations provided data from their annual reports, which were then analyzed using the generalized method of moments (GMM). The results showed that there is a substantial and positive correlation between company value (TobinQ) and leverage (LEV). The report proposes that firms implement more healthy tax planning procedures and hire expert tax consultants to increase firm value.

Using audited annual reports and accounts from ten of the 28 consumer goods companies, Ogunjajo and Onakoya (2016) examined the effect of corporate tax planning on the financial performance of manufacturing firms listed on the Nigerian Stock Exchange. Based on the outcomes of the Hausman's model estimation test, the study employed the Generalized Least Squares (GLS) regression approach. According to the survey, Nigerian businesses are not effectively utilizing aggressive tax planning techniques such thin capitalization, tax law incentives, and other advantages of loopholes in Nigerian tax regulations. Because Nigerian tax laws are dynamic and complex, the study advised Nigerian manufacturing firms to hire tax practice experts, integrate tax planning into their strategic financial planning, and make effective use of all available tax planning strategies to boost

financial performance. Nwaobia et al. (2016) looked into how tax planning affected corporate value as well. The study design employed was ex post facto. Fifty firm-year data from 2010 to 2014 are included in the study. Using a predetermined panel regression model as the basis, descriptive and inferential statistics were used to examine data that were taken from the published financial statements of the sampled companies.

Tax planning proxies were shown to have a substantial combined influence on company value with tangibility and leverage having a negative effect. The study found that an ideal combination of tax planning tactics and a comprehensive approach to tax planning are significant factors in determining their impact on firm value (Oeta et al., 2019). To observe a significant improvement in financial performance, the report advises manufacturing businesses to spend more on research and development and to invest more in non-current assets. They should also manage their debt-to-equity ratios to prevent incurring excessive financing expenses, which can lead to a capital structure imbalance and a detrimental impact on financial performance.

Effective Tax Rate and Firm Performance

Izevbekhai and Momodu (2023) looked into the relationship between share price performance and business tax-saving tactics. It looked into the relationship between share price performance and the effective tax rate. The results showed that the performance of the share prices of Nigeria's listed industrial goods producers is significantly influenced by the effective tax rate. The study suggested that in order to increase cash flow and lower tax obligations, company managers should always employ tax planning techniques.

Egbadju and Odey (2022) examined the impact of tax aggression on the financial performance of Nigerian listed firms. The statistical significance of the negative correlation between the effective tax rate (ETR) and business performance, as measured by return on equity (ROE), is established by the Random Effect Ordinary Least Squares results. This proves that the tax rate is less than the statutory rate in effect. According to the report, Nigeria should update its tax code to consider the country's current economic competitiveness and collaborative environment. The impact of tax aggression on the financial performance of publicly traded Nigerian industrial goods businesses was examined by (Olanun et al. 2022). Every listed industrial products company in Nigeria is included in the study's population. A sample of ten businesses was selected using a census sampling technique, and information was gathered from secondary sources including the financial statements of the chosen businesses. Using STATA 13 statistical software, both descriptive and inferential methods were used to evaluate the data. According to the study, return on assets is significantly benefited by the GAAP effective tax rate. Nonetheless, the return on assets is adversely affected by the cash effective tax rate. Based on this, the research suggests utilizing tax planning options and shows that tax aggression has a notable effect on the financial performance of Nigerian listed industrial products businesses.

Olurankinse and Mamidu (2021) looked into how tax planning affected the development banks in Nigeria financially. The study was conducted between 2012 and 2019 (after Nigeria adopted IFRS). The information was taken from the annual reports of the designated

development banks in Nigeria. The effective tax rate was found to have a negative and negligible impact on the return on equity using the pooled regression analysis technique. Therefore, in order to lower tax burden or liability, Nigerian Development Banks must aggressively pursue tax planning strategies in areas with effective tax rates. The effect of corporation tax planning on the firm value of Nigerian consumer goods companies that are listed was assessed by Omesi and Appah (2021) between 2015 and 2019. The results showed that effective tax rates had a negligible and adverse effect on the value of corporate companies. Therefore, in order to help reduce tax costs and boost overall corporate value, the research advises corporations to use appropriate tax planning methods.

An empirical study on the connection between tax preparation strategies and the financial results of Nigerian listed banks is carried out by Erasmus and Uwikor (2021). The results indicate that the return on equity of Nigerian listed banks is negatively and marginally impacted by the effective tax rate. It also shows that the net interest margin of the aforementioned Nigerian banks is positively and significantly impacted by the effective tax rate. According to the report, banks can enhance their financial performance by using effective tax rates when budgeting their taxes. The impact of thin capitalization on the performance of multinational businesses operating in Nigeria was examined in Otuya and Omoye's (2021) study. The study discovered a positive but negligible correlation between the financial success of multinational firms and the effective tax rate. According to the research, tax authorities should enact tax reforms that lower the statutory corporation tax rate by utilizing credit schemes, exemptions, and tax incentives. Caleb et al. (2020) examined the tax-saving practices of Nigerian businesses to ascertain how they affected their output. Using secondary data from listed Nigerian firms' financial accounts, an ex-post facto research design was employed. Descriptive statistics and inferential statistics using panel data regression tests were used to analyze the data. The results show a statistically insignificant negative relationship between firm performance and the effective tax rate. The paper suggests that by allowing for tax-saving strategies, tax regulatory bodies should focus more on how aggressively small-sized businesses pursue taxation.

Fagbemi et al. (2019) examined the impact of corporate tax planning on the financial performance of Nigeria's systemically important banks. The research design employed in this study was ex-post facto, and Pooled Ordinary Least Squares was utilized for data analysis. According to the study, financial performance is significantly and negatively impacted by the effective tax rate. According to the report, tax authorities should enact tax reforms that change tax rates in order to increase bank cash flow. Zhu et al. (2019) assessed how corporate tax evasion affected profitability, which is the foundation for how well businesses performed on the Ghana Stock Exchange (GSE). We used statistical software from SPSS to evaluate our hypotheses using a standard Ordinary Least Squares regression model.

Our research revealed a negative correlation between the profitability indicator (ROA) and the tax evasion measure (ETR). We draw the conclusion that, given the shown balance of expertise and professionalism, tax evasion may yield profitability or value. In order to

achieve the intended benefits of corporate governance procedures, we suggest that a firm establish a strong board structure. This is because the board is in a better position to influence management's decisions and actions. Olajide (2017) looked into how tax planning affected Nigerian listed companies' performance. Both a survey and an ex post facto design were utilized in the investigation. We looked at the yearly reports of 15 chosen traded companies on the Nigeria Exchange group from 2003 to 2012. The study result reveals that tax planning significantly increases reported profits. The study suggested that businesses hire tax planning experts and found little evidence of a significant impact of tax planning on corporate performance.

Salawu and Adedeji (2017) examines the effect of tax planning on corporate value at non-financial quoted enterprises in Nigeria covering 2004 to 2014. A sample of fifty publicly traded corporations provided data from their annual reports, which were then analyzed using the generalized method of moments (GMM). The results showed a strong and positive correlation between corporation value and effective tax rates (ETR). The report proposes that firms implement more healthy tax planning procedures and hire expert tax consultants to increase firm value. Nwaobia et al. (2016) looked into how tax planning affected corporate value as well. The study design employed was ex post facto. Fifty firm-year data from 2010 to 2014 are included in the study. Using a predetermined panel regression model as the basis, descriptive and inferential statistics were used to examine data that were taken from the published financial statements of the sampled companies. The F-statistic of 2.580 and the P-value of 0.032 indicate that the aggregate impact of the studied tax planning proxies on firm value were significant. There is a substantial and positive correlation between business value and the effective tax rate (ETR). According to the report, a comprehensive strategy for tax planning and the appropriate mix of tax planning tools are important indicators of how taxes would affect the value of a company.

