Chapter one

Introduction

1.1 Background to the Study

Taxation is system of tax collections in any economy. Taxes regulate a nation's economy. Every Nigerian government used tax policy to boost private sector corporate growth. However, Nigerian tax rules discourage production, which increases stakeholder value and company value. Company income tax, which serves multiple objectives, contributes to manufacturing's woes. It protects young industries, encourages investment in certain sectors, and discourages others. Unfriendly tax rules are one of the many reasons the developing economy grows, as law-abiding individuals and corporations seek refuge from government wrongdoing. Taxes used to finance administrative and defense costs. Modern governments rely on taxes. They are regular, non-designated charges that contribute to the general revenue stream that funds most government spending[1].

Fiscal policy traditionally uses taxation and public spending to influence economic activity. All nation's tax policies generate revenue. Over the past decade, direct and indirect taxes have been used to limit production and consumption of particular goods and services to encourage specific activities. It is crucial to financial intermediation. For instance, dividends have been taxed up to 15% while retained earnings have been taxed less, albeit the Federal government's tax policy have changed drastically, as announced in the yearly Federal Budget[2].

Nigeria's economy has low tax compliance and enforcement; however, the Companies revenue Tax Act 2007 requires corporate companies to pay the federal government on their revenue or profits. Taxes are monetary charges on income, products, and services paid by individuals and businesses to the federal or state government. Monetary and fiscal policies represent government receipts and expenditure plans. These policies frequently develop a nation's economy. Corporate taxes are direct taxes on firm profits and capital gains. Corporation tax is the tax paid by corporations on their profits[3].

Corporate tax defaulters face penalties under the Companies Income Tax Act. To encourage corporations to use retained profits for expansion rather than distribute them to shareholders, the Law simplifies corporate tax laws. Tax policy affects corporate cost structure and pricing[4]. Over time, governments have developed tax advantages for enterprises. All corporate enterprises, including manufacturing companies, pay a 2% education tax on assessable profits since 1993. Other taxes than corporate profit taxes have also been criticized in Nigeria. Company capital gain taxes increase. Companies pay 30–32% of profits in taxes. Fortunately, most Nigerian government regulations help manufacturing enterprises weather external developments. Over the years, Nigeria's government has recognized that taxes seriously impact manufacturing companies' ability to retain earnings, so it has granted tax holidays, reliefs, and waivers to some manufacturing companies that contribute to the nation's development and growth[4].

These incentives, discounts, and exemptions should affect company investment, growth, and performance. However, industrial firms create tax policy concerns. The flat rate for business taxes is seen as vertically unequal. firms say the flat corporation tax rate hurts small firms. Manufacturing companies link the flat corporate tax rate to progressive rates for personal income taxes to support this claim. A corporation will maximize shareholder value and profits. Profitability determines firm wealth. Company profit has implications. Low-profit organizations have less motivated workers, lower product quality, and lower shareholder value[5].

A number of studies have evaluated corporation taxation, profitability, dividend payout, and their consequences on corporate bodies and shareholders in different economic sectors. Some of this research examined how corporate income tax rates affect organization performance in advanced countries. One model specification yielded their findings. Some of this research omitted some measures and focused on a specific sector, which did not indicate the robustness of their analyses. This study focused on listed manufacturing firms in Nigeria, where the income tax rate is 30%, and its effects on profitability and dividend payouts using econometrics multi-model approach. Primary and secondary data from thirty listed manufacturing enterprises over five years were empirically used to assess the relationship between corporate income tax, profitability, dividend distribution, and compliance with corporation tax rules on tax payment[5].

This study also evaluates the relationship between corporate taxes, profitability, dividend payout, tax compliance and impact, and current and historic profitability in a certain sector of the economy. Also intends to conduct a robustness check, examine the important connection of each of these factors of the study, the significance and conviction of the different parameters, and expand the breadth and stretch of the connections between corporate taxes, profitability, and dividends.

1.2 Statement of the Problem

The firm income tax rate is based on the overall accounting profits of incorporated companies, which affects manufacturing companies, investors, and other corporate aims. Many experts believe corporate tax administration affects manufacturing business profitability and growth. Some authors believe corporate tax administration boosts company growth, while others believe it just generates income for government spending[6].

A number of studies have evaluated corporation taxation, profitability, dividend payout, and their consequences on corporate bodies and shareholders in different economic sectors. Most of this research examined corporate income tax rates and their implications on organization performance in advanced countries. One model specification yielded their findings. Some of this research omitted some measures and focused on a specific sector, which did not indicate the robustness of their analyses. This study focused on listed manufacturing firms in Nigeria, where the income tax rate is 30%, and its effects on profitability and dividend payouts using econometrics multi-model approach. Secondary data of 145 listed manufacturing enterprises for five years was empirically used to assess the relationship between corporate income tax on earnings, dividend payout, and corporation tax law compliance on appropriate tax payment.

The result is how to balance the interests of manufacturing companies and shareholders in tax policies to boost government income, improve the environment for manufacturing companies and their investors, and strengthen the economy. Since a healthy economy increases manufacturing company productivity, reduces costs, boosts profits, and generates revenue for government to carry out its duties and better investment decisions.

1.3 Aim and Objectives of the Study

The aim of the study was to examine corporate taxes and financial performance of quoted manufacturing companies in Nigeria. However, the specific objectives are to:

(i) examine the impact of companies' income tax on the financial performance of quoted manufacturing companies in Nigeria.

(ii) investigate the effect of education tax on the financial performance of quoted manufacturing companies in Nigeria.

(iii) ascertain the impact of value added tax on the financial performance of quoted manufacturing companies in Nigeria.

1.4 Research Questions

The study will answer the following questions.

i. To what extent does company income tax impacts on the financial performance of quoted manufacturing companies in Nigeria?

ii. What is the effect of education tax on the financial performance of quoted manufacturing companies in Nigeria?

iii. What is the impact of value added tax on the financial performance of quoted manufacturing companies in Nigeria?

1.5 Hypotheses

The hypotheses of this study are cast in null form as follows:

i **$H_0$1**: Companies income tax will have no significant impact on the financial performance of quoted manufacturing companies in Nigeria.

ii **$H_0$2**: Education tax have no significant effect on the financial performance of quoted manufacturing companies in Nigeria.

iii **$H_0$3**: Value added tax will have no significant impact on the financial performance of quoted manufacturing companies in Nigeria.

1.6 Scope of the Study

The study focused on corporate taxes and financial performance of quoted manufacturing companies in Nigeria. The scope of the study is limited to 145 quoted manufacturing companies in Nigerian stock exchange. The period spanned from 2017-2021. This period covers the period of adoption of IFRS and the time in which tax amnesty is being implemented in Nigeria. The scope of the study covers the following area:

Geographical Scope

The study was carried out in Lagos state. The area was purposely selected because there will be ease of secondary data collection in the Nigeria Stock Exchange (NSE). The study will carry out in Lagos where the case institution headquarters where data collection will be sourced from.

Time Scope

The study considered employees who have been employed in the organization of case institution where secondary data was sourced at least for a period of three years. This period was selected to enable the researcher come up with coherent information from the respondents as it would enable the respondents to give responses that are typical of their opinion from the observation made over this period.

Content Scope

The study covered all quoted manufacturing-based companies in Nigeria that traded annually for the period of 2017- 2021, meaning that those companies that were not quoted throughout this period were excluded from this study.

1.7 Significance of the Study

The study is of great benefits to the stakeholders in the manufacturing sector of the economy in the following ways:

(i) This study will adequately throw light on the impact of companies' income tax, education tax and value added tax on the financial performance, dividend, firm size, firm age, leverage and liquidity of manufacturing firms.

(ii) It will show the extent on how corporate taxes affect the financial performance of quoted manufacturing firms and the level of the shareholder's income in Nigeria.

(iii) It is also to depict the extent to which government will increases their revenue generation and its impact on the economic development of the nation.

1.8 Limitations of Study

i. Responses to the request for secondary data collection was delayed, because there was a gross reluctance exhibited by the targeted population i.e member of staff of case institution were secondary data was sought.

ii. Most of the offices where secondary data was sought were inaccessible until when cordial relationship was established with the staff through which their influence was used as a pass into the premises and offices.

iii. Most of the staff in the Nigeria Stock Exchange and others case institutions were secondary data was sought and collected was not always available to avail the required data due to the bureaucratic nature of their daily job.

1.9 Operational Definition of Terms

In the course of this study, the following terms were used;

Corporate tax: Corporate tax or company tax refers to a tax imposed on entities that are taxed at the entity level in a particular jurisdiction. Such taxes may include income or other taxes. The tax systems of most countries impose.

Fiscal Policy: Government policies related to taxes, spending and interest rates.

Income tax: Is a government levy imposed on individual or entities that varies with the income or profits of the tax payer

Incidence of tax: In economics, tax incidence or tax burden is the analysis of the effect of a particular tax on the distribution of economic welfare. Tax incidence is said to "fall" upon

the group that ultimately bears the burden of, or ultimately has to pay, the tax.

Manufacturing Companies: is any business that uses components, parts or raw materials to make finished goods which create utility.

Organizational Effectiveness: is the act of getting things done using the least or optimal resources.

Organizational Efficiencies: is the act of getting things done using the least or optimal time.

Organizational performance: Organizational performance comprises the actual output or results of an organization as measured against its intended outputs (or goals and objectives).

Profitability: This is the measurement of an organisation's profit on a particular variable such as turnover, non-current assets, capital employed etc.

Tax: Is a compulsory contribution to state revenue levied by the government on workers income and business profit or added to the cost of some goods, services and transaction Tax Payer**:** Is a person or organization subject to a tax or income

Tax Policy: This is the choice by a government as to what taxes to levy, in what amount and on whom

Tax Rate: A tax rate is the percentage at which an individual or corporation is taxed, it is imposed by the federal government and some states based on an individual's taxable income or corporation's earning.

Transaction: Is a means by which government finance their expectation by imposing changes on citizens and corporate entities

Turnover: This is the total sales made by an organization to third parties during for a Particular accounting year.

Financial Performance: The extent to which the corporate manufacturing companies achieves profitability, liquidity and efficiency.

Companies Income Tax: Tax paid on profits of a business

Education Tax: Education tax is a tax chargeable on all companies registered in **Nigeria** at chargeable profits at the rate of 2% as a contribution to the education tax fund.

Value Added Tax: A consumption tax on goods and services that is levied at each stage of the supply chain where value is added, from initial production to the point of sales.

Endnotes

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Chapter Two

Literature Review

This chapter reviews related literature on relevant laws governing the application of taxes on corporate bodies and dividend payout and their effects on profit before tax of listed Nigerian manufacturing firms. It will present the findings of other scholars in the context of this investigation. It presents conceptual and empirical review of related works.

2.1 Conceptual Review

2.1.1 Tax

Tax is a major source of government revenue all over the world. Government use tax proceeds to render their traditional functions, such as the provision of public goods, maintenance of law and order, defense against external aggression, regulation of trade and business to ensure social and economic maintenance[1]. The economic effects of tax include micro effects on the distribution of income and efficiency of resource use as well as macro effect on the level of capacity output, employment, prices, and growth. However, the use of tax as an instrument of fiscal policy cannot be achieved because of dwindling level of revenue generated as a result of ineffectiveness of government officials. The increasing cost of running government coupled with the dwindling revenue has left all tiers of government in Nigeria with formulating strategies to improve the revenue base. Tax is dynamic, so reforms are necessary to effect the required changes in the national economy[2]. Tax reform is an ongoing process with tax policy makers and tax administrators continually adopting the tax systems to reflect changing economic, social and political circumstances in the economy[1].

2.1.2 Taxation

The Oxford Advanced Learner's Dictionary, the International Student's Edition defines Taxation simply as the system of collecting money by taxes or the money that has to be paid as taxes. Tax is defined as a compulsory levy by the government on individuals, companies, goods and services to raise revenue for its operations and to promote social equity through the redistribution of income effect of taxation. In line with this frame of thought, taxation is a source of government revenue by which individuals and corporate bodies are mandatorily required to pay certain proportion of their earnings to the government for the course of development[3]. Tax is a compulsory levy payable by an economic unit to the government without any corresponding entitlement to receive a definite and „direct" quid pro quo from the government. Note the word direct here. It is not a price paid by the tax payer for any definite service rendered or a commodity supplied by the government. The benefits received by tax payers from the government are not related to or based upon their being tax payers. A tax is a generalized exaction, which may be levied on one or more criteria upon individuals, groups or individuals, or the legal entities. "quid pro quo means something given or taken as equivalent to another"[4].

Taxation is a compulsory levy imposed on a subject or upon his property by the government to provide security, social amenities and create conditions for the economic well-being of the society. The economic history of both developed and developing countries, reveals that taxation is an important weapon or instrument in the hand of government; not only to generate revenue, but also to create fiscal goals that influences the direction of investment and taming the consumption and production of certain goods and services. Taxes are imposed to regulate the production of certain goods and services, protection of infant industries, control business and commerce, curb inflation, reduce income inequalities etc[3].

All sums levied by a government or through its accredited agents on the people residing in a country either as individuals or organizations (direct tax) or on goods imported or home produced (indirect tax) to enable the government meet its expenses and for the provision of general benefits are regarded as taxation. Taxation is the process or machinery by which a community or group of people is made to contribute part of their income in some agreed quantum and method for the purpose of the administration and development of the society. It, therefore, follows that a tax is a financial charge or other levy imposed on an individual or a legal entity by a state or a functional equivalent of a state . It can also be regarded as an enforced charge exerted on persons, corporations and organizations by the government to be used to support government services and programs. Two characteristics that are important in the imposition of taxes. First, its payment is compulsory as the government can coerce people to pay it. And second, non-payment of taxes usually attracts penalties. This implies that it is only the government that can levy taxes and this is done through various government agencies like the Board of Inland Revenue, the Joint Tax Board, the State Board of Internal Revenue, Local Government Revenue Committee and Joint State Committee[5].

2.1.2.1 Objectives of Taxation

In both developed and developing economies, the primary purpose of taxation is mainly to generate revenue for settling government expenditure and for the provision of social amenities and the welfare of the populace. Again, taxation is used as an instrument of economic regulation for the purpose of discouraging or encouraging certain forms of social behavior. Hence, you should note the following major objectives for designing a tax policy[6]:

(a) To raise money for the provision of services such as defense, health services, education, etc;

(b) To re-distribute income and wealth. That is, the rich pay more tax than the poor. This is achieved by the graduation or "progressiveness" of the rates at which the taxes are levied;

(c) To discourage the consumption of harmful goods such as alcohol and cigarettes;

(d) To harmonize diverse trade or economic objectives of different countries so as to provide for the free movement of goods/services, capital and people between member states;

(e) For the management of the economy. Taxation is important in the planning of savings and investments. It can be harmonized with a development strategy. Also, in changing an economic structure, the government can use taxation as a powerful fiscal weapon to plan and develop a country.

Additionally, taxation can be used to achieve specific economic objectives of nations. In Nigeria, governments- oftentimes, introduce tax incentives and attractive tax exemptions as an instrument to attract and retain local and foreign investors. It is also a device to improve gross domestic product, induce economic development and influence favorable balance of payments with other countries.

2.1.2.2 Classification of Taxes

Classification of tax is based on the following ways; direct Tax. This is a tax levied directly on the person who is expected to pay the tax, the tax payer is not only advised by notification (called assessment notice) but he is duly receipted. Indirect Tax: This is a type of tax which is borne by a person other than the one from whom the tax is collected. It is levied on the manufacturer but paid by the consumer. The tax payer is never notified nor have knowledge of such levy[7].

2.1.2.3 Principles of a Good Tax System

The importance of a tax system in the modern-day governance cannot be over-emphasized these principles of a good tax system should conform as far as possible to the following criteria[7];

It Should Meet the Cannon of Equity: It must be equitable to all tax payer, where it states that every tax payer should be taxed according to his ability.

It Should Be Based on the Cannon of Certainty: The time of payment, the amount to be paid should be certain and clear to the contributor and to every other person.

The Tax System Should Satisfy The Cannon Of Convenience: It should be convenient. Social, political, and economic standing of the person must be taken into consideration. The time of payment, the mode of payment should not inconvenient the taxpayer. It should be productive and also be such that bring in sufficient revenue to the government.

Administrative Efficiency: The process of levying and collection must be administratively efficient, transparent and must not cause economic distortion.

Flexibility and Stability: In democratic setting where changes in government are part of in built mechanism for governance, tax system must be flexible enough for any political party in power to pursue the fulfillment of it campaign promises.

It must meet the cannon of simplicity, cost of administration and compliance: A tax system to be embraced willingly by the public.

2.1.3 Forms of Taxes

Taxes can be of the following three forms[7]

2.1.3.1 Progressive Taxes

When considering the term ''Taxation'' a value judgment is included, and political prejudice is involved, the fact that taxation is a political matter cannot be derived, as evidence from most election campaigns where taxation forms an essential focus on major parties[8].

This is more so, very imperative in the propagation of ‘‘Progressive Tax’’ which relies essentially on an individual financial capability. This kind of taxation, in which payment is made in proportion to a person’s earnings (i.e., the more you earn, the more you pay) underscore some inequity and so, more often than not meet with some residents.

Therefore, this kind of taxation, even though will be able to redistribute income and yield higher revenue for the government, but will discourage people from working harder.

2.1.3.2 Regressive Tax

A tax is regressive by nature in that the more you earn the less tax you pay to the government. Such a tax will encourage people to work harder but it cannot solve the problem of income inequality. This tax being the reverse of progressive taxes is one, which bears more heavily on those least able to pay it progressive taxes is one, which bears more heavily on those least able to pay it probably the most regressive tax, is the excise duty on tobacco and cigarettes[8].

2.1.3.3 Proportional Tax

A tax is also proportional in nature, if regardless of size of income, the rate of tax remains constant. For instance, when the income is #3,000, the tax rate charge is 3% and if the income to #10,000 and the same tax rate of 3% is also charge. The income value added tax (VAT), which is neither progressive nor regressive satisfies this test for most people. The rate tax is the same irrespective of income earned. Additional earnings are taxed at the same rate as existing earnings, the recipient paying more tax but not at a higher rate[8].

2.1.3.4 Classification by Incidence/ Tax Subject

Two more categories are added to this. Which are:

Direct Tax: This is assessed against the taxpayer who must pay tax on his assets, earnings, or profits.Personal income tax, corporate income tax, capital gains tax, petroleum profit tax, and education tax are examples of direct taxes.

Indirect tax: Indirect taxes are levied on goods before being paid for by consumers, and they are ultimately paid for by those who receive the benefit of the tax.

They receive payment as a percentage of the commodity's selling price.

Examples include Value Added Tax, Stamp Duties, Import and Export Duties, Customs and Excise Duties, and others.

2.1.3.5 Classification by Perspective of Tax Base

Taxes can also be classified according to what is being taxed. In Nigeria, the following bases are in use:

Capital base – This includes: Capital Gains Tax. This is on the sale of capital goods (non-current asset).

Income base- This include: Personal Income Tax, petroleum income tax and Company Income Tax as the name implies the income of the government is being taxed upon.

Consumption base – The examples of the case of consumption are value added tax, stamp duties.

2.1.3.6 Profit Before Tax (PBT)

Profit before tax is a measure that looks at a company's profits before the company has to pay corporate income tax. It's essentially is all of a company profit without the consideration of any taxes. Profit before tax can be found on the income statement as operative profit minus interest. Profit before tax is the value used to calculate a company's tax obligation. It is also referred to as earnings before tax (EBT) or pre – tax profit.

2.1.3.7 Dividend Payout Ratio

The dividend payout ratio is the ratio of the total amount of dividends pay out to shareholders relative to the net income of the company. It is the percentage of earnings paid to shareholders via dividends. The amount that is not paid to shareholders is retained by the company to pay off debt or to reinvest in core operations it is sometimes simply referred to as simply payout ratio. The dividend payout ratio can be calculated as the yearly dividend per share divided by the earnings per share (EPS), or equivalently, the dividends divided by net income.

2.1.3.8. Net Asset

Net assets are defined as the total asset of an entity, minus its total liability. The amount of net assets exactly matches the stockholder's equity of a business. In a nonprofit entity, net assets are subdivided into unrestricted and restricted net assets.

2.1.3.9 Firm Size

This is defined as natural log of total assets. The size of a firm is considered to be an important determinant of firm's profitability, hence the need to introduce in this study, a control variable, SIZE, which serves as a proxy for firm's size. Larger firms can enjoy economics of scale and these can favourably impact on profitability. A positive relationship between firm size and financial performance is expected in line with the prediction of static trade -off theory.

2.1.4 Origin and Evolution of the Concept of Taxation

"The earliest known tax records, dating from approximately six thousand years B.C., are in the form of clay tablets found in the ancient city-state of Lagash in modern day Iraq. This early form of taxation was kept to a minimum, except during periods of conflict or hardship. The Greeks, Egyptians and Romans also enforced tax policies that they used to fund centralized governments. The Greeks levied several types of taxes that are still enforced in many developed countries, including taxes on property and goods. Unlike early Greek taxation, the Roman policies began to weigh heavily on its citizens as the power and corruption of the empire's central government grew. The excessive tax burden on productive Roman citizens during the 4th and 5th centuries was a leading cause of the nation's eventual economic collapse. Early taxation was not limited to European and Mediterranean civilizations, ancient Chinese societies also levied taxes on their citizens. The Chinese instituted a form of property tax around 600 B.C. that required 10 percent of cultivated land to be dedicated to the central government. All produce generated from the dedicated portion of land was taken as a tax[8].

