

Transfer Pricing Regulations and Tax Revenue Generation in Nigeria

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(PhD) in Accounting**

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Certification

This is to certify that Cletus Inisor Adie with Matriculation number LCU/PG/00512 carried out this research work titled “**Transfer Pricing Regulations and Tax Revenue Generation in Nigeria**” in the Department of Management Accounting, Faculty of Management and Social Sciences, Lead City University, Ibadan, Oyo State, for the award of Doctor of Philosophy Degree (PhD) in Accounting and that this has not been previously submitted.

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Dedication

This research is dedicated to God Almighty

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Abstract

The financial link between States and their citizens is established by taxation, making tax revenue the core of any country's revenue base. However, multinational companies' habitual questionable profit-shifting practices have become commonplace and this resulted in the enforcement of transfer pricing regulation to curb the menace. Hence, the study examined the effect of Transfer Pricing Regulations (TPRs) on tax revenue generation in Nigeria. This study adopted a cross-sectional survey research design, and the population was 749 staff of Federal Inland Revenue Service (FIRS), Nigeria. All the 575 staff of FIRS in Lagos State were used as the unit of analysis hence the adoption of total enumeration method. A validated questionnaire was used to collect data. The Cronbach's alpha reliability coefficients for the constructs ranged from 0.65 to 0.95. A response rate of 85.7% was achieved for the study. Data were analysed using descriptive and inferential statistics. Findings revealed that the level of tax profit pre-reform was low given the mean value of 2.05. TPRs had significant relative effect on tax profit post reform ($Adj. R^2 = 0.373, p < 0.05, Q^2 = 0.322$). TPRs had combined significant effect on tax revenue performance ($R^2 = 0.321, p < 0.05, Q^2 = 0.262$). Institutional capacity has significant and full mediating effect on the interactions between TPRs and tax revenue performance in FIRS, Nigeria ($\beta = 0.286, t = 2.211, p < 0.05$). This study concluded that TPRs affects tax revenue performance in Nigeria. The study recommended that management of FIRS to re-energize their commitment to TPRs implementation, compliance, and audit to improve revenue collection. Also, FIRS need to continue re-evaluating their strategic planning capability and develop their human resource capability through constant training and upskilling. This is critical as they possess the capacity to explain the positive influence of TPRs on tax revenue performance for FIRS, Nigeria.

Keywords: Federal Inland Revenue Service, Institutional capacity, Multinational companies, Tax revenue performance, Transfer pricing regulation.

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List of Acronyms

Abbreviation	-	Meaning
FIRS	-	Federal Inland Revenue Service
GAAR	-	General Anti-Avoidance Regulations
GDP	-	Gross Domestic Product
MCAA	-	Multilateral Competent Authority Agreement
MNCS	-	Multinational Corporations'
MNEs	-	Multinational Enterprises
OECD	-	Organization for Economic Cooperation and Development
PLS-SEM	-	Partial Least Square-Structural Equation Modelling
PS	-	Profit Shifting
TPR	-	Transfer Pricing Regulations
TRP	-	Tax Revenue Performance

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