Deferred Tax and Firm performance

The impact of corporation tax policy on the financial performance of Nigerian listed manufacturing businesses is examined by Iombagah et al. (2021). From 2014 to 2018, information was gathered from ten manufacturing companies that were listed on the Nigerian Exchange. Ex post facto research design is used in this work, and multiple linear regression and Pearson Product Moment Correlation are used to examine the data. The results showed that deferred tax had a negligible and unfavorable impact on the net profits of listed Nigerian businesses. The study's conclusion is that the tax breaks available to manufacturing companies are insufficient to promote business expansion and manufacturing activity, which leads to corporate entities deferring tax payments and accumulating deferred tax liabilities.

Nwaorgu et al. (2019) investigated the impact of deferred tax accounting on the financial performance of four listed agricultural companies in Nigeria using an ex post facto study design. Simple linear regression was used to examine the data, which covered the years 2011 through 2017. The results of the study showed a strong and positive correlation between the list's profitability and deferred tax accounting. Given the complexity of current deferred tax accounting rules, it is recommended that Nigerian enterprises integrate tax planning into their strategic financial planning by implementing effective

accounting for deferred tax. This is based on the study's conclusions. Kurawa and Saidu (2018) looked at how the corporate income tax affected the 2006–2016 financial results of publicly traded consumer goods companies in Nigeria. Regression analysis was used to evaluate data that was obtained from audited financial statements of selected firms for the study. The analysis indicates that the relationship between company tax and return on assets, a proxy for financial performance, is negligible and unfavorable. Risk and age are positively correlated, although they have little effect on asset returns. Conversely, size shows a positive correlation and has a significant impact on performance. According to the paper, in order to enhance the financial performance of publicly traded Nigerian consumer goods, tax specialists must engage in legal tax planning activities such transfer pricing or intra-company debt structuring.

Book Tax Difference and Firm Performance

Dyussemina and Park (2024) examine the effect of book-tax differences (BTDs) on firm value in the context of publicly traded firms in Russia covering a period of 11 years (2012 to 2022). Descriptive and inferential analysis were carried out. And a two-stage least squares (2SLS) estimation method was used to ensure that the problem of endogeneity was controlled. The study reveals that BTDs are negatively related to firm value. We further find that the negative relation between BTDs and firm value is weaker with an increase in [dividend payout](#). The findings of the study are robust to endogeneity issues. The study provides implications for investors, managers, regulators, and standard setters that are interested in the valuation of firms in developing and emerging markets.

Chukwudi et al. (2020) investigates tax planning and firm value of listed consumer goods companies on the Nigerian Stock Exchange for the period 2009 to 2018. Their research employed ex post facto research design and the population comprised all consumer goods sector while a sample size of twenty-one companies. The data for the study was obtained from secondary data from the published financial statements and accounts for the sampled firms. The data collected was analysed using descriptive and inferential statistics. The inferential statistics was guided by a panel multiple regression model. The empirical analysis reveals that book tax difference has a positive and significant influence on firm value.

Anasta (2019) empirically assess the impact of tax avoidance on firm value. The study used secondary data sourced from 45 manufacturing firms listed on the Indonesian Stock Exchange covering the period 2013-2017. Two dependent variables, financial performance or firm value represented by Tobins-Q and earnings management represented by discretionary accruals (DA), were used. The independent variables were return on assets (ROA) and tax avoidance represented by book tax difference (BTD). The regression results shows that while ROA and BTD were positively significant with TobinsQ, only ROA was positively significant with DA. Razali et al. (2018) carries out an investigation of tax planning and firm value in Malaysia for the period 2014 to 2016. The study used ex post facto and correlational research design. The secondary data was obtained from the financial statements of 387 sampled firms. The dependent variable (firm value) and the independent variables (effective tax rate and book tax differences) while the control variables consisted of firm size, leverage, asset tangibility, firm age and dividend.

Descriptive and inferential statistics was employed for the purpose of data analysis. The result of the multiple regression analysis shows that book tax difference has a significant negative association with value of a firm. Their study concluded that effective tax rate suitably influences firm value.

METHODOLOGY

The research design used for the study is the longitudinal research design covering the period of 2015 to 2022. It is appropriate for the study because it allows calculating the percentage of variance in the dependent variables that can be attributed to the variation in the independent variable. The approach also makes it easier to evaluate research topics and hypotheses by applying quantitative and statistical techniques quantitative testing, inferential testing and descriptive statistics.

The population of the study came from publicly available annual reports and accounts of companies that have traded on the Nigerian Exchange Group's premium board, main board, or growth board between the end of the 2015 fiscal year on December 31 and the end of the 2022 fiscal year on December 31. This period of 8 years was reviewed because it falls within the period in which recent tax reforms like the Middle Term Expenditure Framework of (2015; 2019) and the Finance Act (2020; 2021) were instituted. As of December 31, 2022, there were forty-three (43) non-financial listed businesses in the consumer products, industrial goods, and oil and gas sectors trading on the Nigeria Stock Exchange group floor.

This sample size determination followed the method of Taro-Yamane (1967) to determine the sample from the population of 43 at 0.05 level of significance that gave a value of 38.83 which is approximately 39 listed firms. Thirty-six (36) out of the thirty-nine listed non-financial companies representing the three sectors understudy which are members of the Nigerian exchange group and whose annual reports and accounts cover the years 2015 through 2022 was chosen as the sample for this study based on the availability of data and consistency of annual report on required data.

Model Specification

The cross-sectional panel data utilised in this inquiry were subjected to appropriate descriptive and inferential statistics. Since the model used by Egbadju and Odey (2022), Samuel et al. (2023), and Olanium et al. (2022) had various revisions, the model specification for this study is supplied in econometric form as follows:

The Egbadju and Odey (2022) model is described below.

$$ROE_{it} = \beta_0 + \beta_1 ETR_{it} + \beta_2 CSR_{it} + \beta_3 CAPINT_{it} + \beta_4 LEV_{it} + \beta_5 LOGTA_{it} + \mu_t$$

Where

ETR= Effective Tax Rate, CSR= Corporate Social Responsibility, CAPINT= Capital Intensity, LEV= Leverage, LOGTA= Firm

ROA= Returns on Assets

The apriori expectation is $\beta_1 - \beta_5 > 0$. = coefficient of the predictor

μ = Error term= unexplained variable.

t= time

β_0 = constant term or intercept.

However, to increase internal consistency and enable more precise comparisons, the model of Egbadju and Odey (2022) was modified for this research and adapted: This provides a more exact depiction of the study's

specific changes in the underlying microeconomic data. The research technique is therefore described here.