2.1.5 Evolution of Income Tax in Nigeria

Earliest trace of any form of direct tax in Nigeria ever before the British administration was in Northern Nigeria. The North was favored for this because, unlike the south, it had a form of organized central administration. The tradition of direct taxation, which existed quite early in the North, found expression in a numbers of levies and forms of taxes existing in the North long before 1990. These include the sake, Kurdin Kassa and the Jangali, which were forms of taxes or agricultural products and livestock[9].

There was also a form of debt duty called Gado, and a type of gift to superiors termed Gaskia. They were so varied, perplexing and complex that in the 1880's the problem as seen by the Royal Niger Company was not low to introduce new tax but how to simplify the existing ones. Though this early taxpaying tradition was most pronounced in the North, there was very few perceivable indications of taxpaying practice in the Yoruba part of the south. These were in the form of tributes, tolls, lives, fines, feeds and presents paid to the kings and chiefs, according was virtually North, existing, due mainly to any form of recognized authority. After some experimentation, the Native Revenue Ordinance of 1917 was grudgingly accepted in the western provinces of the Southern Nigeria in 1918 and in the eastern provinces in 1928[9].

Several volumes have been written on the subject of taxation and even more volumes on the history of Nigeria. However, while some writers may be credited with the occasional treatise on the history of taxation in Nigeria, it is doubtful if a comprehensive treatment of Nigerian taxation has been done from a decidedly historical perspective. Yet, so much that exists in the form or nature of modern Nigerian tax practice is premised substantially on historical antecedents. This publication narrates the historical evolution of taxation in Nigeria, drawing upon linkages from the past that have provided a continuum for the present, with the view that such analysis would provide a useful guiding tool that would enhance policy reforms. Our country has depended far too long on mineral wealth as a source of government revenue. Persistent fluctuations in global oil prices especially the most recent experience which was occasioned by the global economic meltdown; the exhaustible nature of mineral wealth and in our own case, the insecurity in the Niger Delta have collectively brought to the fore the dangers in our continued dependence on petrodollars. Fortunately, this development has awakened the debate on more sustainable revenue sources to fund government programmes and policies; with the result that taxation now occupies the front burner in our national development debates[9].

This development has also occurred at a time when the Federal Inland Revenue Service, as the government's tax-man, has come under the visionary and innovative leadership of Ifueko

Omoigui Okauru. The impressive successes recorded in the last eight years in tax administration have had concomitant results on the growth of non-oil revenue. It is hoped that this impressive trend will continue such that non-oil revenue will eventually account for a substantial portion of the country's total revenues. This book is thoroughly researched and it is my belief that the information and insights offered in it will be useful to a wide range of readers including tax administrators, policy formulators, academics, students, lawyers, historians and tax practitioners. Without a shadow of reservation, I recommend this book to the reading public[9].

2.1.6 Evolution of Companies Income Tax in Nigeria

When Lord Lugard brought personal income tax to northern Nigeria in 1904, the history of taxation in Nigeria officially began. Through the revenue ordinance of 1904, the community tax came into effect. The 1904 Revenue Ordinance was replaced in 1917 by the native Revenue Ordinance following the union of the northern and southern protectorates. The 1917 Ordinance's provision was also updated in 1918, expanding it to include, in particular, southern Nigeria, the West and the Mid-West, and then, in 1928, Eastern Nigeria. The assessment and collection of taxes were the principal tasks of the native administration/authorities throughout the country under the Direct Taxation Ordinance of 1940, and the taxes so collected were their main sources of income[10].

The Companies Income Tax Ordinance served as the vehicle through which the first Companies Income Tax legislation in Nigeria was introduced in 1939. Prior to the law's implementation, both personal and business taxation were governed by the same legal system. According to the Companies Income Tax Ordinance, a commissioner would be chosen by the Governor to administer the tax, and the money collected would be sent to the government's coffers to be included in Nigeria's general revenue. However, this ordinance was determined to be ineffectual because it did not include people in the tax system.

The businesses Income Tax Ordinance of 1939, which governed both personal and business taxation, was abolished a year after it was passed by the Income Tax Ordinance of 1940 as a result of this flaw. The Ordinance lasted for 21 years before the second separate enactment on businesses income tax was once more passed. In 1961, legislation aiming solely at taxing the profits of corporations was passed for the second time. The Companies Income Tax Act No. 22 of 1961 was ground-breaking legislation for several reasons. First, it rendered ineffective the provisions of the Income Tax Ordinance and the Income Tax Administration Ordinance, as well as all rules made there under, with regard to companies income tax, as of the date it entered into force[10].

Second, the Act established the Federal Board of Revenue as a statutory body with the power to supervise the management of all federal taxes, including the corporation income tax.

a. Profits from any trade or business, as well as
b. rent or any premium resulting from a right granted to another person for the use or occupation of any property,
c. dividends, interest, discounts, charges, annuities, or any combination of the aforementioned, are all subject to tax under Section 17 of the Tax on the Income of Companies Act.
d. Any other sum that does not fit into the aforementioned categories but qualifies for annual earnings or gains, as well as any sum that the Act considers to be income or profits emanating from an individual or provident fund under the Income Tax Management Act of 1961 Up until 1979, when the Companies Income Tax Act No. 28 1979 replaced it, the Companies Income Tax Act of 1961 was in effect. It underwent a number of changes over the course of its eighteen years. For instance, in 1967, a new section 30A was introduced, giving the Federal Board of Inland Revenue the authority to assess and charge a company on a fair and reasonable percentage of the turnover of its business within or outside Nigeria in the case

of resident companies, and its turnover of business carried on within Nigeria in the case of a non-Nigerian company, when the Board believed the company's assessable profits were not easily ascertainable.

The Companies' Income Tax Act of 1961 had additional revisions in 1974. First, section 17(f) designated a new source of chargeable income that includes fees, dues, and allowances (whenever paid) for services done. Second, a business that enters into an arrangement for any service covered by paragraph (f) is required to fully disclose the contents of that agreement to the Board in writing. Third, tax relief was provided to any business that had suffered losses related to its trade or activities during the civil war, but such a business was not eligible for a deduction for any assets that had been harmed or destroyed at the same time. Fourth, under section 32 of the main Act, any company paying another company any amount of money in the form of interest, a management fee, or a royalty was required to deduct tax at the rate of one shilling for every pound paid and pay the board the amount so deducted. Finally, a new expense item was added to section 28(g)11 and identified as a non-deductible item.

The Companies Income Tax Act of 1979, which is currently the law creating the framework for taxing corporate revenue in Nigeria, replaced the Companies Revenue Tax Act of 1961 and all of its revisions. Decree No. 28 of 1979 served as its initial publication. The Federal Inland Revenue, a section 1 establishment of the decree, was given the power to oversee the tax. Tax assessment, collection, and accounting under the Act were duties and powers of the Board. It also possessed the power to acquire and dispose of property, delegate some of its duties to another person or entity, bring legal actions on its own behalf, and be sued.

Numerous Finance (Miscellaneous Taxation Provisions) Decrees have modified the Companies Income Tax Act 1979 numerous times[6]. The Companies Income Tax (Amendment) Act of 2007 further updated CITA 1979 to incorporate some of the 2002 Study

Group's recommendations. The 2007 amendment, among other things, brought about the following changes:

a. Section 2 (1) of the 2007 Amendment Act abolished sections 1 to 8 of the primary Act that dealt with the creation, authority, and procedures of the Federal Board of Inland Revenue.

This repeal is congruent with the Federal Inland Revenue Service's creation as the Federal Board of Inland Revenue's (FBIR) replacement.

b. According to Section 4 of the 2007 Amendment Act, an insurance business that hires an insurance agent, loss adjuster, or broker must include a schedule in its annual returns that includes the person's name, address, length of work, and payments received.

c. A company's earnings operating in an Export Processing Zone (EPZ) or a Free Trade Zone are exempt from taxation under the Act if 100% of its production is intended for export; otherwise, a proportionate tax is due on local sales.

d. Section 14 of the amendment abolished Section 56 of the primary Act, which gave a corporation that filed its return on time a one percent bonus of the tax that was due.

e. The fine payable as a general penalty has been increased from 200 naira to 20,000 naira while the fine payable for failure to furnish statement or keep records has been increased from 40 naira to 2000 naira.

f. The power to vary or revoke the rate of company's income tax earlier vested in the president by section 100 is now vested in the National Assembly, on the proposal.

2.1.6.1 Imposition of Companies Income Tax

All businesses operating in the nation are subject to company income tax, with the exception of those that are expressly exempt from payment under the Act[25].

1. The profits of Nigerian businesses that were incorporated under the Companies and Allied Matters Act are considered Nigerian businesses regardless of whether they are acquired or released in Nigeria.

2. The revenue made by foreign businesses doing business in Nigeria. According to section 54 of the Companies and Allied Matters Act, non-Nigerian companies are foreign companies because they were "established by or under the law in force in any territory or country outside Nigeria," which means they were not incorporated under the Companies and Allied Matters Act.

3. Dividends, interest, or royalties owing to non-Nigerian firms are paid to the appropriate companies and are assessed at 10% (withholding tax rate) on the net.

According to section 9 (1) of the Companies Income Tax Act 2007, the tax is due on profits of any company accruing in, derived from, brought into, or received in Nigeria for any purpose, and is payable for each assessment year at the rate specified in subsection (1) of section 40 of this Act.

(a) any trade or business for whatever period of time such trade or business may have been carried on;

(b) When a payment on account of the rent mentioned in this paragraph is made before the end of the period to which it relates and is included for the purposes of this paragraph in the profits of a company, then the portion of the payment that relates to any period beginning with the date on which the payment is made shall be treated for these purposes.

(c) dividends, interests, royalties, discounts, charges or annuities;

(d) any source of annual profits or gains not falling within the preceding categories;

(e) any sum considered to be income or profit under this Act's provisions or the Personal Income Tax Act with regard to benefits received from pensions or provident funds;

f) payment of any fees, dues, or allowances for rendered services, wherever paid;

(g) any and all profits or gains resulting from the purchase and sale of short-term money instruments such as Federal Government securities, treasury bills, treasury or savings certificates, debenture certificates, or treasury bonds.

2.1.7 The Structure of the Nigerian Tax System

The impact of the tax system on businesses depends on their type and structure. Taxes are imposed on businesses annually, depending on the type of business. This suggests that all companies, associations, and other taxable individuals are required to submit a tax return to the Inland Revenue. Following their tax assessment, company transaction profits are considered taxable income. Personal income tax is also included in this, which is legitimately levied on individuals by the appropriate tax authority in the region where the firm maintains its major office or place of business on the first day of the assessment year or the year the business was established[6].

The federal Inland Revenue is in charge of the company and other connected taxes, while the state Board of Internal Revenue is in charge of the administration and collection of the pertinent tax. According to Nigerian Tax Laws and Guide (2011), the Personal Income Tax Act (PITA, 1993) and Company Income Tax Act (CITA, 1994) respectively control these structures. In order to successfully increase tax collection and decrease the incidence of tax evasion and the ensuing loss of revenue to the government, the Nigerian tax system is carefully designed. Therefore, the tax regulations allow for the collection of taxes from the taxpayer's income at the source. This is made possible by the withholding tax system, which enables the deduction of taxes at the point of income.

The income tax that is recouped in accordance with the law by being deducted from payments made to a company or person is often offset in order to collect against the tax that was assessed to the company or person. For a firm, the deduction is only allowed for the time period to which the payment pertains, and only to the extent that the sum of all deductions does not exceed the amount of the assessment[25].

The implications of the above provisions of the tax laws have been summed as follows[12]:

i. The provisions are applicable to both individuals and companies who are liable to tax.

ii. It is not limited to any particular source of income with specific reference to those mentioned in the CITA.

iii. Any tax deducted at source on withholding tax basis is regarded as payment on the account and it is set-off against any tax assessed, due and collectible from the company or individual.

2.1.7.1 Company Income Tax Act (CITA)

The primary regulatory statute governing the taxation of corporate profits is this act. The Federal Board of Inland Revenue is responsible for overseeing the act's administration and execution. Sections 5 and 6 address how members of the board should conduct themselves. It requires that such a person regard and treat as secret and confidential any records, information, returns, assessment lists, etc. connected to the earnings and profit items of any corporation. Section twenty-one (21) of this Act has a new subparagraph eight (8) that states that losses must be carried forward for a maximum of four years before they expire. Section 16 of the CITA has been altered to encourage foreign investment in the nation. This is directly related to the dividends that companies that fall under indigenous companies receive[25].

2.1.7.1.2 Forms of Corporation Taxes in Nigeria

The CIT rate is 30%, and it is assessed based on the prior year's financial results (i.e., tax is imposed on earnings for the accounting year that ended in the prior assessment year). Companies that are residents must pay CIT on their worldwide income, whilst non-residents must pay CIT on their income that comes from Nigeria. A Nigerian resident who pays investment income to a non-resident must withhold tax (WHT) at source, which serves as the final tax, because the money is originated there. A non-resident corporation with a fixed base or PE in Nigeria is subject to tax on the business profits attributable to its fixed base. It must register with CIT and file its tax returns as a result. Any WHT deducted at source from its revenue with a Nigerian source may be used to offset the CIT liability[26].

2.1.7.3 Small Company Rates

Small Company Rate is decreased from 30% to 20% in the first five calendar years of operation for small manufacturing businesses and businesses that are entirely focused on exports and have annual revenues under one million Nigerian naira.

2.1.7.4 Value Added Tax Act

The application of Value Added Tax (VAT) in Nigeria is supported by the Value Added Tax Act; Cap. VI Volume 15 LFN 2004 (as amended). VAT is a consumption tax that is paid on the cost of goods and services. It is a type of indirect tax included in the price of the goods or services that is paid by the final consumer.

VAT Tax Rate

In accordance with Sections 5 and 6, all goods and services must be valued at 5% VAT, with the exception of those that are exempt from VAT or are categorized as zero rate under the Act's first schedule. However, starting on February 1, 2020, this rate will be 7% thanks to the Finance Act 2020.

VAT Registration

Companies must register with the Federal Inland Revenue Service within six months of starting their businesses, as required by Section 8 of the Act. A penalty of N10,000 is assessed for the first month that the failure to register occurs, and an additional N5,000 is assessed for each month that the violation persists.

VAT Tax Returns

All taxable persons must submit VAT returns each month by the 21st day after the month in which the transaction occurred, according to Section 15 of the Act. As both tax payers and agents for collecting VAT, government ministries, departments, and agencies, as well as oil and gas companies, are required to file their monthly returns in accordance with The VAT Act's Section 15. Governmental organizations and oil and gas companies have the ability to withhold VAT at source and pay it to the FIRS in accordance with their requirements thanks to the VAT (Amendment) Act, 2007.

The Act's Sections 25 through 37 detail the numerous offenses and associated penalties. False document submission, tax evasion, failure to notify changes in business address, failure to issue a tax invoice, resistance as an authorized official, failure to register, failure to collect tax, and failure to remit tax are a few examples of such offenses.

2.1.7.5 Education Tax

Due to the Tertiary Education Trust Fund (Establishment, etc.) Act replacing the Education Tax Fund Act, education tax is now referred to as "tertiary education tax." Both laws contain comparable requirements, such as the application of tax at the rate of 2% of the assessable profit for each year of assessment on every Nigerian-resident firm. Following receipt of an assessment notification from the FIRS, the tax is due within two months. In reality, many businesses pay the tax together with their CIT on a self-assessment basis. Tertiary education tax is to be considered an eligible deduction for businesses subject to PPT. Taxes on income and profits are not deductible for other businesses when determining taxable income. Tertiary education tax is not applicable to unincorporated organizations and non-resident businesses.

2.1.7.6 Minimum Tax

Companies that either had no taxable profits for the year or had profits taxed at less than the minimum tax are required to pay the minimal tax. Companies that have been in operation for less than four calendar years, those in the agriculture industry, or those with at least 25% foreign equity capital are exempt from the minimum tax.

Calculating the minimum tax due is done as follows:

- Where the turnover of the company is NGN 500,000 or below, minimum tax is the highest of:
- 0.5% of gross profits
- 0.5% of net assets
- 0.25% of paid-up capital, or
- 0.25% of turnover of the company for the year.

Where the turnover is higher than NGN 500,000, minimum tax is the highest of the calculations listed above plus 0.125% of turnover in excess of NGN 500,000

2.1.8 Incidence of Taxes

Previous work emphasizes on the burden and incidence of taxes in the economic and organizational goal[13].

2.1.8.1 Incidence of Corporate Taxes

It is an enterprise tax. It is levied against the businesses' or joint stock enterprises' net profits. The company tax works against growth and development by lowering the amount of money available for reinvestment. Additionally, there is a decrease in the amount that can be issued as dividends. This acts as a deterrent to potential investors as well. Thus, capital formation is restrained. As a result, equity capital flow is restrained. The increase in price of products made by such a firm could make room for less expensive alternatives, shifting resources in their favor. Furthermore, the amount of employment and the national GDP are decreased since company taxes deter investment. However, if the taxed firm keeps the dividend rate by paying dividend from the undistributed profits, neither consumption nor the flow of equity capital is restricted. By lowering the profits of the current businesses, a corporation tax deters new businesses from entering the market, perhaps leading to a monopoly or semi-monopoly for the existing businesses and all the associated problems. This deterrent impact could reduce effectiveness. A price increase could transfer some of the company tax to the buyers.

2.1.8.2 Incidence of Tax on Profits

Because economists disagree on the definition of profits and the components that make it up, the issue of tax incidence on profits is made more difficult. Walker is one economist who compares profits to rent. Profit is, in this sense, an excess that the entrepreneur has amassed. The marginal producer sets the price on the market. As a result, unlike rent, earnings are not factored into price. Therefore, it cannot be passed on to the customer. The businessman who makes the payment will bear it. However, the marginal businessperson needs to make money over the long haul. Therefore, typical profit is not a surplus but a portion of the necessary expense. But unless the entrepreneur is able to control the price, which he rarely does, this does not imply that a tax on profit will be passed on to the customer. The market price for an individual entrepreneur is set.

Walker believed that any tax on his profits had to be paid by him personally. A general tax on profit is typically not increased until prices are growing quickly and people are eager to make purchases. But this is really uncommon. However, there would be a predisposition on the part of the entrepreneurs to leave such fields if there is a special tax on the profits from the specific trade and industry. If this occurs, the occurrence will eventually be passed on to the people who buy the product or use the service that the business owners provide. The elasticity of demand and the mobility of capital are two important factors. Complete taxation exemption for profits is not preferred, but a high tax rate is also not preferred. It will stop innovation and business ventures, reduce revenue, and obstruct plant modernisation.

2.1.8.3 Tax Shifting

Resources are redistributed as a result of behavioral changes made by people to reduce their tax obligations, and these changes are reflected in prices. Tax shifting is the practice. Taxes that fall on economic rent and the cost of the good or service being taxed cannot be transferred since they have no impact on how resources are allocated. All other taxes are, at the very least, partially moved. Price fluctuations for the product being taxed and all other commodities impacted by resource reallocation quantify the total tax burden. Those that suffer a loss as a result of changes in comparable pricing are responsible for bearing the burden. Prices take into account the impact on revenue sources, property or labor consumption, income uses, consumption, and savings. Only those individuals who are able to pay taxes can be directly linked to any price adjustments. Labor suffers the tax burden to the extent that wages decline; landowners bear the tax burden to the extent that the price of mineral rights declines; capital owners bear the tax burden to the extent that profits decline; and consumers bear the tax burden to the extent that output prices rise.

2.1.9 Concept of Profitability

The ability to turn a profit from all of an organization's, company's, firm's, or enterprise's business activities is referred to as profitability. It demonstrates how successfully the management can turn a profit by utilizing all of the resources on the market. The ability of a given investment to generate a profit from its utilization is known as profitability. However, the terms "Profitability" and "Efficiency" are not interchangeable. Profitability is a measure of efficiency and is used by management to achieve higher levels of efficiency. Although profitability is a key metric for assessing efficiency, the level of profitability is not a conclusive indicator of effectiveness. On the other hand, a proper level of efficiency can be accompanied with a lack of profit. Sometimes, adequate profits can indicate inefficiency. The net profit number only illustrates a contented balance between values received and values provided. One of the many variables that greatly affect an enterprise's profitability is a change in operational efficiency. Additionally, efficiency is just one of several elements that influence profitability.

Profit is the difference between an activity's overall revenues and associated costs over time. 'Earnings', 'Income', and 'Margin' are words with comparable meanings. Profit, according to Lord Keynes, "is the engine that drives the business enterprise." Every company should produce a profit that will allow it to endure and expand over time. It serves as a gauge for rising living standards, higher national income, and economic success. Profit is unquestionably the proper goal, but it shouldn't be overemphasized. While trying to maximize profits, management should keep society's well-being in mind. Profit therefore serves as more than just an incentive for business owners; it also serves the interests of other societal groups. Profit is the criterion for evaluating not just economic goals but also managerial effectiveness and societal goals.

2.1.9.1 Concept of Corporate Profit

Of all profit-oriented sectors, corporate earnings are known to be one of the most widely watched economic indicators. Profitability acts as a crucial gauge of economic performance since it offers a concise assessment of a company's success or failure. Profits are a source of retained earnings; they fund a significant portion of investments in machinery and other capital goods that increase the productive capacity of manufacturing and other service-oriented sectors across all economies. The relationship between earnings and equity valuation and the rate of return on investment are both measured using profits. Profits may also be used to assess how changes in economic conditions or policy will affect businesses. Additionally, corporate profits are a significant portion of the nation's overall income and are crucial in determining the total income from production as well as the distribution of income across the different sectors.

2.1.9.2 Corporate Profit Before Tax

The concept of profit before tax (PBT) starting point is Internal Revenue Service where it was established as; “total receipts less total deductions,” For each industry, total receipts less total deductions are obtained from *Corporate Income Tax Returns*. (This item differs from income subject to tax, as defined on the corporate tax return, in that it includes all tax-exempt such as interest and excludes the special statutory deductions available for corporations.) The major adjustments to Internal Revenue Service where total receipts less total deductions required arriving at Profit before Tax for domestic industries consist of the following[16]:

●An allowance for the misreporting of corporate income disclosed.

● All allowable deductions that are not part of elements of costs of current production.

● Elements of costs of current production that are not IRS current deductions: Interest payments of regulated investment companies (line 11), costs of trading or issuing corporate securities, and taxes paid by domestic corporations to foreign governments on income earned abroad;

● All elements of domestic income from current production that are not part of internal revenue income: Profits of certain types of financial institutions.

●All incomes that are not domestic income from current production such as Gains, net of losses, from the sale of property, dividends received from domestic corporations, and income on equities in foreign corporations and branches.

2.1.9.3 The Concept of Dividend pay-out and Organization goals

A dividend is a payment made by a company to its shareholders from the profit made over time, either in cash or in writing. It could be paid out as a final or periodic dividend. Diverse dividend policies, such as constant payout, progressive policy, residual policy, zero policy, and non-policy, are available for companies to choose from. A portion of a company's income is distributed to its shareholders as dividends. It represents the return on investment for Company shares. Dividend's legal position, method, and accounting were all stated. Numerous studies demonstrate that larger businesses have a higher chance to raise capital at substantially lower costs due to more reliable cash flows, more diversification, reduced risk, and greater access to capital markets.

The ultimate test for evaluating the quality of earnings and development of earnings, which is a very important aspect in value creation, is the dividend, which is referred to as payout ratio. In the end, a company's ability to compound its earnings is what matters most, yet payout ratio is an important factor that contributes to the increase of earnings. In other words, superior Return on Capital Employed (ROCE) and higher payout ratio both increase the value of earnings and growth in different ways. Capital efficiency and dividend payout are the two qualitative factors that define earnings growth.

Capital efficiency is defined as the nature of the company and capital payout, which serve as a key management test. In other words, depending on how well the payout ratio performs the fact that the value created by a company would be closely tied to underlying earnings growth over time could be adjusted in a positive or negative way. Because of this, In comparison to earnings growth, which is more like a test of dad, a payout is a better indicator of motherhood. This is because dividends could only be paid out if management had the foresight to distribute all of the cash that was surplus to the company's needs and convert the surplus cash into cash flows as opposed to retaining it on the balance sheet (statement of financial condition). A terrific company is frequently best characterized by a fantastic payout ratio. A reliable indicator of a long-term company's success is a good payment. Given that a good payout usually goes along with a good business, a persistent decline of dividend payout would be an indicator for the diminishing compounding power of the business. The dividend payout ratio and the power of compounding both decline as the value of the business proposal increases. Given that a high ROCE indicates that a company can continue strong growth without the need for outside capital, a low dividend payout ratio with a high ROCE is a relatively unique circumstance. Therefore, it is predicted that such a corporation will have a good payout without compromising growth rates. Unless there is a capital mis-allocation or the growth is exceptionally high, the payout ratio has to be high. Payout Ratio is a potent indicator of the caliber of earnings. The rate of a company's profit growth reveals both the strength of the business and the untapped market potential for the industry. Although it is a crucial financial statement feature, it is meaningless without careful capital allocation and efficient use of resources. On the other hand, growth in cash flow is a greater sign of the company's health and its potential for profit. Profit growth can also be temporarily produced through accounting tricks and window dressing, which is not possible for cash flows. Cash flow is a matter of fact, similar to motherhood, whereas profit is a matter of belief, similar to fatherhood. Therefore, it is reasonable to assume that businesses who have a better and more regular dividend distribution policy have the business character to be able to do so as well as offer higher clarity and certainty of the financial statements than those that do not.

2.1.9.4 The Meaning of Company for Tax Purpose

On their worldwide profits that are accumulating in, being brought into, being derived from, or being received in Nigeria, all firms in Nigeria are required to pay businesses income tax. What constitutes a firm for tax purposes is the question.

The Act defines a company in Nigeria as one that has been properly registered in accordance with the provisions of the Companies and Allied Matters Act (hence referred to as CAMA) or any legislation that has been substituted by it. Although the CAMA defines a foreign corporation as one that was formed outside of Nigeria, it is not acknowledged for business purposes in Nigeria. All enterprises in Nigeria are obligated to pay business income tax on their worldwide profits that are accruing in, being imported into, being derived from, or being received in Nigeria. The question is: What qualifies as a firm for tax purposes?

According to the Act, a company in Nigeria is one that has been duly registered in compliance with the requirements of the Companies and Allied Matters Act (also known as CAMA) or any laws that it has replaced. Although a foreign corporation is one that was established outside of Nigeria according to the CAMA, it is not recognized in Nigeria for commercial purposes.

Section 54 (1) CAMA provide that:

Subject to Sections 56-59 of this Act, every foreign company which, before or after the commencement of this Act, was incorporated outside Nigeria, and having the intention of carrying a business in Nigeria shall take all steps necessary to obtain incorporation as a separate entity in Nigeria for that purpose, but until so incorporated the foreign company shall not carry on business in Nigeria or exercise any of the powers of a registered company and shall not have a place of business or an address for service of documents or processes in Nigeria for any other than the receipt of notices and other documents as matters preliminary to incorporation under this Act.

The CITA recognize both Nigerian companies and foreign companies for the purpose of tax though on different basis. It should however be noted that the mandatory statutory provision of CAMA is clearly unambiguous in prohibiting the existence of a foreign company in Nigeria for any purpose (including carrying on business to make profit. In fact, any violation of the provision is banged with a penalty[21]. The CITA on the other hand permits the existence of foreign companies and charge their profits derived from Nigeria to tax. These enactments as rightly argued by John are both Acts of the National Assembly made to serve economic and fiscal purpose. While CAMA regulates incorporation, control and management of companies, CITA charges to tax the profits of these companies. Before CITA can be effective, there must be in existence companies brought into being by CAMA[22]. When CAMA prohibits the existence of a class of company can CITA permit of legalize it? This question according to John brings about two conflicting public interest. He said:

"One is the prevention of proliferation of foreign companies, unless registered as Nigeria company. The second is the revenue generation from the profits of companies including foreign companies." The two according to John constitute key components of Nigerian economic poly and needs to be reconciled and harmonized [22]. It is important to state that the definition of company above analyzed is the same under the Petroleum Profit Tax Act [23].

It is submitted that Nigerian system of taxation does not operate in isolation from the rest of the world. Some foreign companies operate globally and render returns on global basis. The profits made by these foreign companies cannot be ignored. In this regard, the definition of 'company' by CAMA cannot be accurate for tax process [24].

2.1.10 Penalties for Violations of Companies Income Tax

Certain offense have been created by the CITA the breach of which makes a company liable to stated penalties the offences and penalties are as follows:

1) Any person guilty of an offense against this Act or any person who contravenes or fails to comply with any of the provisions of this Act or of any rule made there under for which no other penalty is specifically provided, shall be liable on conviction to a fine of N20,000.00, and without prejudice to section 55 (4) or (5), where such offence is the failure to furnish a statement or information or to keep records required, a further sum of N2,000.00 for each and every day during which such failure continues, and in default payment to imprisonment for six months, the liability for such further sum to commence from the day following the conviction, or from such day there4after as the court may order [25].

2) Any person who

(a) Fails to comply with the requirements of a notice to pay tax served on him under this Act or having attended fails to answer any question lawfully put him, shall be guilty of an offence against this Act. Section 86 of the companies Income Tax Act 2007 has conferred on the Federal Inland Revenue Service (FIRS) the power to seize and sell defaulting taxpayers' goods, chattels as well as their premises in extreme cases in order to recover the amount of tax owned by such taxpayer. the Act also subsequently provides for penalties for making false statement and returns under section 94 and for offence by authorized persons under section 95.

Generally, however, offenders are liable to pay the original tax payable irrespective of proceedings for imposition of penalty or terms of imprisonment. The provisions of the Act do not also affect independent criminal proceedings under any other law against the offenders. With respect to offences created under sections 93, 94 or 95 of the Act no proceedings may be commenced without the sanction or at the instance of the Board [26].

2.1.10.1 Enforcement of Companies Income Tax in Nigeria

Certainly, the mere exercise of provisions on imposition of tax by CITA is not sufficient; strict enforcement of the regulation is the key. According to the Federal Inland revenue service about 30 percent of companies in Nigeria are involved in tax evasion and also 25 percent of registered companies in the country are not paying tax when this is quantified in terms of revenue loss it is worrisome. It was acknowledges that the challenges of the service include ensuring strict enforcement of the extant law and capturing the remaining 45 percent of Nigerians who are supposed to pay tax but are not on paper, the taxation system established under the Act is a workable and effective one irrespective of certain inadequacies[27]. In practice however, it has had to contend with the Nigerian factors of strict enforcement problem, corruption and evasion [28]. The Act, in its provisions, has made available to the FBIR, a manageable system of tax collection. Regrettable however, the typical Nigerian, in an attempt to continue operating in business, would rather short-circuit tax laws in any way feasible. The taxpayer often opts to negotiate with corrupt staff in return for some gratification and pay a minimal sum to the coffers of the government. This is despite the sanctions imposed by the same Act for such conduct. The problem here seems not to lack of adequate provisions deterring such conduct, but rather the lack of enforcement machinery for the provisions of the Act [28].

The Act simply defined offences but failed to provide machinery for detection of offenders. A well-functioning body of tax investigation is essential for the detection and prosecution of cases of tax fraud. The lack of sufficient capacities in tax administrations reduce the probability of detection that again influences the decision of a taxpayer as to where to evade or not. Additionally, the legal framework in an important prerequisite for any enforcement activity. For example, the size and nature of penalties that are incurred after evasion have been detected is directly connected to the level of tax compliance [29].

There is no check and balance system that could have given effects to the provisions of the Acts considering the generally corrupt nature of Nigeria officials with respect to government property. Who is to check where the accounts, statements returns and information supplied by companies and certified to be correct by the FBIR staff are indeed correct? It is arguable that the free hand given to companies to submit information comprising account, returns, schedules, report of asset base, balance sheet of profit and losses etc. on the basis of which the FBIR works out the tax payable is fatal to the purpose and intent of the CITA. Even the fines and in terms of imprisonment prescribed for different categories of offences under the Acts are so inadequate in contemporary Nigeria that they tend to encourage rather than discourage the commission of these offences [30].

The Act, as it is presently, gives a lot of room for tax invasion and many companies have exploited it to their own advantage. Also, the failure of the FBIR to indict and prosecute companies for the offences stated under the Act has further exacerbated the problem. Infects, Sanni argued that no tax payer has been successfully persecuted for tax evasion in Nigeria. This is largely because tax authorities at the federal and state levels prefer to institute civil actions to recover any tax due with interest and penalty ostensibly with the aim of meeting their revenue target [31].

2.1.10.2 Reasons for Low Companies Income Tax Compliance in Nigeria

The contribution of income tax to the total revenue of Nigeria government remained consistently low and is relatively shrinking due to low tax compliance. The following has been attributed for low corporate tax compliance in Nigeria:

a) **Low transparency and accountability of public institutions**: Lack of transparency and accountability in the use of public funds contributes to public distrust both with respect to the tax system as well as the government. This, in turn, increases the willingness to invade taxes [31].

b) **High level of corruption:** if due to high levels of corruption, citizens cannot be certain whether their paid tax are used to finance public goods and services their willingness to pay suffers and it becomes more likely that they invade their tax liabilities. A tax payer might consider invading taxes if the cost of bribing a tax auditor is lower than the potential benefit from tax evasion [31].

c) **Low quality of the service in return for taxes:** In general, Nigeria expects some kind of service or benefit in return for the taxes paid. If the government fails to provide basic public goods and services or provides them insufficiently, both corporate and individual citizens may not be willing to pay taxes and tax evasion and avoidance will be the consequence [32].

d) **Lack of rule of law and weak fiscal jurisdiction:** The Nigeria tax laws are replete with punitive momentary measures as well as criminal sanctions but these laws are not strictly enforced. Strong fiscal courts are also essential to protect taxpayer's rights and safeguarded them from arbitrariness. The lack of rule of law reduces transparency of public action and fosters destruct among citizens. As a result, citizens may not be willing to finance the state through taxes, and decide to evade theses liabilities[30].

2.1.10.3 Addressing Low Companies Income Tax Compliance and Enforcement in Nigeria

Having discussed the constrains/challenges for effective tax compliance and enforcement in Nigeria, the work suggests the following for the purpose of addressing low companies' income tax compliance and enforcement in Nigeria:

a) Stiffer Penalties for Non-Compliance: If the consequences of failure to comply with any of the provisions of the tax laws are made Stiffer, more tax pays will be willing to comply with little or no stress on the part of the revenue authorities.

b) Effective Utilization of Tax Revenue: Improvement in the level of basic infrastructural facilities will encourage voluntary compliance with the provisions of the tax laws as they will show that the revenue is being utilized effectively. In Nigeria today, it is no news that the level of decay in basic infrastructure is alarming. If government effectively utilizes tax revenue for the provision of infrastructure, the citizenry will be motivated to pay taxes.

c) Promulgation of Anti-Avoidance Provision: Making provisions to block several loopholes in the tax laws will enhance further compliance with the tax laws and increase tax revenue. The two possible forms of anti-avoidance legislation are specific legislature to block voluntary avoidance device and general anti-avoidance legislation which vests the revenue authority with power to disregard all transactions entered into that could be proved to have been entered into solely for tax avoidance purposes.

d) Empowerment of Investigation and Intelligence Unit: The investigation and intelligence unit of the Revenue authorities should be empowered and made vibrant and effective.

e) Regular Amendment to the Tax/Laws: The tax laws should be regularly up-dated and provision should be such that are reasonable and easy to comply with. So also a well-articulated and harmonized Information and Communication Technology (ICT) driven tax-enforcement regime has become imperative as a source of revenue generation since the nation cannot eternally depend on revenue from oil and gas which are exhaustible resources. Besides, the growing needs of the people in area such as power, infrastructural development, health-care, education and indeed security among many others require improved revenue generation to address.

f) High Transparency and Accountability of Public Institutions: Lack of Transparency and accountability in the use of public funds contributes to public distrust both with respect to the tax system as well as the government. This, in turn, increases the willingness to evade taxes. If due to high levels of corruption, citizens cannot be certain whether their paid taxes are used to finance public goods and services their willingness to pay suffers and it becomes more likely that they evade their tax liabilities. A taxpayer might consider evading taxes if the cost bribing a tax auditor is lower than the potential benefit from tax evasion.

2.1.11 Corporate Income Tax Evasion

Tax evasion was previously defined as an illegal strategy used by taxpayers to lessen or avoid paying their tax liabilities. Others define tax evasion as the willful failure of a person to report his or her income source to tax authorities in order to pay less or no tax liability. In contrast to partial evasion, which involves understating an individual's or company's revenues, full evasion happens when a person or company that is legally obligated to pay tax neglects to register with the appropriate tax authorities[35]. According to the aforementioned comments, tax evasion entails the purposeful omission, concealment, or understatement of an income or profit that is liable to tax. Some of these techniques include inflating expenses, understating profits, inflating tax deductions, declining to register with the proper tax authorities, failing to submit returns, and making other misleading statements.

Unlike tax avoidance that involves a careful tax planning exercise (for example taking advantage of loopholes in the tax system) to reduce one's tax liability, tax evasion is an outright fraud and termed a criminal offense[36]. Tax evasion could also mean a serious breach on the part of the taxpayer and issues of criminality would have come a play which may eventually lead to the payment of fine or imprisonment of the undefaulted taxpayer[37]. Precious work was also based on applicable tax laws in Nigeria, tax evasion can attract up to five years imprisonment in addition to the tax due and an interest rate typically at 21%. Notwithstanding, most individuals and organizations have found justification for engaging in tax evasion[38].

An average Nigerian has no faith in the government and is not encouraged to entrust their resources, hence, payment of taxes are ranked among the least obligation they owe to the government. This is as a result of the perceived use of tax revenue which according to some taxpayers is irrational and used majority for the benefit of the government functionaries than her citizenry. Theses theoretical submissions can be corroborated with the findings of other works which reveal a significant positive relationship between government spending and ta compliance[39]. Findings of other study suggested that the chances of tax compliance will increase when citizen perceive that government rationally spends tax revenue for the provision of public goods evident to her citizens. Hence, taxpayers are prone to tax evasion when they consider that their taxes are not effectively utilized[40]. Another predominant factor constituting tax evasion in Nigeria is the inadequate sensitization of operational tax. Previous work stated that apart from Personal Income Tax (PIT) and Company Income Tax (CIT) manifested in the salaried workers and profit of companies respectively, very little is known about other sundry taxes including Capital Gain Tax, Value Added Tax (VAT), and Education tax[33]. An investigation was carried out and was confirmed that lack of awareness and education on the tax system, misappropriation of taxes collected, corruption in public office, proliferation of taxes, and loopholes in tax laws gives rise to tax evasion in Nigeria[41]. Similarly, other work found a high level of corruption among tax officials, low accountability and transparency of public institution, weak capacity in detecting and prosecuting tax violators as come factors that drive tax evasion[42]. Other studies have shown that economic activities outside the formal sector for a significant portion of tax evasion. The study argued that the income from the informal sector accounts for four times more than what is earned in the formal sector yet bulk of the income tax yield comes from those in formal employment[43]. Other study found that Nigeria has lost billions of naira to these activities[44]. The inability of tax authorities to locate these informal businesses (most especially self employed individuals such as businessmen, contractors and professional practitioners accounts partly accounts for the tax gap and the low tax-to-GDP ratio in the country which stood at 6% in 2018. Although it has been argued that the cost of bringing these businesses into the tax net exceeds the revenue collected, it is, however, important that informal sector be covered by tax authorities for the following reasons: to increase the tax based of the country; to encourage fiscal morality such that the formal sectors will no longer see themselves as sole taxpayers; and to allow for greater demands of the state responsibilities. Besides, the government will be provided with more resources to implement its social, economic and political programs[45].

2.1.11.1 Corporate Income Tax Audit

Tax audit just like financial audit involves the gathering of information to ascertain the level of compliance with applicable laws. It is performed to ascertain the reliability and validity of information reported to give an express opinion on the true and fairness of a financial statement. Tax audit is carried out by tax officials of a relevant tax authority and different from the statutory audit carried out by licensed audit firms subject to the requirement of the Companies and Allied Matter Act 2018 as amended. According to other studies tax audit is an examination of a tax payer's accounts to ascertain the level of compliance with applicable tax laws, procedures and standards of a state. It represents an essential part of a tax system which ensures that taxpayers meet their compliance obligation. They see tax audit as the process of examining the profit and returns of a company following relevant provision of tax laws. It is an independent examination of the books of accounts of a taxpayer by a specialized staff of the revenue authority carried out to ensure accuracy of return filled to the tax authorities. It involves an examination of a tax payer's record to ensure that tax due, reported, and paid are done in compliance with applicable tax standard[46]. The primary purpose of tax audit is to preserve confidence in the integrity of self-assessment system and to improve voluntary compliance by detecting and bringing into account those who default in their tax payment[43]. It serves as an effective means of preventing tax evasion and raising government revenue[47]. Tax audit is tailored at ensuring appropriate collection of tax revenue, a minimal degree of tax avoidance and tax evasion, strict compliance with applicable tax laws and an improved level of voluntary tax compliance[48]. A tax audit can take the form of a desk audit, field audit, or a back duty audit[49]. These can be confirmed from previous studies that a desk or office audit is executed within the office of the tax officials. The essence is to carry out some administrative check on returns filed to ensure compliance with tax laws. When conducting this audit, prior notice is not given to the taxpayer. The taxpayer only becomes aware of the audit when he is requested to produce certain documents or to show up possible interview. The outcome of the desk audit may lead to a field audit when the tax official is dissatisfied with the level of compliance of the taxpayer[50]. A field audit is usually the outcome of a desk audit when additional information is needed to confirm the tax payer's assertions. It ensures that adequate accounting records exist to confirm the tax payer's assertions[50]. Other work also submitted that it is the most serious type of audit conducted as it Tran seeds the auditors office to the tax payer's office or premises to validate physical assess and records related to the tax reported[50]. When carrying out a field audit will provide the tax auditors with more information to come up with an accurate tax liability. However, Tax officers engaging in field audit have been criticized of diverting a huge percentage of tax funds by colluding with taxpayers who negotiate for the payment of lesser tax amount, thereby leading to loss of revenue to the government[33].