This is now known as

$$ROA_{it} = \beta_0 + \beta_1 NDTs_{it} + \beta_2 DTS_{it} + \beta_3 CINT_{it} + \beta_4 TINC_{it} + \beta_5 ETR_{it} + \beta_6 DFT_{it} + \beta_7 BTD_{it} + \beta_8 FSIZ_{it} + \beta_9 TAS_{it} + \mu_t \dots \dots \dots (2)$$

Where ROA= Returns on Assets measures firm performance

This idea of a dependent variable can be stated mathematically as follows:

ROA= Profit after Tax divided by Total Assets

NDTS= Non-Debt Tax shield measured as Depreciation and amortization multiply by statutory corporate tax rate;

DTS= Debt Tax shield measured as Interest expenses multiply by statutory corporate tax rate;

CINT=Capital Intensity measured as Non-current Assets/Total Assets;

TINC=Thin Capitalization measured as Total Debt/Total Assets;

ETR= Actual tax paid relative to pre-tax profits

DFT=Deferred Tax measured as Log of Deferred tax liability of the firm at a time

Book Tax Difference= Profit Before Tax – (current tax expense /Statutory tax rate)

Control Variable:

FSIZ= Firm Size measured Log of total assets value of a financial year;

TAS= Tax Savings measured as Statutory tax rate – Effective tax rate;

μ_t = Error Terms;

t = time (2015 -2022);

β_0 = constant term or intercept;

$\beta_1 - \beta_9$ = Regressors.

Method of Data Analysis

Given that the data set has a panel structure, a panel regression analysis was performed, and the choice of a fixed effect model or a random effect model was connected to the outcome of the Hausman test. To support the analyses, descriptive statistics were used. Both annual and long-term changes in business performance are represented by the random effect model. Over the course of the study period, the fixed effect model captures the characteristics of the sampled businesses (weber, 2017). The Breusch-Godfrey serial correlation LM test, the variable inflation factor test of multicollinearity, ARCH heteroskedasticity test, E-view 10 statistical application software is utilized to enhance statistical inference and empirical evidence. These techniques were used to increase the impact ability of the explanatory variables on firm performance of non-financial listed companies in Nigeria.

Data Analysis and Interpretation

These tables provide numeric information about the descriptive and inferential nature of the data.

Descriptive Statistics

Table 1: Descriptive Statistics

	ROA	NDTS	DTS	CINT	TINC	ETR	DFT	BTD	FSIZ	TAS
Mean	0.067	8.33781	5.878	0.4799	0.2121	0.1511	0.9521	-0.0017	16.47	0.0628
Median	0.02	5.08856	3.726	0.4507	0.3585	0.1025	1.4456	-0.0002	17.27	0.1661
Maximum	6.134	10.6512	8.1985	0.9002	2.2297	2.2973	8.1477	6.1303	21.6	2.7919
Minimum	-2.36	5.9415	2.0162	0.0092	0.0008	2.4919	0	4.2202	10.96	-7.325
Std. Dev.	0.475	1.07051	1.1259	0.2108	0.2403	0.324	2.6854	0.5017	2.421	0.6281
Skewness	7.777	-0.3254	0.2402	0.1122	0.7835	1.3443	0.0684	4.6872	0.333	-6.782
Kurtosis	103	2.29608	2.8402	2.2881	10.779	28.676	1.41	99.84	2.132	10.239
Jarque-Bera	129390.20	11.0108	3.0758	2.6951	753.69	62.816	20.26	113390.30	10.67	66586
Probabilt	0	0	0	0	0	0	0	0	0.005	0
Sum	16.51	2457.75	1099.3	131.87	150.27	41.665	850.28	-1.2428	4857	26.717
Sum Sq	64.66	328.897	383.46	12.748	16.567	30.125	2069.7	72.2271	1682	113.22
Observations	288	288	288	288	288	288	288	288	288	288

Source: Researchers' computation (2026)

The mean and median value of the firm performance (ROA) of listed non-financial companies in Nigeria has a value of 0.057 and 0.029 respectively indicating that the average performance of listed non-financial firms in Nigeria within the period under review is 5.7%. The kurtosis value of 105.7 that measures the peakedness or tailedness of a distribution tend to be leptokurtic or long tailed that is it has extreme values or outliers because this value is greater than the bench mark of 3. The positive Jarque Bera value of 129390.20 expresses a goodness of fit of firm performance distribution. The skewness value that measures the symmetry of the variables with positive value of 7.777 indicates small values and since the value lies outside -2 to +2 shows that variables are trending towards an asymmetric distribution.

The mean and median value of the non-debt tax shield (NDTS) of listed non-financial companies in Nigeria has a value of 8.5 and 8.7. This implies that an average of 8.5% of the cashflow that would have been paid as tax is saved from every sum provided for depreciation and amortization allowance that is replaced with capital allowance. The kurtosis value of 2.29668 that measures the peakedness or tailedness of a distribution tend to be platykurtic or short tailed that is it has fewer extreme values or outliers because this value is less than the bench mark of 3. The positive kurtosis also implies a peaked distribution. The positive Jarque Bera value of 10.5 expresses a goodness of fit of the non-debt tax shield distribution. The skewness value of -0.3254 that is within the excellent region of -1 to +1 which indicate larger values and the non-debt tax shield distribution is trending towards a normal distribution.

The mean and median values of the debt tax shield (DTS) of 5.5878 and 5.7296 respectively shows that the average debt tax shield of entities listed non-financial companies in Nigeria is approximately 5.6%. This implies that an average of 5.6% is saved from every amount that would have been paid as tax due the usage interest capital financing mode. The Kurtosis value of 2.8405 and high Jarque Bera value of 3.0758 shows a short-tailed distribution or a platykurtic distribution. The positive kurtosis also implies a peaked distribution. The skewness of -0.2402 that is within the excellent region of -1 to +1 which indicate more larger values and the debt tax shield distribution is trending towards a normal distribution.

The capital intensity average and median value of 0.4579 and 0.4567 indicate an average capital intensity of 45.79% that create a niche for more capital allowance that enhances firm performance through improved cashflow. The Kurtosis value of 2.3381 with Jarque Bera value of 6.0951 indicates a platykurtic short tailed test without outliers or extreme values. The positive kurtosis value implies a peaked distribution. The skewness value of 0.1322 which is positive and lies between the excellent region of -1 to +1 implies that the distribution is trending towards a symmetric distribution with more smaller values.

The thin capitalization (TINC) mean and median values of 0.5218 and 0.5595 shows an average high level of thin capital utilization strategy of 52.18% that reduces tax liability of listed non-financial companies in Nigeria. The Jarque Bera coefficient of 755.69 and Kurtosis of 10.779 indicate a tall tailed distribution which is Leptokurtic that have outliers or extreme values. The positive kurtosis value implies a peaked distribution. The

skewness value of 0.7835 which is positive and lies between the excellent regions of -1 to +1 implies that the distribution is trending towards a symmetric distribution. The effective tax rate (ETR) mean and median values of 0.1516 and 0.1605 respectively which indicate the average effective tax rate value of listed non-financial firms in Nigeria is 15.16% that is designed to enhance entities' cashflow performance. This also implies that an average of 15.16% is the tax burden of the listed non-financial companies in Nigeria that is rather than the statutory tax burden of 30%; a lower tax burden of 15.16% has been assumed which implies that an average of 14.84% (30%-15.16%) tax burden was avoided within the period understudy. The kurtosis coefficient of 25.679 and the Jarque-Bera value of 6268.60 for effective tax rate indicate a long-tailed distribution which tends to be leptokurtic because the Kurtosis is greater than 3. The positive kurtosis value indicates a peaked distribution. The negative skewness value of -1.3443 that lies within the generally acceptable region of -2 to +2 shows that effective tax rate data is replicating a symmetric distribution with more larger values.