In line with the field audit, a back duty assessment or back duty audit may be instituted when the taxpayer is suspected of having engaged in tax evasion. The back duty audit allows the tax official to examine the taxpayer's records to a limited period of six years before the year of the actual audit. The back duty audit is instituted when there is failure to disclose full income or earning is the returns made available to the tax office; when a double claim for capital allowance in respect to current or previous years have been made' when there is consistent reduction in profit in the returns filled in tax office; and where the tax charge or assessed is less than what it ought to be. Where these issues are established, it may form the basis of an additional assessment, objection, appeal or referral for special investigation[51].

2.1.11.2 Corporate Income Tax Investigation

An investigation is a systematic fact-finding and reporting process performed to consent or disputes the existence or non-existence of a material fact. It is carried out in addition to an audit and not as a substitute for an audit[49]. The outcome of an audit mainly leads to referral for special investigation if tax evasion is suspected. Task investigation is carried out to established whether a fraud has taken place and to determine the extent of damage caused by an alleged tax fraud for evasion. It is an enquiry aimed at determining the level of fraud or willful default or neglect perpetrated by a taxpayer regards his status and to obtain evidence for possible prosecution[49]. It involves a more detailed and painstaking examination of tax payer's not only act as a deterrence measure but also ensures that amount due to the government is collected as opposed to when a case is pursed civilly or when tax evasion offences are compounded[52]. This finding, however deviates from the findings of other study who found an insignificant influence of tax investigation on tax evasion control[50].

2.1.12 Administrations of Taxes in Nigeria

There are bodies designated for the administration of taxes. They involves practical interpretations and application of the tax laws. The bodies charged with the administration of tax in Nigeria are the Federal, the state, and local Governments. The tax authorities of these tiers of government derive their formation from the federal laws which include:

1. Federal Inland Revenue Services Board, Section 1,2 and 3 of the Companies Income Tax Act (CITA) Cap C21 LFN 2004. It handles company income tax, value added tax, Educational tax, capital gain tax (corporate), Petroleum Profit Tax.
2. The State Board of Internal Revenue (SBIRS), Section 85A, B and C of personal income tax of individuals such as employees, sole traders, and partnership. They also collect capital gains tax (individuals)
3. The Local Government revenue committee, sections 85D and E of Personal Income Tax Act as amended. Local governments collect taxes on market stalls, cattle fees, naming of streets.

However, some category of people such as personal of the armed forces, Navy, Police etc and residents of FCT, Abuja; pay their taxes to the Federal Inland Revenue service (FIRS) because they do not have a principal place of residence. This also applies to the offices of foreign affairs.

The FIRS is the body that has the responsibility of assessing all revenue accrued to the federal government. Any tax that has to do with corporate bodies is collected by FIRS[53].

2.1.12.1 The Organs of Tax Administration

2.1.12.2 State Board of Internal Revenue

The Financial (Miscellaneous Taxation Provision) Amendment Decree No. of 1993 made provision for the establishment of an operational arm known as the State Internal Revenue Service. It must be noted that section 87 of PITA established the State Board of Internal Revenue.

Composition

The State Board consist of:

a) The Executive Head of the State Internal Revenue Service's as Chairman. He is often appointed by the Governor.

b) The Directors and Heads of Departments within the Internal Revenue Services.

c) Three other persons nominated by the Commissioner for Finance in the State on their personal merit.

d) A Director from the State Ministry of Finance.

e) A Legal Adviser from the State Ministry of Justice; and

f) The Secretary of the State Internal Revenue Service, who shall be an ex-officio member.

Notice that any five members of the State Board, of whom one must be the chairman or a Director, shall constitute a quorum.

Duties:

The duties of the State Board of Internal Revenue include:

a) Ensuring the effectiveness and optimum collection of all taxes and penalties due to the Government under the relevant tax laws.

b) Doing all such things as may be deemed necessary and expedient for the assessment and collection of the tax, accounting for all amounts so collected in a manner to be prescribed by the Commissioner.

c) Issuing instructions or directives on technical aspect of assessment including interpretation of Income Tax Act to their various officers.

d) Advising the government, through the Commissioner for Finance, on tax matters which include amendments tax laws; and

e) Appointing, promoting, transferring and imposing disciplinary measures on employees of the State Service.

Technical Committee

Composition

The composition of the Committee consists of the followings:

i. Chairman of the State Board of Internal Revenue as chairman

ii. The Directors within the State Service.

iii. The Legal Adviser to the State Service; and

iv. The Secretary of the State Service.

The functions are as follows:

i. It has power to deploy additional staff from within the State Service for the purpose of discharging its duties.
ii. It advises the State Board in all its powers and duties
iii. It considers all matters that require professional and technical expertise and makes recommendations to the State Board; and
iv. It attends to other matters referred to it by the Board from time to time[53].

2.1.12.3 Local Government Revenue Committee

Composition

i. The Supervisor for Finance as chairman
ii. Three Local Government Councilors as members
iii. Two other persons experienced in revenue matters to be nominated by the Chairman of the Local Government on their personal merits.

Functions

i. It shall be responsible for the assessment and collection of all taxes, fines and rates under its jurisdiction and account for such in a manner to be prescribed by the chairman of the Local Government.
ii. It shall be autonomous of the Local Government Treasury and shall be responsible for the day to day administration of the Department, which forms its operational arm.

2.1.12.4 Federal Inland Revenue Service Board

These studies mainly focus on the Federal Inland Revenue Service Board; whose obligation is responsible for the collection of corporate income tax in Nigeria. The Board was first established under Section 3 of the repealed Income Tax Administration Ordinance 1958 and amended by subsequent Acts and Decrees. The Finance (Miscellaneous taxation provisions) (Amendment) Decree No. 3 of 1993 provided for an operational arm to be known as the Federal Inland Revenue Service. The administration of taxation on the profits of incorporated companies is vested in the Federal Inland Revenue Service (FIRS) whose management board is known as Federal Inland Revenue Service Board (FIRSB) (section 1-3). FIRS (Establishment) Act, 2007.

Composition

i. An Executive Chairman who shall be a person within the service experienced in taxation to be appointed by the President.
ii. The Directors and Heads of Departments of the service.
iii. The Officer from time to time holding or acting in the post of Director with responsibility for planning, research and statistics matters in the Federal Ministry of Finance.
iv. A member of the Board of the National Revenue Mobilization, Allocation and Fiscal Commission.
v. A member from the Nigeria National Petroleum Corporation, not lower in rank than an Executive Director.
vi. A Director from the National Planning Commission.
vii. A Director from the Department of Customs and Excise.
viii. The Registrar-General of the Corporate Affairs Commission (CAC).
ix. The Legal Adviser who shall be an ex-officio member of the Board.

Duties

i. Advising the Federal Government through the Minister of Finance on tax matters which include any amendment to the existing law.
ii. Assessment and collection of Companies Income Tax.
iii. Issuing instructions on the financial aspects of assessment including interpretation on income tax Acts.
iv. Reviewing and approving the strategic plans of the service.
v. Employ and determine the terms and conditions of service including disciplinary measure of the employees of the service.
vi. Do such other things, which in its opinion are necessary to ensure the efficient performance or the function of the service under the Act[53].

2.1.12.5 Joint Tax Board (JTB)

The Joint Tax Board was established under section 85(1) of the Personal Income Tax Decree 1993 as amended.

Composition

It consists of the following:

i. The Chairman of the Federal Board of Inland Revenue who is also the chairman;
ii. One member from each State, being a person experienced in income tax matters nominated by the Commissioner for Finance of the State;
iii. Secretary who is not a member but only in attendance for purpose of maintaining records of the Board's proceedings. He is appointed by the Federal Public Service Commission and
iv. Legal Officer who is not a member but attends meetings in advisory capacity.

v. Note that at nay meeting any seven members shall constitute a quorum.

Duties

i. To settle disputes between the States as regards tax matters especially disputes as to residence and remittance.
ii. To promote uniformity both in the application and incidence of the provisions of tax laws on individuals throughout the country.
iii. To advise the government on request in respect of double taxation arrangements, rates of capital allowances and other tax matters.
iv. To impose its decisions on matters of procedure and interpretation of the Act, on any state, for purposes of conforming with agreed procedure or interpretations[53].

2.1.12.6 Joint State Revenue Committee.

The Joint State Revenue Committee was established by section 92 of the Personal Income Tax Act 1993 (as amended) for each State of the federation.

Composition The Committee consists of the following:

i. Chairman of the State internal Revenue Service as the Chairman;
ii. The chairman of each of the Local Government Revenue Committees.
iii. A representative of the Revenue Mobilization Allocation and Fiscal Commission as an observer;
iv. A representative of the Bureau on Local Government Affairs not below the rank of a Director;
v. A representative of the Bureau on Local Government Affairs not below the rank of a Director;

vi. The State Sector commander of the Federal Road Safety Commission, as an observer;

vii. The Legal Adviser of the State Internal Revenue Service; and

viii. The Secretary of the Committee who shall be a staff of the State Internal Revenue Service.

Duties

The duties of the Joint State Revenue Committee consist of the following;

i. Advise the Joint Tax Board and the State and Local Government on revenue matter;
ii. Implement the decisions of the Joint Tax board;
iii. Harmonize tax administration in the state;
iv. Enlighten members of the public generally on State and Local Government revenue matters; and
v. Carry out such other functions as may be prescribed from time to time by the joint Tax Board[53].

2.1.13 Corporate Income Tax Assessment and filing of returns

2.1.13.1 Assessment

The tax authority will assess the tax payer on the amount o tax due while the tax payer is duty bound to pay the tax liability within the specific time limit or exercise the right of objection.

Assessment simply means computation of determination. For tax purposes it means determining the tax liability. It is the duties of the tax authority to assess the tax payer to tax and it is the duty of the tax payer to pay the tax liability.

Assessment if the process of determining the tax liability of the tax payer. There are different forms of assessment in place:

i. Original assessment
ii. Revised/ Amended Assessment
iii. Additional assessment

2.1.13.2 Types of Assessment

a. Original Assessment: this is the first assessment raised by the tax authority on the tax payer in the particular year of assessment. This is the initial assessment given in the form of provisional assessment. It may be amended after the determination of tax payable and this is due to appeal. Provisional assessment is the amount paid in the immediate preceding tax year. It is usually payable where the current year assessment is difficult to ascertain. Provisional Assessment may be amended after the taxable income of the payer has being determined. It is usually called interim assessment.

The original assessment further leads to what is called base of judgment assessment which is given by the tax authority to the tax payer when the tax payer refuses to file his returns i.e. declare the amount of money during the year. Best of assessment (BOJ) is subject to objection and appeal procedure.

If a tax payer disagrees with the assessment given to **minimize** by the tax authority he shall within the 30 days from the date of the notice of assessment put in writing a letter of objection stating precisely the grounds of objection (reasons of objection). The tax authority in accepting the notice of objection will consider the grounds of objection if valid, the tax authority will issue revised assessment (will be discussed later) if found otherwise that is if the grounds of objection are not to be valid, the tax authority will issue a notice of refusal.

An aggrieved tax payer upon receipt of notice of refusal may issue a notice of appeal to the tax appeal tribunal within 30 days after the receipt of notice of refusal.

The notice of appeal must be in writing and must contain the following:

1. The name and the address of the applicant
2. Precise grounds of appeal
3. Official number and date of the relevant notice of amendments
4. Address for service of any notice or other documents to be given to the applicant
5. Amount of the assessment chargeable income and tax charged as shown by the notice and year assessment
6. The date the application was served notice of refusal

The tax authority may either accept the notice of appeal and issue revised assessment or reject the appeal and issue notice of refusal. Many of the cases above one thing is certain, the tax payer must pay a certain amount. The agreed amount in either the revised assessment or the original assessment. Best of assessment must be paid within two months.

If the tax payer refuses to pay within the two months, a sum of 10% of the tax shall be added and a demand notice will be served on the tax payer through a demand notice. If the payment is not made within one month from the date of the service of the demand notice the tax authority may proceed to enforce payment.

b. Revised or Amended Assessment: this arises where a tax payer has objected to an original or additional assessment for which as amendment has been made to the initial assessment raised. This assessment is issued by the tax authority when taxpayers' notice of objection has been certified valid and an amendment has been made to the initial assessment[53].

2.1.13.3 Forms of Assessment

Best of Judgment (BOJ) Assessment: This arises where a tax payer refuses to file his returns or neglects completely to register with a tax authority or an inspector of taxes is of the opinion that the records submitted are not reliable, then the tax authority may use the best if its judgment to determine the tax liability of such a tax payer. BOJ is subject to the objection and appeal procedure.

Self – Assessment: This form of assessment allows the tax payer to voluntarily provide information on his tax position and hence compute his own tax liability. The typical self-assessment form should be completed containing all information expected to be found on a normal notice of assessment. At the end of every tax year a tax payer is obliged to fill the self- assessment form. This form is a technique where the tax payer computes the tax payable for the year of assessment and files the appropriate returns. There are some benefits associated with the use of self-assessment:

1. The tax payer is allowed to pay the tax payable in six months installment (the first installments in form of a cheque is submitted along with the self-assessment form).
2. Where all installments are paid at when due, the tax payer is allowed a one percentage deduction from his 6th installment.

2.1.13.4 Advantages of Self-Assessment

1. Taxes payers are granted the opportunity to pay taxes in six equal installments over six months.
2. Where all installments are paid on due date, 1% bonus is deductible from the sixth installment.
3. Its reduces cost of collection to taxes

4. It gives the tax payer a sense of belonging as such tax invasion is reduced

2.1.13.5 Limitations of Self-Assessment

1. Due to high level of illiteracy, there may be a reduced level of compliance by the tax payer
2. Due to a low level of tax morals in Nigeria that is people generally are not motivated to pay tax. There will be a high level of understatement of income leading to tax invasion
3. The cost incurred by the tax authority on tax and it is higher[53].

2.1.13.6 Filing of Corporate Income Tax Returns

For each year of assessment, a taxable person shall file a return of income in the prescribed form and containing the prescribed information with the tax authority of the State within 90 days from the commencement of every year of assessment. This is not applicable to any person whose only source of income is employment in which he earns N30, 000 per annum or less from, that source.

A taxpayer is expected to file returns every year stating all sources of income as well as the computation of taxable income and tax payable.

The documents to be supplied by the tax payer when filling annual returns include:

i. Audited financial statement
ii. Schedule of capital allowances computed
iii. The taxable income
iv. The tax payable

Where a taxable person has delivered a return, the relevant tax authority may either accept the return or make an assessment accordingly. There may be additional assessment, if the tax authority later discovers that the taxable person has been assessed at a lower amount, within the year of assessment or within six years after the expiration thereof. The tax authority should send to the taxable person the notice of assessment which should state the amount of any assessable, total or chargeable income, tax charge, place tax charge, place at which payment should be made and rights of objection (if any) of the taxable person. On the determination of an objection or appeal (if applicable) the tax shall be payable within one (1) month of the date of service of the notice on the taxable person [54].

In case of companies, every company whose turnover is ₦1 million and above shall file self-assessment return within six months of its accounting period. The company is expected to forward with the tax return, evidence of direct payment of the whole or part of tax due into a bank designated for the payment of tax [55]. Every company including a company granted exempting from incorporation shall at least once a year without notice or demand there from, file a return with the Board in a prescribed form and containing prescribed information together with the audited financial statements, capital allowances computation and a true and correct statement in writing containing the amount of its profits from each and every source computed and declaration on the truth and fairness of computed amounts and signed by a director or secretary of the company [54].

Any company which fails to file returns shall be liable to pay as penalty an amount of ₦25, 000 in the first month in which the failure occurs and ₦5, 000 for each subsequent month in which the failure continues.

In Nigeria, if a person disputes an assessment he may apply to the relevant tax authority by putting up a letter of objection stating precisely the grounds of objection to the assessment. This letter of objection shall be made within thirty (30) days from the date of service of the notice of the assessment. An aggrieved taxable person, having failed to agree with relevant tax authority may appeal against the assessment of giving notice within thirty (30) days after the date of service of notice of the refused of the relevant tax authority to amend the assessment as desired.

The notice of appeal, which must be in writing, must contain the following:

a) The name and address of the applicant;
b) The official number and the date of the relevant notice of assessment;
c) The amount of the assessment, total or chargeable income and of the tax charged as shown by that notice and the year of assessment concerned;
d) The precise grounds of appeal;
e) Address for service of any notice or other document to be given to the applicant; and
f) The date on which the applicant was served with notice of refusal by the relevant tax authority to amend the assessment as desired [54].

2.2 Theoretical Review

2.2.1 Taxation Theories

2.2.1.1 The Benefits-Received Theory

This theory proceeds on the assumption that there is basically an exchange or contractual relationship between tax-payers and the state[55, 56, 57]. The state provides certain goods and services to the members of the society and they contribute to the cost of these supplies in proportion to the benefits received. In this quid pro quo set up, there is no place for issues like equitable distribution of income and wealth[58, 59]. Instead, the benefits received are taken to represent the basis for distributing the tax burden in a specific manner. This theory overlooks the possible use of the tax policy for bringing about economic growth or economic stabilization in the country[60].

2.2.2.2 The Cost of Service Theory

This theory is very similar to the benefits-received theory. It emphasis the semi commercial relationship between the state and the citizens to a greater extent. The implication is that the citizens are not entitled to any benefits from the state and if they do receive any, they must pay the cost thereof. In this theory, the state is being asked to give up basic protective and welfare functions. It is to scrupulously recover the cost of the services and therefore this theory, unlike the benefits received one, specifically implies a balanced budget policy. In the process, the state is not to be concerned with the problems of income distribution. No effort is to be made to improve income distribution; and no notice is to be taken if the policy of levying taxes according to the cost of service principles deteriorates it further[61].

This theory is important as a basis of this study as willingness to pay tax would reflect the tax payer opportunity to get benefits for tax revenue

2.2.2.3 Ability to Pay Theory

This study is anchored on the ability-to-pay theory, which state that taxes should be levied on individual and companies according to the amount of money earned. This implies that tax burden should be placed on companies and individuals with higher income. That is, money for public expenditure should come from "him that hath" instead of "him that hath not" this mean, more tax burden should be place on companies and individual with higher income. That is to say, individual and companies should pay taxes according what they have earned[62]. Those that earns more should pay more tax and those that earns less should pay less tax. For the purpose banks liquidity which is the basis on which they can provide funds to private sectors for businesses, the ability to pay tax should be considered seriously to enable them have enough liquid asset to give credit facility to organization and individuals for their business operation. This is in line with progressive taxation principle, fairness and equity[63].

2.3 Empirical Review

A study assessed the impact of taxation on firms under different ownership which could be private, collectively owned and state owned companies. The study made use of the firm-level annual survey of industrial firms data set conducted by the National Bureau of Statistics of China. About 41 industry sectors were covered. The variables used for the analysis were corporate tax (independent) while investment and financial decision of firms (dependents). Investment was represented by total fixed assets while debt-asset ratio was used as proxy for firms' financial decisions. The result indicated that decrease in the statutory tax rate for domestic firms induced collectively owned enterprises and private firms to reduce debt while the result for state owned enterprises was not significant. The result also revealed that the reduction in tax induced investment in the capital cities like Hong Kong, Macao and Taiwa[64].

A researcher evaluated the impact of corporate tax on financial performance of firms. The sample used in the study comprised a total number of 20 firms listed on the Bucharest Stock Exchange. The secondary data the study employed were obtained from the published financial statements of the firms for the period of 2012 to 2014. The statistical tool used for data analysis was the multi-regression analysis with the aid of E-view 9. The dependent variables were the net profit and return on assets while the independent variables were the effective tax rate, firm size, asset structure, long-term debt to total assets ratio and financial leverage. The study excluded independent variables with no significant impact and then found evidence that corporate tax and the effective tax rate had negative significant impact on the financial performance of firms[65].

A study investigated the relationship between corporation taxation and bank outcomes which includes: lending growth, leverage, liquid asset holdings, and risk-taking. The sample covered 31 U.S. Commercial Banks which represented 29 percent of all commercial banks in the U.S Single-State. Cross-sectional research design was employed in order to study the relations. The secondary data used covered a period of 1996 to 2013 and were collected from the following sources: the U.S. Multistate Tax Guide, Individual State Income Tax Codes, State Revenue Department Websites, Book of the States and the significant features of fiscal federalism. Multi-regression analysis and F-test were conducted and the result showed that tax rate had significant effects on specific banks especially during economic downturn and credit risk uncertainty. The study went further to reveal that corporate income tax affected bank outcomes, such as lending and leverage which subsequently affect the capital available for both individuals and non-bank corporations. The study therefore suggested that policy makers and regulators should try to harmonize the policy implications of corporate tax on banks[66].

Another study employed a mixed research design to evaluate the effect of corporate income tax on financial performance of companies listed on the Nairobi Securities Exchange (NSE) in Kenya. A Sample of 59 out of a target population of 69 companies publicly listed companies in 2015 was extracted from the NSE website. The secondary data were obtained from the NSE data base, Capital Markets Authority (CMA) database, journals and other publications. The predictor variables were: investment, Age/Debt, Firm Size and Liquidity, while the dependent variable were profitability and Return on Investment of firms. The regression result revealed that corporate income tax had significant positive influence on financial performance of companies listed on the NSE in Kenya. The study supported the view that corporate income tax has a significant effect on financial performance and encouraged policies that could ensure that firms promptly pay their corporate taxes to the government[67].

A researcher examined the effect of the corporate tax mix on the financial performance of listed manufacturing firms in Nigeria. Data were collected from 10 listed manufacturing firms across sectors listed on the Nigerian Stock Exchange from 2014 to 2018 based on firms with complete information for the years under review. The study adopts anex post facto research design and the use of both the Pearson correlation and multiple linear regression in analyzing the data. Findings revealed that tax mix has a positive insignificant effects on the net income of listed manufacturing firms in Nigeria while the deferred tax has a negative insignificant effect on the net income of listed firms in Nigeria. Further, findings revealed that company income tax has a positive and significant effect on the net income of listed manufacturing firms in Nigeria. The study implication is that the tax incentives available for manufacturing firms are not enough to boost manufacturing activities for business growth, and this compels the firms to defer their tax payment which ends up becoming deferred tax liabilities. It is recommended that government should provide more tax incentives that will reduce corporate income tax payments, and encourage tax deferment to boost manufacturing activities to boost the net income of the listed manufacturing firms to increase manufacturing activities. Also, manufacturing firms should explore the various tax incentives available to determine an effective corporate tax mix[68].

Another researcher examined the effect of corporate tax on the sustainable financial performance of listed firms in Nigeria, specifically the listed manufacturing firms. The study employed an ex post facto research design using data from 10 listed manufacturing firms. The data span across 5 years ranging from 2013- 2017 and were analyzed using simple linear regression. Findings from the study revealed that corporate tax payment has no significant effect on the return on equity of firms. Further findings revealed a positive and significant effect of corporate tax payment on the debt-to-equity ratio of the listed firms. Hence, based on the results obtained from this study it is recommended that Investors in the manufacturing sector should use their tax pay-out policy as a tool for financing decisions as it greatly affects the firm's debt-to-equity ratio (Capital combination) decision-making. Also, they should encourage the prompt payment of tax as it has no significant effect on their returns but in turn, increases the market value of the firms[69].

A study investigated the Impact of the overall firm-specific tax mix on firm performance for Romanian listed companies during the 2000- 2011 period. By overall tax mix, we mean all public finance-related liabilities borne by a company, thus including not only profit taxes, but also non-profit taxes (i.e., real-estate taxes) and labor-related taxes (social security charges borne by companies). Developed around the corresponding tax wedge, the variable of interest is a firm-specific effective tax rate that aggregates all public finance liabilities, based on a unique set of hand-collected data from publicly available corporate reports. Using a fixed effect model, the results show that a one percentage point increase in overall firm-specific tax rate triggers 0.15 percentage points decrease in return on assets. Moreover, tangibles, leverage ,and size hurt Romanian listed companies" performance, while liquidity, growth, and lagged profitability have a positive effect[70].

In another study, it assessed the effect of corporate income tax on the financial performance of the companies listed on the Nairobi Securities Exchange in Kenya. The objective of this study was to establish the effect of corporate income tax on the financial performance of the companies listed on the Nairobi Securities Exchange in Kenya. The research design used in this study was mixed research both qualitative and quantitative design. Secondary data was extracted from the NSE database, Capital Markets Authority (CMA) database, journals, and other publications. A sample of fifty-nine out of a target population of sixty-nine companies publicly listed as of January 2015 was extracted from the NSE website. This study is expected to provide empirical evidence on the profitability (financial performance) of the companies listed Nairobi security exchange in Kenya. The key findings were that there is a positive relationship between corporate income tax and financial performance of listed companies on the NSE in Kenya. The study will assist policymakers with useful input for formulating Government policies to avert poor performance and consequently bankruptcy of listed companies[71].

Another study researched corporate tax impact on financial performance in the case of companies listed on the Bucharest Stock Exchange. Financial performance is the objective of any economic entity, regardless of the domain, it activates from the decision-making process perspective, the corporate tax is included in the equation of financial performance, considering that it has multiple informational facets at the company's level. Considering the computation formula for the due tax as a premise, one can say that along with the economic development of the company, there is a positive correlation degree between it and the fiscal liability, determined by the multiplication of the number of transactions generating tax. Therefore, the corporate tax becomes relevant information for decision-making in terms of organization form, reinvestment, and others. In this context, our research plans to identify a relationship between corporate tax and the financial performance of an entity. In this respect, two econometric models were built showing that the effective tax rate passes the tests of significance and negatively influences the performance indicators[72].

A researcher aimed to examine the effect of general firm specific tax mix on listed firms' performance in Romania. The period of study was 2000 to 2011. General tax mix referred not only to the tax on profits but also all other taxes that are paid by a company for instance real estate taxes, employment related taxes among others. Based on the relevant tax wedge, the interest variable is a first specific effective tax rates which combines al the public finance liabilities using a group of special data obtained from the company reports. Through the fixed effect model the findings revealed that as overall firm specific tax rate increased by 1% the ROA reduced by 0.15%. In addition, leverage, assets and size had a negative impact of firm performance whereas growth, profitability and liquidity showed a positive impact[73].

A study investigated the effect of corporate income tax on profitability of firms in Nigeria scanning from 2007 to 2016. Pooled ordinary least square was adopted as estimate approach to discover that coefficient of corporation income tax at 2.418830 is positive and the p-value of 0.0000 is statistically significant[74].

A study was carried to examine the relationship between companies' income taxes and economic growth in Nigeria at the long run. Various analytical tools were adopted to analyze the secondary data. The findings of the study revealed that companies' income tax and economic growth are positively significant. The study showed a long run relationship between CIT and economic growth[75] .

Also, in a study a research was carried out between 2013 to 2017 on ten (10) listed manufacturing enterprises. Ex-post facto research design was adopted and basic linear regression method of data analysis showed that no significant impact of corporation tax rate on firms' returns on equity[76].

In a recent work, it was examined the impact of company income tax on corporate performance. Ten years data from 2011-2022 was collected from the annual reports of listed firms on the Nigerian Stock Exchange and regression analysis was used as a technique for data analysis. The findings revealed that company income tax (CIT) has a positive and significant effect on profit after tax (PAT) and returns on equity (ROE)[77]. Also, a study analyzed the influence of company income tax on firms' profitability in the consumer goods sector of the Nigerian economy. Secondary data for 2012 to 2018 was obtained from published financial statements of the fifteen (15) selected consumer goods companies quoted on the Nigerian Exchange (NE). Panel Fully Modified Ordinary Least Square (FMOLS) model was adopted in analyzing the data and the result indicated that company income tax has a positive and significant influence on profit after tax in consumer goods sector of the economy[78].

A study was assessed the effect of company income tax on the financial performance of listed consumer goods companies in Nigeria from 2006-2016 using regression analysis. They found out that there is an insignificant negative relationship between corporate tax and financial performance using the return on assets as a measure[79].

A study estimated the investment, financing, and payout responses to variation in a firm's effective corporate income tax rate in the United States. He exploits quasi-experimental variation created by the Domestic Production Activities Deduction, and a corporate tax expenditure created in 2005. His findings showed that a percentage point reduction in tax rates increases investment by 4.7 percent of installed capital, increases pay outs by 0.3 percent of sales, and decreases debt by 5.3 percent of total assets. These estimates suggest that lower corporate tax rates and faster accelerated depreciation each stimulate a similar increase in investment, per dollar in lost revenue[80].

Findings from another study on stock liquidity and corporate tax avoidance shows firms with higher stock liquidity engaging less in extreme tax avoidance. According to Chen et al., (2019), "the effect of stock liquidity on tax avoidance is economically meaningful and robust across alternative measures of tax avoidance and stock liquidity. Their findings also hold after controlling for potential endogenous effects". They further document that the effect of stock liquidity on tax avoidance is amplified for firms with high proportions of activist shareholders and attenuated for firms with high levels of stock price informativeness[81].

A study analyzed the financial performance of agricultural companies and corporate income tax as key determinants of financial performance. They analyzed the corporate income tax burden of agricultural companies in Vojvodina, as well as its impact on company profitability.

They carried out r simple descriptive statistics test which showed that effective corporate income tax rates (ETRs) in agricultural companies are significantly lower than the statutory corporate income tax rate. Their result further revealed that, nearly 69% of observations have both a current effective tax rate and cash effective tax rate of 0%, which indicates that agriculture is an industry with an exceptionally low corporate income tax burden. They further used Panel regression which showed that agricultural companies with lower effective tax rates are more profitable than companies with higher effective tax rate. Results of the analysis are not sensitive to changes in corporate income tax burden and profitability proxies[82].

Another researcher studied how tax aggressiveness influenced the performance of firms in Nigeria. A panel of secondarily sourced data of ten sampled firms over the periods 2010 to 2019 was used. Return on assets (ROA) was the dependent variable while the independent variables representing tax aggressiveness were GAAP effective tax rate and CASH effective tax rate with LEV as control variable. The results of the ordinary least squares revealed that while GAAP effective tax rate and LEV were positively significant with ROA, CASH effective tax rate was negatively significant[83].

A study attempted to establish if there was a relationship between tax aggressiveness and performance of firms in Nigeria. A panel data set of 201 non-financial firms listed on the on the Pakistan Stock Exchange spanning the period 2015 to 2019 was used in this study. Return on assets (ROA) was used as the dependent variable while the independent variables representing tax aggressiveness was a dummy variable which equals to 1 if the firm was tax aggressive (ETR less than STR), 0 if otherwise; cost of debt and political connections with property plant & equipment (PPE), leverage (LEV) and firm size (SIZE) as control variables. The results of the Feasible Generalized Least Squares (FGLS) as well as the Prais-Winsten Panel Corrected Standard Errors (PW-PCSE) showed that politically connected firms have better performance with respect to tax aggressive firms than non-politically connected firms. Udochukwu et al. (2022) carried out an empirical analysis on the impact which corporate tax aggressiveness and managerial ownership have had firm performance in Nigeria. The study used cross sectional time-series research design where a panel of data obtained from the annual reports of six domestic systematically important banks (DSIBs) over the periods from 2012 to 2021 making a total of sixty firm- year observations. While return on equity (ROE) was the dependent variable, tax aggressiveness (TAG) and managerial ownership (MGO) were the independent variables and the control variable was leverage (LEV). The results of the OLS indicated that TAG was negatively significant with ROE; LEV was positively significant with ROE but MGO was insignificant[84].

A study was carried out an empirical assessment whether corporate tax mix have had any impact on the financial performance firms in Nigeria. A panel of secondary data of ten listed manufacturing firms on the Nigerian Exchange Group (NXG) for the period from 2014 to 2018 was used. Net income (NI)-financial performance measurement- was used as the dependent variable while corporate income tax (CIT); deferred tax (DTAX) and tax incentive (TINC) were the independent variables. The pooled OLS regression results revealed that CIT relationship with NI was positively significant while DTAX and TINC were insignificant[85].

A researcher analyzed the factors that determined the strategies of multinational corporations with respect to tax avoidance. The study used a panel data secondarily sourced from Malaysia Inland Revenue Board consisting of 830 firm-year observations. The dependent variable was effective tax rate (ETR) which represents tax avoidance while the independent variables were profitability (PTI), capital intensity (CAPINT), foreign operations (FO), leverage (LEV) and firm size (SIZE). The results pointed out that PTI, FO and LEV significantly and negatively influenced ETR; SIZE influence on ETR was positively significant while CAPINT was not significant[86] .

A researcher studied if tax planning has had any influence on firms' financial performance in Kenya. A panel of secondarily sourced data of selected listed manufacturing firms on the floor of the Nairobi Securities Exchange from 2010 to 2017 was used.Firms' performance (ROA) was used as the dependent variable while capital intensity (CAPINT), research and development expenditure (R&D), debt-equity ratio (DER) and company size (SIZE) were the independent variables. The results revealed that while CAPINT, R&D and SIZE relationship with ROA was insignificantly positive, that of DER was insignificantly negative[87]. Also carried out an empirical investigation whether tax planning have any impact on the financial performance firms in Nigeria. A panel of secondary data of 8 listed systemically important banks (SIBs) on the floor of the Nigerian Exchange Group (NXG) was used[87]. Firms' performance (PERF) was used as the dependent variable while effective tax rate (ETR) which proxied tax planning is measured as income tax expense scaled by pre-tax profits;capital intensity (CAPINT); thin capitalization (TINCAP) measured total debts to total assets ratio; LOPT represents lease arrangement options and SIZE were the independent variables. The pooled OLS regression results revealed that ETR relationship with PERF was negatively significant, TINCAP had a positive and significant relationship with PERF while other variables were insignificant.

A study examined if there was any relation between transfer pricing and tax avoidance, transfer pricing and financial reporting aggressiveness as well as tax avoidance and financial reporting aggressiveness.A panel of secondary data of 61 listed manufacturing firms on the floor of the Indonesian Stock Exchange over the period 2013 to 2017 was used in this study. Tax avoidance was used as the dependent variable while aggressiveness of financial reporting and transfer pricing were the independent variables. The regression results revealed that the relationship between tax avoidance and transfer pricing was positively significant. Again, tax avoidance and financial reporting aggressiveness had a positive and significant relationship[88].

A researcher attempted a study to empirically assess the impact of tax avoidance on firm value.The researchers used secondary data sourced from 45manufacturing firms listed on the Indonesian Stock Exchange covering the period 2013-2017. Two dependent variables, financial performance or firm value represented by TobinsQ 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 showed that while ROA and BTD were positively significant with TobinsQ, only ROA was positively significant with DA. Thanjunpong and Awirothananon (2019) attempted to analyze the association between tax planning and financial performance. The researchers used secondary data sourced from 58 firms listed on the Thailand Stock Exchange covering the period 2014-2016. The dependent variable was financial performance

(FP) otherwise known as return on equity which is measured as net income to total equity ratio (ROE). The independent variables were tax planning (TP) otherwise known as effective tax rate (ETR) measured as tax expenses to total assets ratio, firm size (SIZE), financial leverage (LEV), return on assets (ROA), capital intensity (CAP) which is measured as property, plant and equipment divided by total assets as a proxy for firms' working capital management as well as the BIG4 which represents auditors' reputation[89].

A study was carried out to ascertain if there was any relationship between some Board and firms' characteristics vis-àvis earnings quality.The study made use of secondary unbalanced panel data obtained from the Indonesian Stock Exchange on manufacturing company over the periods 2013-2014. The dependent variable was earnings quality while the independent variables were tax aggressiveness, firm size and CEO ability. The regression results indicated that firm size was negatively significant with earnings quality but tax aggressiveness and CEO ability insignificantly explained earnings quality[90].

Another study examined linkage between corporate tax and profitability of deposit money banks in Nigeria from 2006 to 2016. The result of the multiple regression analysis and t-test showed that company income tax had positive and significant effect on profit after tax of deposit money banks in Nigeria[91].

A researcher assessed the relationship between company income tax and financial performance of listed consumer goods companies in Nigeria from 2006 to 2016. The study employed ordinary least square regression technique to analyze data and it was found that corporate tax had negative and insignificant effect on return on assets while Age and Risk were established to have positive and insignificant effect on return on asset[92] .

A study analyzed the effect of corporate tax planning on financial performance of systemically important banks in Nigeria. The result of the Pooled OLS showed that effective tax rate had negative and significant impact on financial performance while thin capitalization had positive and significant impact on the financial performance of SIBs in Nigeria[93]. It was studied that connection between tax planning strategies and profitability by focusing on manufacturing firms in Nigeria from 2008 to 2017. The result of the multiple regression indicated that tax planning had positive and significant effect on return on assets of the selected manufacturing firms in Nigeria[94].

Another study examined the effect of corporate tax planning on profitability of Nigerian listed deposit money banks. The study employed panel regression technique and it was found that tax planning had significant and negative effect on profitability[95].

A researcher analyzed the impact of corporate tax planning on financial performance of food and beverages companies in Nigeria. Data which covered the period of 2008 to 2018 analyzed with OLS and it was revealed that effective tax rate, capital intensity and thin capitalization had insignificant and negative effect on financial performance[96].

A study was investigated linkage between corporate tax planning and firm value among listed consumer goods companies in Nigeria between 2015 and 2019 analyzed with pooled ordinary least square. It was discovered that effective tax rate, tax savings and capital intensity had negative and insignificant effect on corporate firm value[97].

In relation to firms' performance, some researchers investigated the effect of asset tangibility on profitability[98, 99, 100]. These studies found a positive and significant effect between fixed assets tangibility and Net Profit margin. However, in another study, it conversely documented the evidence of insignificant effect of asset tangibility and profitability[101, 102, 103].

In a study, a researcher conducted an empirical investigation into the relationship capital structure (as a proxy of firm's performance) and return on capital employed (ROCE) among construction companies listed in Nigeria. The study documented evidence of negative effect of capital structure on ROCE among the sampled listed construction firms in Nigeria[104].

Similarly, another study examined the effects of Capital Structure (as a firm-specific attribute) with firm size as moderating variable on firm's value of 27 listed insurance companies in Nigeria for 6-year period of 2012-2017[105]. Finding from the study indicated ROCE to have positive significant effect on firm's value.

A study on taxation and economic growth in the U.S. economy, a large sample of countries, and micro-level studies of labor supply, investment demand, and productivity growth found that modest effects, on the order of 0.2 to 0.3% points' differences in growth rates in response to a major tax reform, will have a large cumulative impact on living standards. After the White House and Congress lowered the profit tax rate in 1997, stock prices and efficiency fell[106].

Tax evasion was also linked to high tax rates. A higher tax rate on the taxpayer, diminishes his disposable income, and raises the likelihood of tax evasion[107]. A study on tax policy design and development used co-integration, unit root, and ordinary least square regression to test variables and found that globalization and other factors may lead to further convergence of tax systems, but the evidence to date suggests that domestic factors will continue to dominate the size and structure of taxation in most countries[108].

In Sri Lanka, the Altman Original Bankruptcy Forecasting model was used on 25 public listed companies to examine the relationship between financial position and profitability. Only four of the 25 companies were predicted to go bankrupt in the near future. He also investigated the earning/total assets ratio, market value of total equity/book value of debt ratio, and sales/total assets ratio, which are the most impact ratios on the financial status of the organizations studied[109].

Nigerian tax reforms have not had a significant impact on macroeconomic stability, according to an ordinary least square regression study. Increasing the tax rate shifts tax duty to the public, increasing their burden. Thus, Nigerian tax policies have exacerbated inequality. The survey also advised citizens to take tax compliance seriously[110]. "Tax policy for Economic Recovery and Growth" in Nigeria found that short-term recovery requires demand and long-term growth needed supply. Short-term tax cuts are hard to undo, therefore crisis measures may hurt long-term growth[111].

Research was also carried out to examine the effects of company income tax on the dividend policy of firms in Nigeria where a total of 40 listed firms in the Nigerian stock exchange market were selected for the study using the judgmental sampling technique[112]. Based on previously identified dividend payment determinants and a measure of home country economic conditions, multinational legit regressions were used to estimate the likelihood of dividend payers to pay dividends and the likelihood of a dividend increase, decrease, or no change. Profitability, among other considerations, was a primary dividend payout determinant. Profitable corporations paid dividends more often. The current analysis exclusively isolates firm-specific components, while this study included macroeconomic conditions[113].

Nairobi researchers investigated the factors of dividend distribution policy for non financial enterprises on Nairobi Securities Exchange (NSE). 30 non-financial enterprises from 2007 to 2011 were chosen. Secondary data came from certified financial statements on NSE and non-financial firm websites. Profitability and other characteristics were independent of dividend payout ratio. Profitability and growth activities strongly associated with dividend payout, the study found[114].

Worldwide research examined dividend disappearance evidence. Over 17,000 companies from 33 countries were studied. They discovered that smaller, less profitable firms with more investment prospects had the highest fall in inclination to pay compared to larger, more lucrative, low-growth organizations, but concluded that all firms are less likely to pay, even after controlling for firm characteristics[115].

The dividend payout ratio of American service and manufacturing enterprises is a consequence of profit margin and sales growth, among other factors. Profit margin, sales growth, and debt-to-equity ratio affected dividend payout ratio in the services business. Profit margin, tax, and market-to-book ratio affected manufacturing firms' dividend payment ratio[116].

American researchers evaluated business tax and financial performance. The study of 10 manufacturing companies from 2005 to 2012 found that corporate income tax negatively affects financial performance, while firm size, age, and growth positively affect it. From this perspective, manufacturing companies should hire tax professionals to help them plan their taxes to reduce net tax payments and improve financial performance. They should enhance their asset size and employ them efficiently to increase output turnover[117].

A study in Niarobi found that revenue and earnings have a positive and significant relationship with the dividend policy decision among the 11 commercial banks listed in NSE, while bank size has no effect[118].In India, dividend payout ratio (DPR), debt equity ratio (DER), earnings (ERN), earnings per share (EPS), corporate tax (CT), and firm size (FS) were used to determine FMCG dividend policy. chosen only 12 businesses from 15 NSE sectoral indexes. 2003–2012 data utilized ordinary least square. DPR, DER, ERN, and CT significantly affect EPS and predict dividend payout in FMCG[119].