The Deferred Tax (DFT) mean and median values of 2.9534 and 3.4466 respectively which indicate the average deferred tax value of listed non-financial firms in Nigeria is 2.9534 that is designed to enhance entities' cashflow performance. This also implies that an average of 2.95 of the tax burden of the listed non-financial companies in Nigeria is avoided through the use of deferred tax avoidance strategy. The kurtosis coefficient of 1.41 and the Jarque-Bera value of 30.56 for deferred tax indicate a short-tailed distribution which tends to be platykurtic because the Kurtosis is less than 3. The positive kurtosis value indicates a peaked distribution. The positive skewness value of 0.0684 that lies within the excellent region of -1 to +1 shows that deferred tax data is replicating a symmetric distribution with smaller values. The Book tax difference (BTD) mean and median values of -0.0047 and -0.0002 respectively which indicate the average book tax difference of listed non-financial firms in Nigeria is -0.47% which shows that this tax avoidance strategy is not properly harnessed. It also implies that the average accounting or book profit before tax is less than the taxable income implying excessive tax avoidance strategy. The kurtosis coefficient of 99.84 and the Jarque-Bera value of 6268.60 for book tax difference indicate a long-tailed distribution which tends to be leptokurtic because the Kurtosis is greater than 3. The positive kurtosis value indicates a peaked distribution. The skewness value of 4.6872 that lies outside the generally acceptable region of -2 to +2 shows that book tax data is replicating an asymmetric distribution. The control variable of firm size (FSIZ) mean and median values of 16.87 and 17.27 respectively which indicate the average firm size of listed non-financial firms in Nigeria is 16.87. The kurtosis coefficient of 2.332 and the Jarque-Bera value of 10.67 for firm size indicate a short-tailed distribution which tends to be leptokurtic because the Kurtosis is greater than 3. The positive kurtosis value indicates a peaked distribution. The skewness value of -0.3333 that lies outside the excellent region of -1 to +1 shows that book tax data is replicating an asymmetric distribution.

The control variable of tax savings (TAS) mean and median values of 0.0928 and 0.1661 respectively which indicate the average tax savings value of listed non-financial firms in Nigeria is 9.28% that is designed to

enhance entities' cashflow performance. This also implies that an average of 9.28% of the cashflow that would have been paid as tax is saved due to tax avoidance strategies that ensure that the effective tax rate is less than the statutory rate of tax. The kurtosis coefficient of 76.239 and the Jarque-Bera value of 66556 for tax savings indicate a long-tailed distribution which tend to be leptokurtic because the Kurtosis is greater than 3. The positive kurtosis value indicates a peaked distribution. The negative skewness value of -6.752 that lies outside the -1 to +1 shows that tax savings data is replicating an symmetric distribution with more larger values.

Multicollinearity Test

This is used to examine how much the variance of an independent variable is influenced by its correlation with other independent variables through an econometric method of variance inflation factor (VIF). If the value of a variable is one (1) which implies that variable is not correlated or if the VIF value lies between 1 and 5, it is seen as moderate correlation but if the value is greater than 5, it shows that variables are highly correlated. The values are expressed in table 2 below:

Variance Inflation Factors			
Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	0.11714	163.7095	NA
NDTS	0.056865	38.364	1.75652
DTS	0.002034	92.54562	3.78499
CINT	0.016745	5.942421	1.03587
TINC	0.014261	6.572013	1.14645
ETR	0.007565	1.349006	1.10596
DFT	0.000112	2.49859	1.12868
BTD	0.002933	1.028062	1.02797
FSIZ	0.011175	33.638	1.18873
TAS	0.001994	1.119237	1.09526

Source: Researcher's Computation (2026)

The center variance inflation factor values of 1.75652, 3.78499, 1.03587, 1.14645, 1.09526, 1.10596, 1.12868, 1.02797, 1.18873 with respect to non-debt tax shield (NDTS), debt tax shield (DTS), capital intensity (CINT), thin capitalization (TINC), tax savings (TAS), effective tax rate (ETR), deferred tax (DFT), book tax difference (BTD), firm size (FSIZ) and these values are less than 5 which implies that multicollinearity problem does not exist.

Diagnostic Test

These include Breusch-Godfrey serial correlation LM test to test autocorrelation in the errors in a regression model. If the P-value is greater than 0.05, then there is no evidence of autocorrelation. The heteroskedasticity test demonstrates the model's validity by assessing whether or not the independent variable adequately explains the dependent variable, while leaving the remaining variance invariant. The ARCH heteroskedasticity test is used to assess the null hypothesis that a series of residuals exhibit no conditional heteroskedasticity. The autoregressive conditional heteroskedasticity (ARCH) is used to analyse volatility in time series in order to forecast future volatility. if the P-value is greater than 0.05; it implies that the model is not heteroskedastic but homoscedastic.

Table 3 Diagnostic Test Estimates

Diagnostic test	P-value	Significance Level	Decision
Breusch-Godfrey Serial Correlation LM Test:	0.0000	0.05	Autocorrelation
Heteroskedasticity Test: ARCH	0.2820	0.05	Homoskedastic

Source: Researcher's Computation (2026)

The Breusch Pagan LM test with P-value of 0.000 shows that there is auto-correlation problem which is corrected with a panel generalized least square model. The Heteroskedasticity ARCH test P-value of 0.2820 is greater than the 0.05 level of significance indicate that there the model is homoscedastic.

Hausman test for fixed or random effect model

This enables the study to choose the model that suit the predictive reliability of the exogeneous variables on the endogenous variable based on the criteria that if the P-value estimated exceed the P-value critical value accept the null hypothesis of a random effect; otherwise use the fixed effect model. this enhances prediction of the explained variable. The fixed effect model assumes that the value of the independent model is fixed and any change in the independent variables will create a responsive change in the dependent variable.

Table 4: Hausman correlated random effect test

Correlated Random Effects - Hausman Test			
Equation: Untitled			
Test cross-section random effects			
Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	13.589147	9	0.1377

Source: Researcher's computation (2026)

Evidence from Table 4 shows that a random effect model will be constructed because the P-value of the hausman test of 0.1377 is greater than P-critical value of 0.05. The random effect implies that the unique errors are uncorrelated with the regressors therefore random effect helps to distribute randomly the error term across the cross-sectional sample which impact the dependent variable. Though the Hausman test requires the use of a random effect panel least square model but the problem of autocorrelation need to be corrected as exhibited in table 4.4 base on the significant Breusch-Godfrey Serial Correlation LM Test. Therefore, in order to resolve this auto-correlation problem the panel generalized least square (GLS) is used because the cross-sectional weight imbedded in the estimator helps to correct the problem of autocorrelation which enhances the explanatory variables to explain the explained variable reliably.

Random Effect Panel Least Square Regression and Panel Generalized Least Square Regression Result.

This is used to predict the behaviour of the endogenous variables which indicate the line of best fit that enhances prediction with significant accuracy. The rejection or acceptance of the null hypothesis will be based on the estimates in Table 5.

Table 5 Panel Least Squares Regression Estimates

Variables	Model 1 Random Effect		Model 2 GLS	
	Coefficient	Prob.	Coefficient	Prob.
C	-0.214716	0.5432	0.055128	0.7674
NDTS	0.592994	0.0165**	0.157017	0.0000**
DTS	0.170351	0.0003**	0.055239	0.0000**
CINT	0.029511	0.825	0.059958	0.0004**
TINC	-0.384412	0.002**	-0.127031	0.0001**
ETR	0.003219	0.9714	0.026975	0.0500
DFT	-0.00539	0.6222	-0.00099	0.4758
BTD	0.060547	0.279	-0.136704	0.0186**
FSIZ	-0.328208	0.0028**	-0.095433	0.0000**
TAS	-0.023832	0.6049	0.001319	0.8872
Observations	288		288	
R-squared	0.113971		0.664783	
Adjusted R-squared	0.085287		0.604085	

Prob(F-statistic)	0.0000		0.0000	
Durbin-Watson stat	2.422133		1.997214	
S.E. of regression	0.453954		0.303031	

Source: Researcher’s computation (2026)

Discussion of Result

The panel generalised least square model estimates that corrected the problem of autocorrelation shows an improvement in the R-squared (R^2) from 0.113971 to 0.664783 which implies that the GLS model enables the explanatory variables to explain 66.48% of the dependent variable when compared with the random effect model that explains just 11.40%. The adjusted R-squared of the panel generalised least square model of 60.41% replicate a drastic improvement from 8.53% exhibited by the random effect panel regression model. The use of the panel generalised least square shows an improvement in result that gave rise to seven significant explanatory variables of non-debt tax shield, debt tax shield, capital intensity, thin capitalization, effective tax rate, book tax difference, firm size with p-values of 0.0000, 0.0000, 0.0004, 0.0001, 0.050, 0.0186, 0.000 compared with random effect panel regression estimates that resulted in four explanatory variables being significant with p-values of 0.0165, 0.0003, 0.002, 0.0028 with respect to non-debt tax shield, debt tax shield, thin capitalization firm size. The panel generalised least square model estimates is use in this study to accept or reject the null hypothesis.

The Durbin-Watson statistics of 1.997214 which is close to 2 implies that the autocorrelation is within the normal region which aid co-integration and enhance the relationship between the dependent and exogeneous variables. The DW result also indicates that stochastic dependence between successive units of the error term is unlikely in the model. The standard error in the model is used to control the issue of heteroskedasticity which shows the prowess of the explanatory variable explaining the dependent variable and the variance of the unexplained portion remains constant or standard error is constant. The standard error of the regression estimates also measures the degree of uncertainty in the accuracy of the dependent variable projected and the reduction from 45.39% of the random effect panel least square model to 30.30% of the panel generalised least square model. This shows that the estimates are good enough to make predictions therefore the panel generalised least square regression is good model that will enhance the explanatory variable prowess to explain the dependent variable. Therefore, the null hypothesis will be rejected when the P-value is less than the critical value of 0.05 level of significance and the alternative hypothesis is accepted.

Test of Hypotheses

Ho1: non-debt tax shield (NDTS) has no significant impact of on firm performance of Nigeria quoted non-financial companies.

The non-debt tax shield (NDTS) that measures the utilization of tax allowable deductions to reduce tax liabilities from the result in table 4.6 shows a positive relationship and a significant impact on firm performance of listed non-financial companies in Nigeria with a coefficient value of 0.157017 and P-value =0.0000<0.05. Base on this fact, the null hypothesis is rejected which states that non-debt tax shield does not determine firm performance of listed non-financial companies in Nigeria. This implies that non-debt tax

shield strategy of listed non-financial companies in Nigeria is vital in determining their performance. The positive relationship implies that an increase in non-debt tax shield strategy of tax planning will result in improve cash flow and improved performance.

Ho2: There is no significant impact of debt tax shield (DTS) on firm performance of Nigeria quoted non-financial companies.

Debt tax shield (DTS) shows a positive relationship and a significant impact on firm performance of listed non-financial companies in Nigeria which is exhibited by its coefficient value of 0.055239 and P-value =0.0019<0.05. Due to this result the null hypothesis is rejected which state that debt tax shield does not have any significant impact on firm performance of listed non-financial companies in Nigeria. It also implies that the debt tax shield strategies determine the performance of listed non-financial entities in Nigeria. The positive relationship implies that as debt tax shield of using interest financing increases, this creates room for more tax savings and corporate performance improves.

Ho3: There exists no significant impact of capital intensity (CINT) on firm performance of Nigeria quoted non-financial companies.

Independent variable of capital intensity (CINT) with positive coefficient values of 0.059958 and significant P-values = 0.0004<0.05 indicate that capital intensity has a significance impact on firm performance of listed non-financial companies in Nigeria. The positive relationship between capital intensity and firm performance implies that as investment in non-current assets increases; firm performance appreciates.

Ho4: Thin capitalization (TINC) has no significant effect on firm performance of Nigeria quoted non-financial companies.

Furthermore, thin capitalization (TINC) has a negative correlation and a significant impact on firm performance of listed non-financial companies in Nigeria based on its coefficient value of -0.127031 and P-value =0.000<0.05. It implies that the thin capitalization determines the performance of listed non-financial firms in Nigeria.

Ho5: There is no significant impact of effective tax rate (ETR) on firm performance of Nigeria quoted non-financial companies.

Independent variable of effective tax rate (ETR) with positive coefficient values of 0.026975 and significant P-values = 0.050≤0.05 indicate that effective tax rate has a significance impact on firm performance of listed non-financial companies in Nigeria. The positive relationship between effective tax rate and firm performance implies that as the effective tax rate strategy of tax avoidance is optimized will result in less tax burden and more cash inflow that enhances operations and improves firm performance.

Ho6: Deferred tax (DFT) has no significant impact of on firm performance of Nigeria quoted non-financial companies.

Independent variable of deferred tax (DFT) with negative coefficient values of -0.00099 and significant P-values = 0.4758>0.05 indicate that deferred tax has an insignificance impact on firm performance of listed non-financial companies in Nigeria. Therefore, deferred tax does not determine firm performance of listed non-financial companies in Nigeria. This result implies that the null hypothesis which state that deferred tax does not significantly determine firm performance of listed non-financial companies.

Ho7: There is no significant impact of book tax difference (BTD) on firm performance of Nigeria quoted non-financial companies.

Book tax difference (BTD) has inverse relationship and a significant impact on firm performance of listed non-financial companies with coefficient value of -0.136704 and significant P-values = 0.0186 < 0.05. This implies that the null hypothesis is rejected and alternative hypothesis which state that book tax difference significantly determine firm performance is accepted. The negative relationship implies that the book profit before tax is less than the taxable income which shows that the aggressive tax avoidance strategy has resulted in appreciated firm performance.

Conclusion

This study examined lawful strategies for reducing tax liabilities of individuals and corporate entities without negatively affecting accounting income. Since one of the primary responsibilities of corporate managers is to maximize shareholders' wealth, effective tax planning is essential for reducing tax burdens, improving cash flow, and enhancing capital appreciation.

The study covered the period from 2015 to 2022 and utilized data obtained from the annual reports of 36 sampled listed non-financial firms in Nigeria, selected using the Taro Yamane (1967) sampling technique. Return on Assets (ROA) was adopted as the measure of corporate performance. Diagnostic tests, including the Breusch-Pagan LM test, Variance Inflation Factor, ARCH heteroskedasticity, and Durbin-Watson tests, were conducted to ensure the reliability of the model. The Hausman test justified the adoption of the random effect panel least square model. Findings revealed that tax planning and tax avoidance strategies significantly influence corporate performance of listed non-financial companies in Nigeria.