Pakistan conducted "taxes and divided policy" research. Dividends, profit, and taxes of 120 Karachi Stock Exchange-listed companies from 2000 to 2011 were examined. Panel data and standard multiple regression were used to examine data from Karachi Stock Exchange, Securities and Exchange Commission of Pakistan, State Bank of Pakistan, and Audited Annual Reports. Profit and taxes have a statistically negligible but positive relationship, while dividends directly affect profit[120].

Nigeria used judgemental sampling and regression analysis to study the effects of corporation income tax on dividend policy. The Central Bank of Nigeria Statistical Bulletin and company annual reports for 2006–2010 included data for 40 Nigerian stock exchange-listed enterprises.The study found that corporation income tax and dividend distribution of Nigerian firms are positively correlated. Thus, the study found that changing Nigeria's corporate income tax rate will considerably impact dividend policy of sampled enterprises[121].

Nigeria also evaluated the effect of corporation income tax on dividend policy of listed firms using a survey study approach and regression methodology of correlation analysis for 15 financial institutions. The study found a correlation coefficient of 0.552, a coefficient of determination of 0.305, and a confidence level of 96.7%, indicating a significant impact. Thus, business tax changes affect dividend payments. Thus, the empirical literature does not support the idea that corporation income tax rates affect dividend policy. Some empirical studies found that a change in company income tax rate will have a positive effect on dividend policy, while others found that dividend policy is directly correlated with firm profitability[122].

A study was also conducted to explore and determine the impact of corporate income tax on company profitability in Nigeria for the period 2007 to 2016. The estimate approach used in the study was pooled ordinary least squares, and the results revealed that corporation income tax has a positive coefficient and significant value of 2.418830, with P-values of 0.0000 115. Corporate Tax and Deposit Money Bank were researched. Casual research design was utilized because the data were secondary. Public certified financial statements of 21 Nigerian money deposit institutions provided the data. The hypothesis was evaluated at 5% using multiple regression analysis and student t-tests. According to their findings, Nigeria's fiscal policy should consider banks' activities and their influence in economic growth[123].

Kenyan researchers examined how corporate income tax affects financial performance. Secondary data and 59 publicly listed Kenyan Stock Exchange (KSE) businesses were employed in the mixed research design. Enterprise Profitability and Return on Investment were dependent variables, whereas Firm Size, Liquidity, Investment, and Age/Debt were independent variables. Their analysis concluded that corporate income tax has a significant positive influence on Kenya's Nairobi Securities Exchange (NSC) companies' financial performance, and they endorsed policies that guarantee corporations pay their corporation taxes on time[124].

Bucharest Stock Exchange conducted a 2012–2014 study on corporate taxes and firm financial performance. The study used three-year audited financial statements from firms. Twenty Bucharest Stock Exchange-listed companies were sampled. The multi-regression analysis used net profit and economic profitability (return on assets) as dependent variables and the effective tax rate, firm size, asset structure, long-term debt to total assets ratio, and financial leverages as independent variables. The study excluded irrelevant elements. The study found that corporation taxes and the effective tax rate hurt business financial performance[125].

The Nigerian brewery industry investigated how corporate income taxation affects company profitability. Secondary data from brewery yearly financial statements was used for all variables. The explanatory variable (CIT) was corporate income tax, while the dependent variable was EPS. CIT's influence on EPS was examined using the Augmented Dickey-Fuller (ADF) unit-root test at 5% significance. CIT positively impacts EPS (P-Value 0.0000.05) in a long-run equilibrium relationship. Company Income Tax (CIT) had a significant impact on Nigerian breweries' profitability, and the study recommended tax management improvements[126].

Nigerian researchers examined how high corporation tax rates affect firm profitability. The study examined how Nigeria's high corporation tax rate undermines company sustainability. The study used causal research and multi-regression statistical methods to assess secondary data from the Federal Inland Revenue Services (FIRS) on 45 Lagos corporate organizations and 41 participants. Using SPSS 17, the study variables were company profitability (dependent) and corporate tax rates (independent). The study found a positive correlation between corporation tax rate and business earnings. Thus, the Nigerian corporation tax rate, currently 30% of assess-able profit, should be lowered to avoid economic harm[127].

The Nigeria Company Income Tax Act's impact on investment decisions by Nigerian companies was examined. 180 southwest enterprises were surveyed. Tax incentives stimulate investment, and corporate income tax affects investment return and criterion. Taxation was found to have a greater impact on investment decisions. However, the report suggested that the government implement a tax strategy to boost economic growth and investment[128].

Nigeria did a taxation research on investment and economic growth. CBN, NBS, and statistics bulletins provided secondary data. The investigation showed a negative association between Corporate Income Tax (CIT) and Personal Income Tax (PIT) parameter estimations. The findings indicate that a one percent increase in the Corporate Income Tax (CIT) and a one percent increase in the Personal Income Tax (PIT) will decrease investment in Nigeria, showing that taxation negatively affects investment[129].

Using Ordinarily Least Square (OLS), Nigerian company taxation was examined on firm reserves and dividends. Secondary data from selected banking, construction and related companies, insurance, petroleum and marketing, breweries, food and beverage companies, and conglomerates, all listed on the Nigeria Stock Exchange, was used in the study. Annual dividend payments, corporate tax expenses, earnings per share, and returns on earnings per share were the dependent and independent variables, respectively. Corporate taxes do not affect reserves or dividends, according to the study. Thus, to encourage public investment and corporate growth, the study recommends tax restructuring that does not effect dividend distributions.

2.4 Summary of Gaps in Literature Reviewed

Most of these studies examined the importance and relationship between corporate taxes and profitability, so also dividend payout and their effects separately on both the corporate bodies and the shareholders of different sectors of the economy. Some of these studies concentrated in advanced countries where we have different corporate income tax rate and their effects on the performance of organizations. Their conclusions were derived from a single model specification. Their empirical investigations gathered from these studies revealed that some of them neglected some measures and concentrate on a specific segment which does not deeply disclose the robust check of their studies. The current study to this gap, concentrate on corporate taxes and financial performance of quoted manufacturing companies in Nigeria.

2.5 Conceptual Framework

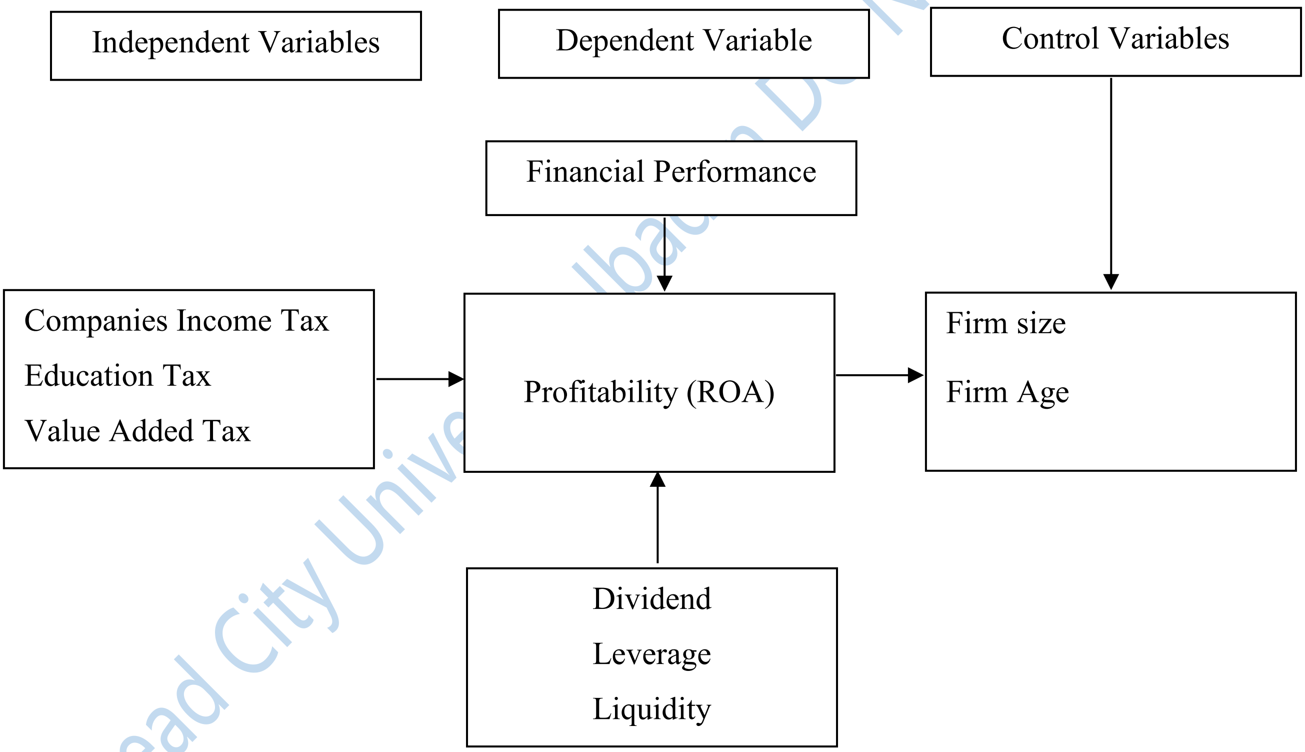

Figure 2.1: Model for corporate Taxes and Financial Performance of Quoted Manufacturing Companies in Nigeria

Source: Researcher Modeled Conceptualization of Study Variable 2023

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Chapter Three

Methodology

This chapter describes the research procedures used in this study, including research design, population, sample, sampling methodology, research instrument, data collecting, and data analysis.

3.1 Research Design

Research was longitudinal and expofacto. This study examined corporate tax and financial performance of quoted manufacturing companies in Nigeria. The panel data collection included 35 listed manufacturing businesses from 2017 to 2021.

3.2 Population of the Study

All NSE-quoted manufacturing businesses from 2017 through 2021 were included in the analysis. In November 2022, 180 NSE-listed firms had N10.6 trillion in capitalisation. This analysis includes only manufacturing base enterprises that traded annually from 2017 to 2021.This excludes companies that were not quoted during this period. Thus, 150 companies is the population baseline.

3.3 Data Type and Source

The study used secondary data. The data is sourced from the audited annual report of manufacturing companies during the period 2017 to 2021.

3.4 Sample size and Sampling Techniques

The Taro Yamane (1967) proportionate allocation formula was used to select 145 enterprises (see appendix). Due to the lack of annual reports for all 145 companies, the researcher reduced the sample size to 35. Thus, a simple random sample of 35 was taken from the population.

3.5 Model Specification

This current study adapted the model specified in the work of a former study[1]. The model used is expressed mathematically as follows in equation 1 and 2:

FCs = f(FAG, FSZE, SAG, LIQ, LEV) (1)

RAO = f (FAG, FSZE, SAG, LIQ , LEV) (2)

Where: FCs, Firm characteristics; FAG, firm age; FSZE, firm size; SAG, sales growth; LIQ, liquidity; LEV, leverage.

The model for this study in a multivariate regression form is:

$ROA_{it} = \alpha + \beta_1 CIT_{it} + \beta_2 EDT_{it} + \beta_3 VAT_{it} + \beta_4 FSZE_{it} + \mu_{it}$ (3)

Where: CIT = Company Income Tax; EDT = Education Tax; VAT = Value Added Tax; FSZE = Firm Size.

3.6 Measurement of variables

Table 3.1 Variable measurement

Variables	Measurement
Firm profitability	ROA measured as the ratio of profit after tax to total assets
Company income tax	Measured by the actual amount paid as company income tax for the year
Education tax	Measured by the actual amount paid as education tax for the year
Value added tax	Measured by the actual amount paid as value added tax for the year
	Control Variables
Firm size	Measured as log of total assets

Source: Researcher's computation (2023)

3.7 Method of Data Analysis

The study uses panel least square estimation. Panel least square addresses cross-section research heterogeneity. If the random effect undercuts the panel regression estimate, the fixed effect is done. The Hausman test statistic determines the random or fixed effect. The findings cannot be used for policy implications if the hausman test is less than 0.05. This requires fixed effect estimation using mean-corrected value. Heteroschedasticity, serial correlation, and model formulation were performed after diagnostics.

Appendix 1.1: Calculation of Sample Size using Taro Yamane

Method

Taro Yamane formula: $n = N/[1+N\,(e)^2]$

Where n sign signifies the sample size

N signifies the population under study

E, signifies the margin of error (it could be 030, 0.05, or 0.01 To calculate n for the study's population of 145 firms:

N = 150

E = 0.05

Hence, $n = N/[1.+N(e)^2]$

$$= \frac{150}{1+150(0.05)2}$$

150 (0,0025)

0.375+1=

1.035

$$= \frac{150}{1.035}$$

144.93 = Appr 145

Working

1. $\frac{10}{150} \times 145 = 9.6$

2. $\frac{10}{150} \times 145 = 9.6$

3. $\frac{10}{150} \times 145 = 9.6$

4. $\frac{15}{150} \times 145 = 14.5$

5. $\frac{15}{150} \times 145 = 14.5$

6. $\frac{15}{150} \times 145 = 14.5$

7. $\frac{10}{150} \times 145 = 9.6$

8. $\frac{15}{150} \times 145 = 14.5$

9. $\frac{10}{150} \times 145 = 9.6$

10. $\frac{20}{150} \times 145 = 19.3$

11. $\frac{10}{150} \times 145 = 9.6$

12. $\frac{10}{150} \times 145 = 9.6$

Total = 144.5 = approximate = 145

Table: 3.2 List and Number of Companies to Determine Sample Size

S/N	INDUSTRY	Population	Sample Size
1	Building Construction	10	9.6
2	Building Materials	10	9.6
3	Packaging/Containers	10	9.6
4	Beverages--Brewers/Distillers	15	14.5
5	Pharmaceuticals	15	14.5
6	Petroleum and Petroleum Products Distributors	15	14.5
7	Food Products	10	9.6
8	Livestock/Animal Specialties	15	14.5
9	Food Products—Diversified	10	9.6
10	Integrated Oil and Gas Services	20	19.3
11	Real Estate Development	10	9.6
12	Personal/Household Products	10	9.6
	Total	150	144.5 Appr. 145

Endnotes

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Chapter Four

Results and Discussion of Findings

This chapter analyzes, presents, and interprets the research results. Thus, it requires mathematical and statistical methods to test research ideas. Since it forms the basis for research recommendations and conclusions, it is essential. The previous chapter's models are tested. Nigerian listed manufacturing businesses' corporation taxes and financial performance are examined. Descriptive and correlation analysis is done initially. Regression follows. Results and interpretation follows.

Table 4.1: Descriptive Statistics

	ROA	CIT	ET	VAT	FS
Mean	0.056	1352.832	193.088	1283.765	16.579
Maximum	6.174	1747.990	259.563	2072.850	21.595
Minimum	-2.359	933.5370	130.123	828.1990	10.956
Std. Dev.	0.544	265.3753	42.402	414.9255	2.387
Jarque-Bera	58844.50	8.305	9.179	29.213	4.749
Probability	0.000	0.016	0.010	0.000	0.093
Observations	210	210	210	210	210

Source: Researchers Compilation (2023)

Table 4.1 displays variable descriptive statistics. ROA statistics are: Mean=-0.056, STD=0.544, Max= 6.174, Min= -2.359, and ROA= 5.6%. CIT statistics: Mean= 1352.832 billion, STD= 265.3753 (low), Max= 1747.990, Min= 933.5370. ET statistics: Mean= 193.088 billion, STD= 42.402 (low), Max= 259.563, Min= 130.123. VAT show the following statistics: Mean= 1283.765, which indicates that the sampled companies spent an average of 1283.765 billion on value added tax; STD= 414.9255, which is low and indicates a significant level of VAT clustering from the mean; Max= 2072.850 and Min= 828.1990. FS statistics: Mean= 16.579, which indicates that the average asset size of the sampled companies is roughly 16.579 billion, STD= 2.387, which is low and indicates a significant level of clustering in FS of the distribution of the sampled companies from the mean; Max= 21.595 and Min= 10.956. All variables except FS were not normally distributed at 5%.

Table 4.2: Correlation

	ROA	**CIT**	**ET**	**VAT**	**FS**
ROA	1				
CIT	-0.076	1			
	(0.270)				
ET	0.0396	0.476	1		
	(0.568)	(0.000)*			
VAT	0.026	0.768	0.474	1	
	(0.704)	(0.000)*	(0.000)*		
FS	-0.004	0.052	0.037	0.059	1
	(0.951)	(0.454)	(0.594)	(0.395)	

Source: Researchers Compilation (2023)

Table 4.2 shows variable correlation coefficients. ROA is favorably connected with ET (r=0.0396) and VAT (r=0.026) and adversely correlated with CIT (-0.076) and FS (-0.004), with CIT being the strongest and FS the least. No variables correlate significantly with ROA. Since correlation analysis does not estimate causality, we use regression analysis. Regression assumptions are tested first;

Table 4.3: Regression Assumptions Test

Variables	Coefficient Variance	Centered VIF
C	0.049965	NA
CIT	5.01E-08	2.545030
ET	1.04E-06	1.344051
VAT	2.04E-08	2.536018
FS	0.000235	1.002632
	Heteroskedasticity Test: ARCH	
F-statistic = 1.198	Prob. F(1,207)	0.275
Obs*R-squared = 1.203	Prob. Chi-Square(1)	0.273
	Breusch-Godfrey Serial Correlation LM Test:	
F-statistic = 18.467	Prob. F(2,203)	0.000
Obs*R-squared= 32.327	Prob. Chi-Square(2)	0.000
	Ramsey Reset Test	
t- statistics= 11.058	Df= 204	0.000
F-statistics = 122.288	Prob. F(1, 204)	0.000

Source: Researchers Compilation (2023)

The variance inflation factor (VIF) is used to assess for multicollinearity before regression (Appendices). The VIF shows how collinearity has inflated a coefficient estimate's variance. None of the variables had VIFs above 10, hence none showed substantial multicollinearity. For model safety, the residuals were ARCH tested for heteroskedasticity. We reject residual heteroskedasticity due to probabilities above 0.05. The residuals have higher order autocorrelation, according to the Lagrange Multiplier (LM) test. In the model, Probabilities F and Chi-Square were less than 0.05. The LM test shows serial correlation issues in the model. The Ramsey RESET test yielded probability values below 0.05, indicating miss-specification, however this is not cause for concern.

4.1 Panel Regressions

The focus of the study is to examine the corporate taxes and financial performance of quoted manufacturing companies in Nigeria. The study utilizes the panel regression estimation technique. The results are presented below;

Table 4.4: Regression Result

Variable	Random Effect		Fixed Effect	
	Coefficient	P-value	Coefficient	P-value
C	0.286	0.412	-2.625	0.205
CIT	-0.001	0.025**	-0.001	0.020
ET	-0.001	0.383	0.001	0.437
VAT	0.002	0.097*	0.004	0.187
FS	-0.001	0.947	0.181	0.160
R-Squared	0.227		0.134	
Adj. R-Squared	0.198		0.128	
F-statistic	56.217		18.833	
Prob(F-statistic)	0.000		0.000	
DW Statistics	2.3		2.5	
Hausman Test Result	0.727			

Source: Researchers Compilation (2023)

Model regression is in Table 4.4. The Hausman test shows that random effect estimating is better than fixed effect estimation. The random estimation result showed R2 is 0.227, suggesting corporation taxes explain 22.7% of systematic fluctuations in financial performance with an adjusted value of 19.8%. The F-stat (56.217) and p-value (0.000) suggest a substantial linear relationship between the dependent and independent variables, but the D.W statistic of 2 suggests no serial correlation in the residuals. CIT has a negative impact (0.001), which is statistically significant (p=0.025) at 5%. ET was negative (0.001) but not significant at 5% (p=0.383). VAT was positive (0.002) and significant at 10% (p=0.097). FS affects the control variable negatively (0.001) and statistically insignificantly 5% (p=0.947).

4.2 Test of Hypotheses

Table 4.4's random effects estimation tests hypotheses. CIT's negative impact (0.001) is statistically significant (p=0.025) at 5%. This shows that raising corporation income taxes would reduce profit, which is considerable. The statistically significant criterion rejects the null hypothesis (H1) that corporation income taxes do not affect financial performance among listed manufacturing firms in the Nigerian Exchange Group. Negatively signed company income taxes are theoretically expected. ET's negative impact (0.002) is statistically negligible (p=0.097) at 5%. This shows that firm education taxes would diminish profit, although statistically insignificantly. The statistically insignificant criterion fails to reject the null hypothesis (H2) that education taxes have no meaningful impact on financial performance among listed manufacturing firms in the Nigerian Exchange Group. Negatively signing education taxes is theoretically expected. VAT has a beneficial impact (0.001) that is statistically significant (p=0.383) at 10%. It's statistically significant that enterprises' value added taxes enhance profit. The statistically significant criterion fails to reject the null hypothesis (H3) that value added taxes have no meaningful impact on financial performance among listed manufacturing firms in the Nigerian Exchange Group. Positively signed value-added taxes defy a priori and theoretical expectations.