Recommendations

The following recommendation are made after thorough analyses

- i. Tax authority should advance legislative means that permit entities to utilize tax allowable expenses like corporate social responsibilities, upward review of rate of capital allowances that replaces depreciation which will enhance corporate survival and performance.
- ii. Policy makers should create deliberate policy that enhances the subsidization of the cost of debt-financing for the companies operating in the Nigeria. The policy on debt usage should be deliberate in terms of debt usage, efficient interest rates, idle fund mopping that are tax deductible which create improved cashflow and corporate growth.
- iii. Corporate managers should employ the optimal capital structure that optimizes firm performance by adopting thin capital policies that are efficient and effective in terms of value creation. This is necessary because the study revealed that listed entities with thin capital have significant effect on performance.
- iv. This study recommends policies to enhance debt-financing and efficient interest rates to promote corporate growth since thin capitalization as a significant effect on firm performance.
- v. This study also recommends that listed non-financial entities in Nigeria should invest in

non-current assets because of the positive association it has with firm performance. This implies that, the more investment in non-current assets, the more the capital allowance, thereby appreciating cashflow and reducing tax liabilities.

- vi. Corporate managers should utilize the loopholes in the Finance Act (2021,2023) such as claims of withholding tax and value added tax exemption on structure not permanently affixed to the ground that reduces tax burden and optimizes effective tax rate
- vii. Corporate managers should optimize all necessary legal and ethical standards with respect to international financial reporting standards, international accounting standards that will help to reduce tax burden through optimize book accounting profit that is greater than fiscal taxable income that maximizes the book tax difference which enhances to reduce tax burden and increase tax avoidance which create more liquidity and enhance corporate performance.

REFERENCES

- Abdul-Wahab, N.S., and Holland, K. (2012). Tax planning, corporate governance and equity value. *The British Accounting Review*, 44 (1), 1-14.
- Abdullahi, B. O., Norfadzilah, R., Umar, A. M., & d Lateef, S. A. (2021). The impact of corporate tax planning on the financial performance of listed companies in Nigeria. *International Journal of Economics, Management and Accounting*, 29(2), 273-297
- Abiahu, M.C., & Nwaorgu, I.A. (2020). Effect of Corporate Tax on Sustainable Financial Performance of Listed Firms in Nigeria. *Journal of Taxation and Economic Development*, 19(1), 50-63.
- Akabom, I. A. & Ejabu, F. E. (2018). Effects of thin capitalization and international law on performance of multinational companies in Nigeria. *Journal of Accounting and Financial Management*, 4(2), 47-58.
- Akadakpo, B.A & Akogo, O.U (2022). Impact of company income tax on corporate profitability in Nigeria. *Indian Journal of Finance and Banking*, 9(1) 104-114.
- Akintoye, I.R., Adegbe, F.F. & Iheme-Onyeka, C.V. (2020). Tax planning strategies and profitability of quoted manufacturing companies in Nigeria. *Journal of Finance and Accounting*, 8(3), 148-157.
- Anasta, L. (2019). The effect of profitability and tax avoidance on profit management and its impact on company value. *European Journal of Business and Management*, 11(27),32-46
- Baltagi, B. H. (2021). Heteroskedasticity and Serial Correlation in the Error Component Model. *Journal of Econometrics* 15(4), 122–124.
- Caleb, A., Oguji, M., & Nweze, S. O. (2020). Effect of Tax Planning on the Financial Performance of Deposit Money Banks in Nigeria. *Accounting & Taxation Review*, 4(2), 166-180.
- Chang, C., Herbohn, K., & Tutticci, I. (2009). Market's perception of deferred tax accruals. *Accounting and Finance*, 49 (4), 645-673.
- Chotia, V., Tripathi, P., Srivastava, M., Sharma, P., & Kalyani, S. (2023). Examining the Impact of Agency Issues on Corporate Performance: A Bibliometric Analysis. *Journal of Risk and Financial Management*, 16(12), 497.
- Chude, D. I. & Chude, N. P. (2015). The impact of company income taxation on the profitability of companies in Nigeria: a study of Nigerian Breweries. *European Journal of Accounting, Auditing and Finance Research*, 3(8) 1-11.
- Chukwudi, U. V., Okonkwo, O. T., & Asika, E. R. (2020). Effect of tax planning on firm value of quoted consumer goods manufacturing firms in Nigeria. *International Journal of Finance and Banking Research*, 6(1), 1-10
- Citron, D. (2001) The valuation of deferred taxation: evidence from the UK partial provision approach. *Journal of Business Finance & Accounting*, 28 (7&8), 821-852.
- Dalu, T., Maposa, V.G., Pabwaungana, S., & Dalu, T. (2012). The impact of tax evasion and avoidance on the economy: a case of Harare, Zimbabwe. *African Journal of Economic and Sustainable Development*, 1 (3), 284-497.
- Desai, M., & Dharmapala, D. (2009). Corporate tax avoidance and high-powered incentives. *Journal of Financial Economics*, 7(9), 145-179.
- Egbadju, L. U. & Ode, J. O. (2022). Tax aggressiveness and financial performance of selected consumers Goods Firms in Nigeria. *Journal of emerging trends in management sciences and entrepreneur*, 4(2). 1-15.
- Endah, F. A. R., Siti, N., & Sari, K. (2023). Effect of profitability, capital intensity, leverage, sales growth, and company size on tax avoidance. *Jurnal Penelitian Ilmu Ekonomi*. 13(1), 28-37.
- Erasmus, G.O. & Uwikor, M., K. (2021). Tax planning strategies and financial performance of quoted banks in Nigeria. *Journal of Accounting and Financial Management*. 7(5), 2695-2211
- Etale L.M.& Bingilar P.F. (2016). The Relationship between Petroleum Profit Tax, Personal Income Tax and Economic Growth in Nigeria. *Research Journal of Finance and Accounting*. 7(12).1-5.
- Evers, M., Meier, I., & Finke, K. (2016). The implications of book-tax differences: A meta-analysis. *ZEW-Centre for European Economic Research Discussion Paper*, (17-003).
- Fagbemi, T. O., Olaniyi, T. A, Ayobolawole, A. O. & Dewale O. (2019). The corporate tax planning and financial performance of systemically important banks in Nigeria. *International Journal of Economics, Business and Management Studies*. 14 (11), 6-10
- Frank, M. M., Lynch, L. J., & Rego, S. O. (2006). Tax Reporting Aggressiveness and Its Relation to Aggressive Financial Reporting. *Journal of the American Taxation Association*, 28(1), 7–29. <https://doi.org/10.2308/jata.2006.28.1.7>
- Gatsi, J. G., Gadzo, S. G. & Kportorgbi, H. K. (2013). The effect of corporate income tax on financial performance of listed manufacturing firms in Ghana. *Research Journal of Finance Accounting*. 4(15), 118-124.
- Graham, J. R., & Leary, M. T. (2011). A review of empirical capital structure research and directions for the future. *Annual Review of Financial Economics*, 3, 309-45
- Graham, J. R., Hanlon, M., Shevlin, T., & Shroff, N. (2014). "Incentives for Tax Planning and Avoidance: Evidence from the Field." *The Accounting Review*, 89(3), 991-1023.
- Gurama, Z., Mansor, M. B. and Pantamee, A. A. (2015). Tax Evasion and Nigeria Tax System: An Overview. *Research Journal of Finance and Accounting*. 6(8), 202-211.
- Haskins, M. & Simko, P. (2011). What a corporate tax cut might mean: an analysis of deferred taxes. *Working paper*.
- Hart, L. (2018). Issues and challenges with the Nigerian taxation system. *Journal of Accounting*, 5(3), 51 – 73.
- Igbinovia, I. M. & Ekwueme, C. M. (2018). Corporate tax avoidance and shareholders returns: moderating effects of monitoring. *Sriwijaya International Journal of Economics and Business*, 2(3), 255-268.

- Ighosewe, E, Akan, D. & Agbogun, O. (2021) Crude Oil Price Dwindling and the Nigerian Economy: A Resource-Dependence Approach. *Modern Economy*, 12(1), 1160-1184.
- Ilesanmi, O. A. (2011). The impact of strategic planning on the performance of Nigerian banks. *European Journal of Scientific Research*, 65(1), 131-143.
- Ishola, R. A., Folajimi, F., & Chimeruo, V. O. (2020). Tax Planning Strategies and Profitability of Quoted Manufacturing Companies in Nigeria. *Journal of Finance and Accounting*, 8, (3), 148-157. 10.11648/j.jfa.20200803.16
- Izevbekhai, M.O. & Momodu, W. O. (2023). Corporate tax saving strategy and share price performance. *International journal of scientific research and management* 11(11), 5370-5380
- Jacob, O.H., & Spengel, C. (1999). The effective average tax burden in the European Union and the USA: a computer-based calculation and comparison with the model of European tax analyser. Retrieved from <http://www.researchgate.net>
- Jensen M.C., & Meckling W.H. (1976). Theory of the firm: managerial behavior, agency costs, and ownership structure. *Journal of Financial Economics*. 3(4):305-360. DOI: 10.1016/0304-405X(76)90026-X
- John, G. G., Samuel, G. G., & Holy, K.K. (2013). The effect of corporate income tax on financial performance of manufacturing. *Research Journal of Finance and Accounting*, 4(15), 34-45
- Junaidu, M., H. & Saidu, H. (2018). Corporate tax and financial performance of listed Nigerian Consumer Goods. *Journal of Accounting and Financial Management* 4(4), 30-43
- Kiabel, B.D. & Nwokah, N.G. (2009). Curbing tax evasion and avoidance in personal income tax administration: a study of the South-South States of Nigeria. *European Journal of Economics*, 15 (3). 16-61.
- Koubaa, R. R., & Anis, J. (2015). Book-tax differences: relevant explanatory factors. *International Journal of Accounting and Economics Studies*, 3(2), 95-104.
- Kurawa, J. M., & Saidu, H. (2018). Corporate tax and financial performance of listed Nigerian consumer goods. *Journal of Accounting and Financial Management*. 4(4), 30- 43.
- Lasisi, O. R., & Fijabi, K. L. (2023). Corporate taxes and financial performance of listed information and communication technology companies in Nigeria. *African Journal of Accounting and Financial Research*. 6(4), 160-176.
- Lormbagah, J. A. Abiahu, M.F & Ibiom.O, (2021). Corporate tax mix and financial performance of listed manufacturing firms in Nigeria. *International Journal of Contemporary Accounting Issues*. 10 (2).64-84.
- Maduabuchi CH, Okechukwu T, Okechukwu A.J, & Oghenekohwo .A .G (2023). Education tax effect on firms' value of consumer products industries in Nigeria. *International Journal of Social Sciences and Management Review*. 12(1) 18-33
- Mahfoudh H. M., Ku, N. & Izah, K. I. (2015). Tax planning strategies activities: overview of concepts, theories, restrictions, motivations and approaches. *Mediterranean Journal of Social Sciences*, 6(6), 350 – 358.
- Masset, P., & Weisskopf, J.-P. (2016). Family Ownership, Asset Levels, and Firm Performance in Western European Hospitality Companies. *Journal of Hospitality and Tourism Research*.
- Mawejeje and Munyambonera (2016). Tax Revenue Effects of Sectoral Growth and Public Expenditure in Uganda. *Economic Policy Research Centre (EPRC)*. 1-9
- Maydew, E. L., & Shackelford, D. A. (2005). The changing role of auditors in corporate tax planning. *Nber Working Papers*, 21(1), 307-344.
- Merlo, V.; Riedel, N. & Wamser, G. (2020). The impact of thin-capitalisation rules on the location of multinational firms' foreign affiliates. *Review of International Economics*, 28(1), 35-61.
- Munyoro, G., Chiinze, B. and Munyoro, Y. D. (2016). The role of customs and excise duties of Nigeria, 1970-2010. *American Journal of Humanities and Social Sciences*. 11(3), 116-124.
- Nekasa, M. O., Namusonge, G. S., & Makokha, E. N. (2017). Effect of corporate income tax on financial performance of companies listed on the Nairobi securities exchange in Kenya. *International Journal of Social Sciences and Information Technology*. 3(8), 2467-2477.
- Nicodeme, G. (2001). Computing effective corporate tax rates: comparison and results. Retrieved from http://Europa.eu/int/economy_finance.
- Nnubia, I. C. & Okolo, M. N. (2018). Effect of Corporate Tax on Profitability of Business Organizations in Nigeria. *International Journal of Management Studies, Business & Entrepreneurship Research*. 3 (4). 14-23
- Nwaobia, A. N. & Jayeoba, O. O. (2016). Tax planning and firm's liquidity. *Journal of Business Management*. 2(10), 1-22.
- Nwaorgu, I. A., & Abiahu, M. F. C. (2020). Effect of corporate tax on sustainable financial performance of listed firms in Nigeria. *Journal of Taxation and Economic Development*, 19(1), 50-63.
- Obinabo, C. R. (2016). Effect of tax evasion and avoidance on Nigeria's economic growth. *NG-Journal of Social Development* 5 (4), 16-28.
- OECD (2012). "Addressing Base Erosion and Profit Shifting." OECD Publishing.
DOI: 10.1787/9789264171146-en
- Oeta, S. M., Kiai, R., & Muchiri, J. (2019). Influence of tax planning on financial performance of manufacturing companies listed at Nairobi Securities Exchange. *International journal of research in business and social sciences* 8(6) 262-270
- Ogbodo, C.O., Egbunike, F.C. & Abiahu, M.C. (2017). Assessment of deferred tax recognition and measurement under IFRS and Nigeria-SAS: An empirical examination. *Asian Journal of Economics, Business and Accounting*. 5(1), 1-21. DOI: 10.9734/AJEB/2017/37651
- Ogundajo, G. O., & Onakoya, A. (2016). Tax planning and financial performance of Nigerian companies. *International Journal of Academic*