4.3 Discussion of Findings

Company income and education taxes reduced profit. Corporate and education taxes may negatively impact financial performance. Taxes limit reinvestment, hindering growth. Dividends also decrease. This discourages investors. Capital formation is halted. Thus, equity capital is halted. If such a firm raises prices, cheaper substitutes may take their place, shifting resources. Corporation taxes reduce investment, national income, and employment. A corporate tax reduces the earnings of current firms, discouraging new firms from entering the industry, which may lead to a monopoly or semi-monopoly for the existing firms with all its ills. Disincentives may reduce efficiency. Price increases may pass on some corporation tax to buyers[1]. Profit taxation is disputed.

Walker, an economist, compares profits to rent. Profit is the entrepreneur's surplus. Marginal producers set market prices. Profits, like rent, do not affect price[2]. Thus, consumers cannot shoulder it. Businessmen will pay it. Thus, normal profit is an expense, not a surplus. This does not mean that the consumer will pay a profit tax unless the entrepreneur can control the pricing, which is unlikely. Market prices are fixed for individual entrepreneurs. Walker thought he should pay a profit tax. Unless prices are growing rapidly and buyers are eager to buy, a general profit tax is not shifted. It's rare. However, if the tax is on profits from the specific trade and sector, businesses will tend to avoid such lines. If this happens, the burden will fall on the entrepreneurs' customers[3]. Demand elasticity and capital mobility matter. Profits should be taxed, but a high tax is worse. It will slow invention, enterprise, income, and plant modernisation.

Economic rent and the price of the taxed service or product cannot be changed for taxes that do not influence resource allocation. Some taxes can be passed on to consumers. The eventual tax burden is measured by commodity price fluctuations. Relative pricing fluctuations hurt those who pay. Prices affect revenue sources, labor or property consumption, income uses, consumption, and savings. Only taxpaying people are affected by price fluctuations. To the degree that wages decline, labor suffers the tax burden; to the extent that mineral rights values fall, land owners do; to the extent that profits fall, capital owners do; and to the extent that output prices rise, consumers do.

Bucharest Stock Exchange conducted a 2012–2014 study on corporate taxes and firm financial performance[4]. The study used three-year audited financial statements from firms. Twenty Bucharest Stock Exchange-listed companies were sampled. The multi-regression analysis used net profit and economic profitability (return on assets) as dependent variables and the effective tax rate, firm size, asset structure, long-term debt to total assets ratio, and financial leverages as independent variables. The study excluded irrelevant elements. The study found that corporation taxes and the effective tax rate hurt business financial performance[5].

Another American study studied business tax and financial performance[6]. Corporate income tax negatively affected financial performance in 10 industrial enterprises from 2005 to 2012. From this perspective, manufacturing companies should hire tax professionals to help them plan their taxes to reduce net tax payments and improve financial performance. They should enhance their asset size and employ them efficiently to increase output turnover. Nigerian researchers examined how high corporation tax rates affect firm profitability. The study examined how Nigeria's high corporation tax rate undermines company sustainability. The study used causal research and multi-regression statistical methods to assess secondary data from the Federal Inland Revenue Services (FIRS) on 45 Lagos corporate organizations and 41 participants. Using SPSS 17, the study variables were company profitability (dependent) and corporate tax rates (independent). The study found a positive correlation between corporation tax rate and business earnings. Thus, the Nigerian corporation tax rate, currently 30% of assessable profit, should be lowered to avoid economic harm.

The Nigerian brewery industry investigated how corporate income taxation affects company profitability[7]. Secondary data from brewery yearly financial statements was used for all variables. The explanatory variable (CIT) was corporate income tax, while the dependent variable was EPS. CIT's influence on EPS was examined using the Augmented Dickey-Fuller

(ADF) unit-root test at 5% significance. CIT positively impacts EPS (P-Value 0.0000.05) in a long-run equilibrium relationship. Company Income Tax (CIT) had a significant impact on Nigerian breweries' profitability, and the study recommended tax management improvements. The Nigerian study examined corporation tax on firm return on equity from 2013 to 2017. Basic linear regression examined ex-post facto research design data. The corporate tax rate did not affect business returns on equity.

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Chapter Five

Conclusion

This chapter examines the summary of the study findings, conclusion and recommendation. This section is important because it could aid appropriate authorities most especially government agencies in formulating policies on the basis of recommendations made.

5.1 Summary of Findings

The summary of the study findings are presented below;

The findings reveal a noteworthy negative effect of companies' income tax (CIT) on financial performance, with a statistically significant coefficient of 0.001 (p=0.025 at the 5% significance level). These results underscore the importance of carefully evaluating tax policies and their potential repercussions for businesses, particularly in the context of Nigeria's economic development and industrial growth.

The findings reveal that there is a seemingly adverse effect of education tax (VET) with a coefficient of 0.002, but it lacks statistical significance at the 10% level, as indicated by a p-value of 0.097. In essence, the study's results suggest that although there is an apparent negative connection between education tax (VET) and the financial performance of quoted manufacturing companies in Nigeria, this connection does not possess statistical significance at the 10% level. Consequently, it implies that the impact of education tax on financial performance may not be substantial enough to establish definitive implications for businesses operating within the sector.

The findings indicate that VAT appears to have a positive impact, with a coefficient of 0.001. However, it's important to note that this positive impact is statistically insignificant, as evidenced by a p-value of 0.383 at the 5% significance level. In other words, while there is a suggestion of a positive relationship between VAT and financial performance, this relationship lacks statistical significance, meaning that the influence of VAT on financial performance is not statistically supported at the 5% level of significance.

5.2 Conclusion

This study investigated the impact of three key taxes—Companies' Income Tax (CIT), Education Tax (VET), and Value Added Tax (VAT)—on the financial performance of quoted manufacturing companies in Nigeria. The findings yielded valuable insights into the relationship between these taxes and financial performance: The results indicated a significant negative impact of CIT on the financial performance of the manufacturing companies. This negative effect suggests that as CIT burdens increase, financial performance tends to decline. These findings emphasize the need for a careful evaluation of tax policies and their potential consequences for businesses in the context of Nigeria's economic development and industrial growth. While the study suggested a negative association between education tax (VET) and financial performance, this relationship lacked statistical significance at the 10% level. Consequently, it implies that the impact of education tax on financial performance may not be substantial enough to draw definitive conclusions for businesses in the manufacturing sector. The study hinted at a positive impact of VAT on financial performance, but this effect lacked statistical significance at the 5% level. Therefore, the study did not find strong statistical support for the influence of VAT on the financial performance of quoted manufacturing companies in Nigeria.

However, this study highlights the multifaceted nature of the relationship between taxation and financial performance in the Nigerian manufacturing sector. It underscores the importance of tax policies and their potential consequences for business operations. While CIT appears to have a significant negative impact, further research may be necessary to comprehensively understand the effects of education tax (VET) and Value Added Tax (VAT) on financial performance. These findings serve as a foundation for policymakers and industry stakeholders to make informed decisions regarding taxation and its role in promoting economic growth and competitiveness within the Nigerian manufacturing industry.

Furthermore, due to its particular role in financial intermediation and the payment system, the financial sector's performance affects the economy as a whole. Tax planning and other factors might affect firm financial performance. Taxes are mandatory, but poor tax preparation hurts firm performance. Corporate taxation and profitability have been studied extensively. Most of these research examined corporate income tax rates and their implications on organization performance in advanced countries. One model specification yielded their findings. These studies' empirical findings showed that some overlooked some measures and focused on a single sector, which didn't indicate their studies' robustness. This necessitates a tax-financial performance analysis. The study hypothesizes that corporate income, education, and value added taxes do not affect insurance company financial performance. After a preliminary diagnostic test, random effects estimation showed that firm income and value added taxes had a considerable impact on profit, whereas education tax has no impact. The study suggests that firm age, leverage, size, and profit shift by 22.7% due to company income, education, and value added taxes should be examined.

5.3 Recommendations

Based on these results, several recommendations can be made to policymakers, businesses, and researchers to enhance the tax environment and support the growth of the manufacturing sector.

The study has highlighted the significant negative impact of Companies' Income Tax (CIT) on the financial performance of manufacturing companies. To address this issue, policymakers should consider conducting a thorough review of CIT rates and structures. This review may involve exploring the possibility of offering tax incentives or deductions to alleviate the burden on manufacturing companies. Furthermore, policymakers should engage in constructive dialogue with industry stakeholders to gain a better understanding of the challenges posed by CIT. Collaborative efforts can lead to the development of tax policies that are more conducive to business growth and investment. Additionally, providing support and resources to manufacturing companies for effective tax compliance is essential to mitigate the adverse effects of CIT.

While the study suggests a negative association between Education Tax (VET) and financial performance, it is essential to conduct further research to gain a more comprehensive understanding of this relationship. Researchers should explore the impact of VET on specific sub-sectors within manufacturing to identify any nuanced effects. In parallel, policymakers should assess the effectiveness of VET collection and allocation mechanisms to ensure that funds are being utilized for their intended purposes, such as improving education and skills development.

The study hints at a positive impact of Value Added Tax (VAT) on financial performance, although this effect lacks statistical significance. Policymakers should consider reviewing the implementation and administration of VAT to improve efficiency and effectiveness in revenue collection. Streamlining VAT procedures can reduce the administrative burden on businesses. It is also crucial to continue monitoring the impact of VAT on financial performance, as this tax may have potential benefits for manufacturing companies.

In addition to the specific recommendations for each tax, several general suggestions can guide future tax policy decisions. Implementing taxpayer education programs can help businesses better understand tax regulations and compliance requirements, ultimately improving overall tax compliance and reducing the cost burden associated with tax-related activities. Moreover, conducting industry-specific analyses is essential to uncover any variations in the impact of taxes on different manufacturing sub-sectors. This can inform tailored tax policies that address the unique needs of each industry. International comparisons of Nigeria's taxation policies and rates with those of other countries can offer insights into best practices that can be applied to enhance the business environment for manufacturing companies. Lastly, it's crucial to adopt a long-term perspective, considering the economic implications of tax policies beyond immediate revenue generation. Taxes should support economic growth, job creation, and industrial development over the long run.

5.4 Contribution to Knowledge

The study has made substantial contributions to knowledge in the realm of corporate taxes and their impact on the financial performance of quoted manufacturing companies in Nigeria. These contributions span multiple dimensions, including conceptual and theoretical advancements, empirical insights, and practical implications for policy and practices in the corporate tax arena. Here are the key contributions, organized by these dimensions:

The conceptual contribution to knowledge regarding corporate taxes and the financial performance of quoted manufacturing companies in Nigeria includes the application of established tax theories to the context of this specific sector. This conceptual advancement serves to enrich the theoretical framework for analyzing the relationship between taxation and financial performance within the manufacturing industry. In essence, the study's conceptual contribution lies in its ability to seamlessly connect established tax theories with the nuanced realities of quoted manufacturing companies operating in Nigeria.

For the theoretical contribution. The study has made a significant conceptual stride by expertly applying recognized tax theories, including the Benefits-Received Theory, Cost of Service Theory, and Ability to Pay Theory, within the distinctive context of corporate taxation in Nigeria's manufacturing sector. This innovative application takes the previously established tax theories and molds them to fit the specific intricacies of the manufacturing industry in Nigeria. It showcases a deep understanding of the complexities that manufacturing companies face when dealing with taxes in a developing economy. Also, these applications of tax theories not only bolster our conceptual comprehension but also signify theoretical advancements. By effectively extending the established theoretical framework to the practical landscape of corporate taxation within the Nigerian manufacturing sector, the study contributes substantially to our theoretical understanding. It illustrates how these tax theories are not merely abstract concepts but have genuine relevance in addressing real-world tax challenges faced by manufacturing companies. This expansion of the theoretical framework enhances our ability to analyze and grasp the intricate relationship between corporate taxes and financial performance within the context of Nigeria's manufacturing industry, thus advancing our theoretical comprehension of the subject matter.

Nonetheless, when considering empirical contributions, it's essential to note that the study has made significant strides. These contributions encompass the presentation of empirical evidence that substantially enhances our comprehension of the intricate relationship between various taxes—specifically, Companies' Income Tax (CIT), Education Tax, and Value Added Tax (VAT)—and the financial performance of quoted manufacturing companies in Nigeria. This empirical dataset constitutes a valuable addition to the existing body of knowledge, offering practical and real-world insights into the precise ways in which tax policies exert their impact on businesses operating within this sector. Furthermore, the study's findings, particularly the statistically significant negative impact attributed to Companies' Income Tax (CIT) on financial performance, underscore the pragmatic relevance of well-established tax theories, such as the Ability to Pay Theory. This empirical evidence goes beyond theoretical frameworks and serves as a crucial reference point for discussions on tax policy formulation. It bolsters the argument that high CIT rates have the potential to act as impediments to the financial performance of corporations, further emphasizing the practical implications of these tax theories in the real-world context of Nigerian manufacturing companies.

Finally, Policy and Practical Implications: practical Policy Recommendations: The research provides tangible policy recommendations grounded in its findings. These recommendations, which include the need for a review of CIT rates and ongoing monitoring of VAT impacts, contribute to the development of evidence-based tax policies. These policies seek to strike a balance between revenue generation and the promotion of economic growth and competitiveness among businesses. The study's focus on quoted manufacturing companies in Nigeria delivers industry-specific insights into the effects of taxation. This contributes to a deeper understanding of how tax policies impact different sectors, enabling more targeted policy interventions. The study underscores the importance of taxpayer education programs as an extension of the Cost of Service Theory. These programs can empower businesses to navigate tax regulations more effectively, ultimately reducing compliance costs and fostering better tax compliance.

Lastly, in terms of policy and practical implications, the research provides concrete policy recommendations firmly rooted in its findings. These actionable recommendations encompass several key aspects, including the necessity for a thorough review of Companies' Income Tax (CIT) rates and the continuous monitoring of the impacts of Value Added Tax (VAT). These recommendations significantly contribute to the development of well-informed, evidence-based tax policies. These policies aim to strike a delicate balance between generating revenue for the government and fostering economic growth and competitiveness within the business landscape. Moreover, the study's specific focus on quoted manufacturing companies in Nigeria yields valuable, industry-specific insights into the repercussions of taxation. This, in turn, deepens our understanding of how tax policies affect various sectors of the economy. Armed with this knowledge, policymakers can devise more targeted interventions and policies that cater to the unique needs and challenges faced by different industries. Furthermore, the study underscores the critical importance of taxpayer education programs, which can be viewed as an extension of the Cost of Service Theory. These programs have the potential to equip businesses with the knowledge and tools required to navigate tax regulations more effectively. As a result, compliance costs can be reduced, and businesses may exhibit improved tax compliance behaviors. This holistic approach to tax education aligns with the overarching goal of fostering a more efficient and equitable taxation system. In sum, the research's policy and practical implications encompass a range of actionable recommendations that not only contribute to the development of informed tax policies but also promote industry-specific insights and advocate for taxpayer education as a means of enhancing compliance and reducing compliance costs.

5.5 Suggested Area for Further Studies

Based on the findings of the study, which highlighted the intricate relationship between corporate taxes and the financial performance of quoted manufacturing companies in Nigeria, several promising areas for further research emerge:

Taxation and Sector-Specific Impacts: Further investigation is warranted to delve into the specific impacts of corporate taxes on distinct sub-sectors within the Nigerian manufacturing industry. Such research can uncover whether certain sub-sectors are more susceptible to the effects of specific taxes and provide insights into sector-specific tax policies.

Long-Term Tax Dynamics: Longitudinal studies could explore the enduring effects of corporate taxes on the financial performance and sustainability of manufacturing companies. These extended investigations would offer insights into the cumulative consequences of taxation over multiple years.

Tax Compliance Mechanisms: Research could focus on the factors influencing tax compliance behaviors among manufacturing firms in Nigeria. Examining the efficacy of tax enforcement measures and taxpayer education programs in promoting compliance could be especially insightful. Also, a closer look at the prevalence and mechanisms of tax avoidance and evasion strategies employed by manufacturing companies in Nigeria would provide a deeper understanding of the challenges faced in tax enforcement and suggest ways to counteract these practices.

Comparative analyses could assess Nigeria's tax policies and practices in relation to those of other countries with similar or different economic structures. These comparisons may reveal best practices and opportunities for reform. And also, Research exploring the impact of external factors, such as global economic changes, trade policies, or regulatory shifts, on the interaction between taxes and financial performance in the manufacturing sector would help to contextualize the findings and anticipate future challenges.

Tax Policy Simulations: The use of econometric models or simulations to project the potential consequences of various tax policy scenarios on the financial health and competitiveness of manufacturing companies in Nigeria could assist policymakers in making informed decisions.

Sustainability-Oriented Taxation: An examination of how tax policies and incentives align with sustainability goals within the manufacturing sector, especially considering "green" taxation or environmentally friendly incentives, would contribute to sustainable development efforts.

Tax Policy Communication and Compliance: Investigating the effectiveness of communication strategies employed by tax authorities to convey tax policy changes to manufacturing entities and assessing how clarity in communication impacts compliance and comprehension.

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CAMA CAP 20, LFN, 2004

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CAMA section 55.

ICAN 2014 Study Pack.

See section 50 of the Petroleum Profit Tax Act.

See section 92 CITA 2007

See section 97 CITA 2007

Appendix 1: Research Output

Descriptive Statistics

	ROA	CIT	ET	VAT	FS	LEV	LIQ	FA
Mean	0.055676	1352.832	193.0877	1283.765	16.57940	0.976261	0.389343	39.61429
Median	0.033524	1307.855	196.4124	1149.011	16.26606	0.566434	0.179850	39.00000
Maximum	6.174312	1747.990	259.5634	2072.850	21.59540	19.55710	13.13953	98.00000
Minimum	-2.359907	933.5370	130.1227	828.1990	10.95583	0.032253	6.35E-05	5.000000
Std. Dev.	0.544071	265.3753	42.40241	414.9255	2.386779	2.432649	0.956887	20.17741
Skewness	6.942121	0.007940	0.025513	0.882315	-0.070281	6.207200	11.40688	0.440986
Kurtosis	83.82273	2.025881	1.977048	2.525983	2.276830	42.26257	151.6392	3.099825
Jarque-Bera	58844.50	8.305148	9.179052	29.21288	4.748910	14837.08	197873.1	6.893594
Probability	0.000000	0.015724	0.010158	0.000000	0.093065	0.000000	0.000000	0.031847
Sum	11.69190	284094.8	40548.41	269590.6	3481.674	205.0148	81.76205	8319.000
Sum Sq. Dev.	61.86667	14718622	375774.5	35982105	1190.613	1236.816	191.3673	85089.76
Observations	210	210	210	210	210	210	210	210

Correlation Statistics

Covariance Analysis: Ordinary						
Date: 09/24/09 Time: 03:39						
Sample: 1 210						
Included observations: 210						
Correlation						
Probability	ROA	CIT	ET	VAT	FS	
ROA	1.000000					

CIT	-0.076427	1.000000				
	0.2702	-----				
ET	0.039605	0.476547	1.000000			
	0.5682	0.0000	-----			
VAT	0.026379	0.768265	0.473929	1.000000		
	0.7039	0.0000	0.0000	-----		
FS	0.103102	0.034149	0.034305	0.059406	1.000000	
	0.1364	0.6227	0.6211	0.3945	-----	

Random Effect Estimation

Dependent Variable: ROA				
Method: Panel EGLS (Cross-section random effects)				
Date: 09/24/09 Time: 03:23				
Sample: 2016 2021				
Periods included: 6				
Cross-sections included: 35				
Total panel (balanced) observations: 210				
Swamy and Arora estimator of component variances				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.286229	0.348462	0.821407	0.4124
CIT	-0.000524	0.000233	-2.253794	0.0253
ET	-0.000925	0.001058	0.874121	0.3831
VAT	0.002248	0.000149	1.667460	0.0969
FS	-0.001088	0.016250	-0.066960	0.9467
	Effects Specification			
			S.D.	Rho
Cross-section random			0.000000	0.0000
Idiosyncratic random			0.559678	1.0000

	Weighted Statistics		
R-squared	0.227399	Mean dependent var	0.055676
Adjusted R-squared	0.198422	S.D. dependent var	0.544071
S.E. of regression	0.541775	Sum squared resid	60.17158
F-statistic	56.21790	Durbin-Watson stat	2.271390
Prob(F-statistic)	0.000000		
	Unweighted Statistics		
R-squared	0.027399	Mean dependent var	0.055676
Sum squared resid	60.17158	Durbin-Watson stat	2.271390

Random Effect Hausman Test Estimation

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		2.046750	4	0.7272
** WARNING: estimated cross-section random effects variance is zero.				
Cross-section random effects test comparisons:				
Variable	Fixed	Random	Var(Diff.)	Prob.
CIT	-0.000546	-0.000524	0.000000	0.1525
ET	0.000826	0.000925	0.000000	0.1525
VAT	0.000201	0.000248	0.000000	0.1525
FS	0.181033	-0.001088	0.016205	0.1525