- Research in Accounting, Finance and Management Sciences, 6(4), 121-131
- Ogunmakin, A.A., Adebayo, A. I., Akinleye, M. J. & Anifowose, O. D. (2020). Tax avoidance and financial performance of quoted firms in Nigeria. *International Journal of Financial Management*, 10 (1), 47-54. <http://publishingindia.com/ijfm/>
- Okon, S. N., Akinwumi, A., & Okon, A. (2023). The impact of sustainability reporting on financial performance of listed oil and gas companies in Nigeria: Evidence from 2012 to 2021. *FUDMA Journal of Accounting and Finance Research*, 1(3), 75-86. ISSN 2992-4693 (online), ISSN 2992-2704 (print).
- Olajide, D. S. (2017). Tax planning and firm performance in Nigeria. *International Journal Advanced Research* 5(5), 1950-1956
- Olaniun, i., Jimoh, N., Shuaibu, H., & Ibrahim, Y., K. (2022). Tax aggressiveness and financial performance of listed industrial goods firms in Nigeria. *Gusau Journal of Accounting and Finance*. 3(2), 1-15.
- Olarewaju, O.M. & Olayiwola. J.A. (2019). Corporate tax planning and financial Performance in Nigerian non-financial quoted companies. *African Development Review* 31(2) 202-215.
- Olurankinse, F. & Mamidu, A. I. (2021). Corporate tax planning and financial performance of development banks in Nigeria. *European Journal of Accounting, Auditing and Finance Research*, 9(5), 53-72
- Omes, I., & Appah E. (2021). Corporate tax planning and firm value of listed consumer goods companies in Nigeria. *Journal of Business and Management* 23(2), 42-51
- Omodero, C. O., Okafor, M. C., & Nmesirionye, J. A. (2021). Personal Income Tax Revenue and Nigeria's aggregate earnings. *Universal Journal of Accounting and Finance*, 9(4), 783-789
- Onuorah, A. C., & Chigbu, E. E. (2013). A comparative analysis of the impact of corporate taxation on company's reserve and dividend policy in Nigeria: 2000-2011. *Journal of Developing Country Studies*, 3(1), 154-161.
- Onyeka, V. N. & Nwankwo, C. (2016). The effect of tax evasion and avoidance on Nigeria's economic growth. *European Journal of Business and Management* 8 (24).
- Organisation for Economic Co-operation and Development (OECD). (2023). International collaboration to end tax avoidance. <https://www.oecd.org/tax/beps/>
- Orji, E.N. & John- Akamelu, C.R. (2023). Book tax differences and financial distress of public listed consumer goods firms in Nigeria, *Journal of Global Accounting*, 9(1), 346 – 382.
- Osamor, I. (2022). Thin capitalisation and firms' financial performance: evidence from selected multinational and non-multinational firms in Nigeria. *ÆCONOMICA*. 18(4), 196-209
- Otuya, S., & Omoye, A. S. (2021). Thin capitalisation, effective tax rate and performance of multinational companies in Nigeria. *International Accounting and Taxation Research Group*. 5(1), 2635-2958
- Otwani, M. N & Namusonge, G. S (2017). Effect of corporate income tax on financial performance of companies listed on the Nairobi securities exchange in Kenya. *International Journal of Social Sciences and Information Technology*. 3(8), 2467-2477.
- Oyeshile, O. K., & Adegbe, F. F. (2020). Tax planning strategies and financial performance of quoted food and beverages firms in Nigeria. *Journal of Finance and Accounting*, 8(6), 272-281.
- Poterba, J., Rao, N. & Seidman, J. (2007). The significance and composition of deferred tax assets and liability. *NBER Working Paper Series*.
- Pitulice, I.C., Ștefănescu, A., Mânzu, G., Popa, F., A. & Niculescu. A. (2016) Research of corporate tax impact on financial performance. Case of companies listed on Bucharest Stock Exchange. *Management and Economics Review*, 1(2), 203-261.
- Prastyatini, S. L. Y., & Inggrit, D. S. (2023). Effect of leverage, inventory intensity, fixed asset intensity, and political connections on tax aggressiveness (empirical study of multinational companies listing on the Indonesia stock exchange 2017-2021). *Journal Il miah Il mu Man ajeme*. 13(1), 48-59.
- Pratiwi, I., & Stiawan, H. (2022). Tax planning and its impact on firm value. *East Asian Journal of Multidisciplinary Research*, 2(9), 3753-3764.
- Putra, P. D. (2018). Tax Avoidance: Evidence of as a Proof of Agency Theory and Tax Planning. *International Journal of Research and Review*, 5(9), 52-60.
- Rafiu O. Salawu, Z. A. Adedeji. (2017). "Corporate Governance and Tax Planning Among Non-Financial Quoted Companies in Nigeria." *African Research Review*, 11(3), 43-59. DOI: 10.4314/afrr.v11i3.5
- Razali, I. L., Ghazali, P. N., Lunyai O. S., & Hwang, D. G. (2018). Tax planning and firm value: evidence from Malaysia. *International Journal of Academic Research in Business and Social Sciences*, 8(11), 2222-6990.
- Ruf, M., & Schindler, D. (2015). Debt Shifting and Thin-Capitalization Rules – German Experience and Alternative Approaches. *Nordic Tax Journal*, 2015(1), 17-33.
- Salawu, R. O. & Adedeji, Z. A. (2017). Corporate governance and tax planning among non-financial quoted companies in Nigeria. *An International Multi-Disciplinary Journal*, 11 (3), 42-59
- Samuel, H.U., Akpan, D. C., y Nsentip, E. B., & Ukpe, E. A. (2023). Tax shield and firms value of quoted manufacturing companies in Nigeria. *International Journal of Business and Management Review*. 11(9), 16-34.
- Samuel, S. E & Tyokoso, G.(2014). Taxation and Revenue Generation: an empirical investigation of selected states in Nigeria. *Journal of Poverty, Investment and Development*. 4(2),102-114
- Savka & Radojko (2013). Analysis of deferred taxes in the business environment in Serbia. *Economic Serbian Management Journal*, 16(1), 25-37.
- Sweetwilliams, k., Onmonya, L., & Ebire, K. (2023). Corporate tax and financial performance:

- evidence from listed consumer goods firms in Nigeria. *African Journal of Accounting and Financial Research*, 6(2), 44-54.
- Syifa Urrahmah, & Aloysius Harry Mukti. (2021). The Effect of Liquidity, Capital Intensity, and Inventory Intensity on Tax Avoidance. *International Journal of Research - Granthaalayah*, 9(12), 1-16.
- Taiwo, A. O. & Oyedokun, G. E. (2022). Corporate taxes and financial performance of small and medium enterprises in Nigeria, *Journal of Accounting and Taxation*, 2(3), 107-121.
- Tang, T. (2006). *Book-tax differences, a function of accounting-tax misalignment, earnings and tax management* (Doctoral dissertation, PhD dissertation, The Australian National University, Canberra).
- Tye, W. L., & Wahab, N. S. A. (2018). Roles of tax planning in market valuation of corporate social responsibility. *Cogent Business & Management*, 5(1), 57-74.
- Uchime, H. N. & Anichebe, A. S. (2019). Effect of taxation on domestic investment in Nigeria, *International Journal of Economics, Business and Management Studies*, 6 (1), 96- 104,
- Udochukwu, G. O., Uniamikogbo, E. & Ezeji, A. M. (2022). Effect of managerial ownership and tax aggressiveness on financial performance of domestic systematically important banks in Nigeria. *American Journal of Economics and Business Management*. 5 (10), 51-71.
- Uwaigbe, U. M. (2016). Tax planning strategies and profitability of quoted manufacturing companies in Nigeria. *Journal of Finance and Accounting*, 7(5), 59-66.
- Wahab, N. S. A. (2016). Malaysian multinational companies (MNC): Permanent and temporary nature of tax planning. *Cogent Business & Management*, 3(1), 12-48.
- Wahab, N. S. A., & Holland, K. (2015). The persistence of book-tax differences. *The British Accounting Review*, 47(4), 339-350.
- Yadav, I. S., Pahi. D., & Gangakhedkar. R. (2022). The nexus between firm size, growth and profitability: new panel data evidence from Asia-Pacific markets. *European Journal of Management and Business Economics*. 3(1).115-140.
- Yamane, T. (1967). *Statistics: An Introductory Analysis* (2nd ed.). Harper & Row.
- Zhu, N., Mbroh, N., Monney, A. & Bonsu, M.O.A. (2019). Corporate tax avoidance and firm performance. *European Scientific Research*, 15(7), 61- 70.