Fixed Effect Estimation

Cross-section random effects test equation:				
Dependent Variable: ROA				
Method: Panel Least Squares				
Date: 09/24/09 Time: 03:24				
Sample: 2016 2021				
Periods included: 6				
Cross-sections included: 35				
Total panel (balanced) observations: 210				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-2.625166	2.064639	-1.271489	0.2053
CIT	-0.000546	0.000233	-2.342399	0.0203
ET	0.000826	0.001060	0.779268	0.4369
VAT	0.004201	0.000152	1.324005	0.1873
FS	0.181033	0.128332	1.410652	0.1602
	Effects Specification			
Cross-section fixed (dummy variables)				
R-squared	0.134203	Mean dependent var		0.055676

Adjusted R-squared	0.128196	S.D. dependent var	0.544071
S.E. of regression	0.559678	Akaike info criterion	1.843075
Sum squared resid	53.56399	Schwarz criterion	2.464681
Log likelihood	-154.5229	Hannan-Quinn criter.	2.094367
F-statistic	18.83285	Durbin-Watson stat	2.506017
Prob(F-statistic)	0.000000		

Multicollinearity Test

Variance Inflation Factors			
Date: 09/24/09 Time: 03:34			
Sample: 1 210			
Included observations: 210			
	Coefficient	Uncentered	Centered
Variable	Variance	VIF	VIF
C	0.049965	36.17978	NA
CIT	5.01E-08	69.00082	2.545030
ET	1.04E-06	29.34784	1.344051
VAT	2.04E-08	26.92850	2.536018
LEV	0.000235	1.164883	1.002632

Test of Heteroscedasticity

Heteroskedasticity Test: ARCH				
F-statistic	1.198595	Prob. F(1,207)		0.2749
Obs*R-squared	1.203208	Prob. Chi-Square(1)		0.2727
Test Equation:				
Dependent Variable: RESID^2				
Method: Least Squares				
Date: 09/24/09 Time: 03:35				
Sample (adjusted): 2 210				
Included observations: 209 after adjustments				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.262742	0.161898	1.622882	0.1061
RESID^2(-1)	0.075875	0.069305	1.094803	0.2749
R-squared	0.005757	Mean dependent var		0.284321
Adjusted R-squared	0.000954	S.D. dependent var		2.324234
S.E. of regression	2.323125	Akaike info criterion		4.533227
Sum squared resid	1117.160	Schwarz criterion		4.565211

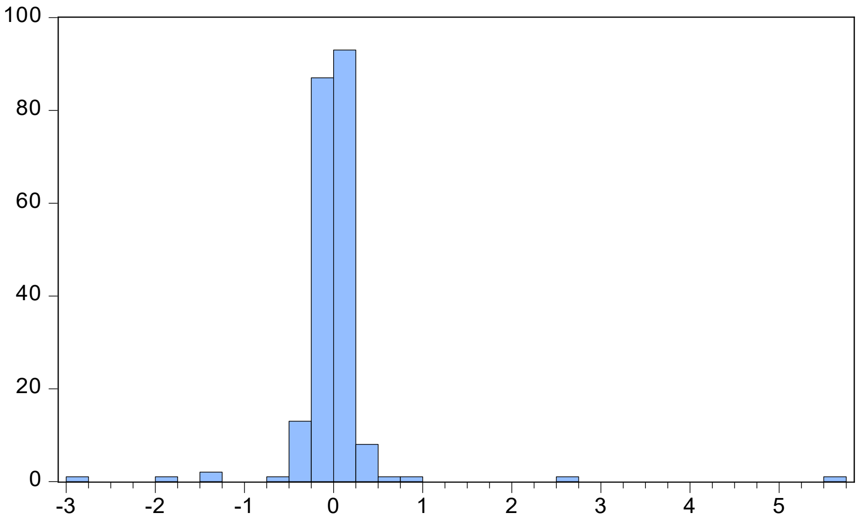
Log likelihood	-471.7222	Hannan-Quinn criter.		4.546158
F-statistic	1.198595	Durbin-Watson stat		2.040076
Prob(F-statistic)	0.274875			

Test of Higher Order Correlation

Breusch-Godfrey Serial Correlation LM Test:				
F-statistic	18.46783	Prob. F(2,203)		0.0000
Obs*R-squared	32.32736	Prob. Chi-Square(2)		0.0000
Test Equation:				
Dependent Variable: RESID				
Method: Least Squares				
Date: 09/24/09 Time: 03:35				
Sample: 1 210				
Included observations: 210				
Presample missing value lagged residuals set to zero.				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.015635	0.206678	0.075647	0.9398
CIT	2.70E-05	0.000207	0.130076	0.8966

ET	-0.000247	0.000942	-0.262488	0.7932
VAT	3.79E-06	0.000132	0.028630	0.9772
LEV	-0.009661	0.014268	-0.677088	0.4991
RESID(-1)	-0.082961	0.064755	-1.281141	0.2016
RESID(-2)	-0.391513	0.065192	-6.005569	0.0000
R-squared	0.153940	Mean dependent var		6.76E-16
Adjusted R-squared	0.128933	S.D. dependent var		0.533350
S.E. of regression	0.497781	Akaike info criterion		1.475452
Sum squared resid	50.30056	Schwarz criterion		1.587023
Log likelihood	-147.9225	Hannan-Quinn criter.		1.520556
F-statistic	6.155942	Durbin-Watson stat		2.187791
Prob(F-statistic)	0.000006			

Test for Normality



Series: Residuals
Sample 1 210
Observations 210

Mean	6.76e-16
Median	-0.001811
Maximum	5.628766
Minimum	-2.832710
Std. Dev.	0.533350
Skewness	5.262623
Kurtosis	67.76119
Jarque-Bera	37666.93
Probability	0.000000

Test of Model Misspecification

Ramsey RESET Test
Equation: UNTITLED
Specification: ROA C CIT ET VAT LEV
Omitted Variables: Squares of fitted values

	Value	df	Probability
t-statistic	11.05837	204	0.0000
F-statistic	122.2875	(1, 204)	0.0000
Likelihood ratio	98.62836	1	0.0000

F-test summary:

	Sum of Sq.	df	Mean Squares
Test SSR	22.28195	1	22.28195
Restricted SSR	59.45270	205	0.290013
Unrestricted SSR	37.17075	204	0.182210

LR test summary:

	Value	df
Restricted LogL	-165.4748	205
Unrestricted LogL	-116.1606	204

Unrestricted Test Equation:
Dependent Variable: ROA
Method: Least Squares
Date: 09/24/09 Time: 03:36
Sample: 1 210
Included observations: 210

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.224029	0.177210	1.264198	0.2076
CIT	0.001579	0.000261	6.048203	0.0000
ET	-0.009525	0.001240	-7.681906	0.0000
VAT	-0.000487	0.000132	-3.699988	0.0003
LEV	-0.281796	0.030219	-9.324997	0.0000
FITTED^2	29.86864	2.700999	11.05837	0.0000

R-squared	0.399180	Mean dependent var	0.055676
Adjusted R-squared	0.384454	S.D. dependent var	0.544071
S.E. of regression	0.426860	Akaike info criterion	1.163435
Sum squared resid	37.17075	Schwarz criterion	1.259066
Log likelihood	-116.1606	Hannan-Quinn criter.	1.202095
F-statistic	27.10716	Durbin-Watson stat	1.973339
Prob(F-statistic)	0.000000		

Appendix II: Raw and Measured Data

COMPANIES	FYEAR	SECTOR	Dividend Paid (N'000)	FSIZE	ROA	LEVE
Austin Laz & Co	2016	INDUSTRIAL GOODS	0	14.38126461	-0.082989593	0.1427
Austin Laz & Co	2017	INDUSTRIAL GOODS	0	14.34560514	0.000185393	0.0807
Austin Laz & Co	2018	INDUSTRIAL GOODS	0	14.32154532	-0.009784765	0.0542
Austin Laz & Co	2019	INDUSTRIAL GOODS	0	14.24329343	-0.055003967	0.0322
Austin Laz & Co	2020	INDUSTRIAL GOODS	0	14.14604664	-0.102132335	0.0355
Austin Laz & Co	2021	INDUSTRIAL GOODS	0	14.11349884	-0.033083274	0.0367
BERGER PAINTS PLC	2016	INDUSTRIAL GOODS	162,484	15.22704982	0.054605687	0.3651
BERGER PAINTS PLC	2017	INDUSTRIAL GOODS	149,237	15.2767788	0.057121731	0.3874
BERGER PAINTS PLC	2018	INDUSTRIAL GOODS	113,706	15.32740157	0.070669872	0.3797
BERGER PAINTS PLC	2019	INDUSTRIAL GOODS	133,467	15.43815074	0.088569529	0.3933
BERGER PAINTS PLC	2020	INDUSTRIAL GOODS	41,589	15.41930699	0.029370829	0.3670
BERGER PAINTS PLC	2021	INDUSTRIAL GOODS	126,615	15.44684087	0.026539578	0.3678
Beta Glass Company	2016	INDUSTRIAL GOODS	199,989	17.31758231	0.114494278	0.3527
Beta Glass Company	2017	INDUSTRIAL GOODS	489,973	17.45865003	0.107693491	0.3419
Beta Glass Company	2018	INDUSTRIAL GOODS	534,970	17.64588152	0.109653769	0.3570
Beta Glass Company	2019	INDUSTRIAL GOODS	649,964	17.76829851	0.107146337	0.3364
Beta Glass Company	2020	INDUSTRIAL GOODS	834,953	17.80382093	0.064240855	0.3108
Beta Glass Company	2021	INDUSTRIAL GOODS	519,971	17.96042798	0.086475402	0.3325
CADBURY NIGERIA PLC	2016	CONSUMER GOODS	460,525	17.16221655	-0.010433419	0.6108
CADBURY NIGERIA PLC	2017	CONSUMER GOODS	891,095	17.16271349	0.010554717	0.5868
CADBURY NIGERIA PLC	2018	CONSUMER GOODS	288,068	17.13071568	0.029899877	0.5395
CADBURY NIGERIA PLC	2019	CONSUMER GOODS	437,149	17.17595323	0.037179616	0.5289

CADBURY NIGERIA PLC	2020	CONSUMER GOODS	178,459	17.31838219	0.028058049	0.5920
CADBURY NIGERIA PLC	2021	CONSUMER GOODS	57,632	17.59259068	0.010293651	0.6878
CAP Plc	2016	INDUSTRIAL GOODS	0	15.40800555	0.326150799	0.5354
CAP Plc	2017	INDUSTRIAL GOODS	1,540,000	15.42774256	0.298909651	0.5528
CAP Plc	2018	INDUSTRIAL GOODS	1,437,953	15.65784368	0.321543955	0.5549
CAP Plc	2019	INDUSTRIAL GOODS	2,030,227	15.7266756	0.257668695	0.6270
CAP Plc	2020	INDUSTRIAL GOODS	0	15.95863979	0.143456849	0.5607
CAP Plc	2021	INDUSTRIAL GOODS	1,470,000	16.31003077	0.092653558	0.6360
CHAMPION BREWERIES PLC	2016	CONSUMER GOODS	0	16.11421212	0.053245279	0.2299
CHAMPION BREWERIES PLC	2017	CONSUMER GOODS	0	16.1269425	0.05130034	0.1936
CHAMPION BREWERIES PLC	2018	CONSUMER GOODS	0	16.16564791	-0.025155597	0.2432
CHAMPION BREWERIES PLC	2019	CONSUMER GOODS	0	16.21171194	0.01534488	0.2685
CHAMPION BREWERIES PLC	2020	CONSUMER GOODS	0	16.24635843	0.013967785	0.2925
CHAMPION BREWERIES PLC	2021	CONSUMER GOODS	0	16.4172231	0.072977423	0.3163
Chams Plc	2016	ICT	0	15.61282722	-0.251699363	0.6957
Chams Plc	2017	ICT	0	15.37830393	-0.265964297	0.8773
Chams Plc	2018	ICT	0	15.47468733	0.072340481	0.6853
Chams Plc	2019	ICT	140,881	15.59936638	0.054197335	0.6682
Chams Plc	2020	ICT	0	15.75863913	-0.131748245	0.7952
Chams Plc	2021	ICT	0	16.28575575	-0.03043598	0.5996
Courteville Plc	2016	ICT	0	15.19301767	0.009283721	0.2034
Courteville Plc	2017	ICT	0	15.22241531	0.009049795	0.2216
Courteville Plc	2018	ICT	0	15.24841915	0.020589992	0.2228
Courteville Plc	2019	ICT	0	15.21380142	0.039450383	0.1534
Courteville Plc	2020	ICT	0	15.27654823	0.035628928	0.1692
Courteville Plc	2021	ICT	0	15.38209504	0.042228823	0.2155
Cutix Plc	2016	INDUSTRIAL GOODS	105,679	14.45299597	0.100729073	0.5399
Cutix Plc	2017	INDUSTRIAL GOODS	123,293	14.66128955	0.1105236	0.5647
Cutix Plc	2018	INDUSTRIAL	158,519	14.85799755	0.155238127	0.5418

		GOODS				
Cutix Plc	2019	INDUSTRIAL GOODS	175,132	14.86679991	0.166729691	0.4362
Cutix Plc	2020	INDUSTRIAL GOODS	290,166	15.10418933	0.108338777	0.5023
Cutix Plc	2021	INDUSTRIAL GOODS	220,165	15.38249828	0.123956453	0.5501
DANGOTE CEMENT	2016	INDUSTRIAL GOODS	136,324,000	21.14716532	0.093499085	0.4781
DANGOTE CEMENT	2017	INDUSTRIAL GOODS	144,844,000	21.23362115	0.12260645	0.5309
DANGOTE CEMENT	2018	INDUSTRIAL GOODS	178,925,000	21.25063171	0.230353215	0.4177
DANGOTE CEMENT	2019	INDUSTRIAL GOODS	272,785,000	21.27792709	0.115152545	0.4843
DANGOTE CEMENT	2020	INDUSTRIAL GOODS	272,693,000	21.42757598	0.1365017	0.5594
DANGOTE CEMENT	2021	INDUSTRIAL GOODS	272,005,000	21.59540362	0.152356231	0.5887
DANGOTE SUGAR PLC	2016	CONSUMER GOODS	6,000,000	18.96398977	0.083614935	0.6157
DANGOTE SUGAR PLC	2017	CONSUMER GOODS	13,200,000	19.08892259	0.203934352	0.5246
DANGOTE SUGAR PLC	2018	CONSUMER GOODS	15,000,000	18.98096275	0.125496181	0.4348
DANGOTE SUGAR PLC	2019	CONSUMER GOODS	13,200,000	19.08185167	0.115439303	0.4417
DANGOTE SUGAR PLC	2020	CONSUMER GOODS	13,200,000	19.44324817	0.107092714	0.5514
DANGOTE SUGAR PLC	2021	CONSUMER GOODS	18,220,317	19.70024077	0.061340577	0.6422
ELLAH LAKES PLC	2016	AGRICULTURE	0	13.97514333	-0.023651413	0.5612
ELLAH LAKES PLC	2017	AGRICULTURE	0	13.96962038	-0.005109637	0.5639
ELLAH LAKES PLC	2018	AGRICULTURE	0	13.96033012	-0.009333544	0.5493
ELLAH LAKES PLC	2019	AGRICULTURE	0	15.54862221	-0.147016745	0.2117
ELLAH LAKES PLC	2020	AGRICULTURE	0	15.54377594	-0.054941876	0.2619
ELLAH LAKES PLC	2021	AGRICULTURE	0	16.12619536	-0.055873503	0.2936
FLOUR MILLS NIG PLC	2016	CONSUMER GOODS	3,688,887	19.66006411	0.041755766	0.7226
FLOUR MILLS NIG PLC	2017	CONSUMER GOODS	2,971,314	19.99470546	0.018309972	0.7875
FLOUR MILLS NIG PLC	2018	CONSUMER GOODS	2,838,587	19.82763011	0.033343562	0.6311

FLOUR MILLS NIG PLC	2019	CONSUMER GOODS	5,488,599	19.84816888	0.009596782	0.6378
FLOUR MILLS NIG PLC	2020	CONSUMER GOODS	4,669,639	19.88498615	0.026307416	0.6397
FLOUR MILLS NIG PLC	2021	CONSUMER GOODS	5,453,991	20.11580598	0.04721016	0.6794
FTN COCOA PROCESSORS PLC	2016	AGRICULTURE	0	15.47880957	-0.160561829	0.7737
FTN COCOA PROCESSORS PLC	2017	AGRICULTURE	0	15.42584007	-0.152348305	0.8452
FTN COCOA PROCESSORS PLC	2018	AGRICULTURE	0	15.38762037	-0.118204825	0.9859
FTN COCOA PROCESSORS PLC	2019	AGRICULTURE	0	15.40010153	-0.0726749	1.0587
FTN COCOA PROCESSORS PLC	2020	AGRICULTURE	0	15.34864696	-0.182053211	1.2997
FTN COCOA PROCESSORS PLC	2021	AGRICULTURE	0	15.82256822	-0.198702259	1.1010
GREIF NIG. PLC	2016	INDUSTRIAL GOODS	25,584	13.49045886	0.037517474	0.5327
GREIF NIG. PLC	2017	INDUSTRIAL GOODS	25,584	13.5755565	0.062827332	0.5405
GREIF NIG. PLC	2018	INDUSTRIAL GOODS	0	13.07260785	-0.551969495	0.7922
GREIF NIG. PLC	2019	INDUSTRIAL GOODS	0	12.06417492	-1.799172535	2.2296
GREIF NIG. PLC	2020	INDUSTRIAL GOODS	0	12.68184709	1.088969464	0.5740
GREIF NIG. PLC	2021	INDUSTRIAL GOODS	0	12.3903423	-0.130607815	0.5605
GUINNESS NIG PLC	2016	CONSUMER GOODS	2,243,948	18.73543633	-0.014715308	0.6958
GUINNESS NIG PLC	2017	CONSUMER GOODS	706,557	18.7993789	0.013172716	0.7059
GUINNESS NIG PLC	2018	CONSUMER GOODS	963,768	18.84761355	0.043832869	0.4284
GUINNESS NIG PLC	2019	CONSUMER GOODS	4,030,304	18.89562606	0.034104375	0.4461
GUINNESS NIG PLC	2020	CONSUMER GOODS	3,329,382	18.78633433	-0.08726468	0.4933
GUINNESS NIG PLC	2021	CONSUMER GOODS	0	18.94781186	0.00741021	0.5614
HONEYWELL FLOUR MILL PLC	2016	CONSUMER GOODS	396,510	18.14685655	-0.039763158	0.7848
HONEYWELL FLOUR MILL PLC	2017	CONSUMER GOODS	0	18.54424008	0.038045866	0.5374
HONEYWELL FLOUR MILL PLC	2018	CONSUMER GOODS	475,812	18.64250353	0.035462631	0.5482
HONEYWELL	2019	CONSUMER	475,812	18.73917165	0.000497203	0.5878

FLOUR MILL PLC		GOODS				
HONEYWELL FLOUR MILL PLC	2020	CONSUMER GOODS	0	18.77317601	0.004572516	0.5973
HONEYWELL FLOUR MILL PLC	2021	CONSUMER GOODS	317,208	18.80862428	0.007638432	0.6067
INTERNATIONAL BREWERIES PLC	2016	CONSUMER GOODS	823,616	17.3265217	0.079228827	0.5819
INTERNATIONAL BREWERIES PLC	2017	CONSUMER GOODS	0	19.26315587	0.006008443	0.8309
INTERNATIONAL BREWERIES PLC	2018	CONSUMER GOODS	0	19.55297575	-0.012677214	0.8866
INTERNATIONAL BREWERIES PLC	2019	CONSUMER GOODS	0	19.71580929	-0.076108254	0.9795
INTERNATIONAL BREWERIES PLC	2020	CONSUMER GOODS	0	19.73614055	-0.049659974	0.5928
INTERNATIONAL BREWERIES PLC	2021	CONSUMER GOODS	0	19.96814371	-0.034960833	0.7120
LAFARGE	2016	INDUSTRIAL GOODS	1,444,821	20.03286228	0.033704961	0.5034
LAFARGE	2017	INDUSTRIAL GOODS	16,280,825	20.19102978	-0.058917047	0.7326
LAFARGE	2018	INDUSTRIAL GOODS	11,845,272	20.10844296	-0.016277287	0.7511
LAFARGE	2019	INDUSTRIAL GOODS	4,220,596	20.02440679	0.231527388	0.3062
LAFARGE	2020	INDUSTRIAL GOODS	7,512,967	20.04444351	0.060806956	0.2909
LAFARGE	2021	INDUSTRIAL GOODS	27,310,008	20.08240403	0.096810651	0.2814
LIVESTOCK FEEDS PLC	2016	AGRICULTURE	101	15.81123524	0.020697291	0.7165
LIVESTOCK FEEDS PLC	2017	AGRICULTURE	20,768	15.47577922	-0.137966371	0.6012
LIVESTOCK FEEDS PLC	2018	AGRICULTURE	20,768	15.18781223	-0.157262958	0.6290
LIVESTOCK FEEDS PLC	2019	AGRICULTURE	20,768	15.21024669	0.026364743	0.6109
LIVESTOCK FEEDS PLC	2020	AGRICULTURE	20,768	15.68332634	0.077722447	0.6798
LIVESTOCK FEEDS PLC	2021	AGRICULTURE	17,384	16.19762146	0.039684846	0.7688
MCNICHOLS PLC	2016	CONSUMER GOODS	0	13.07136688	0.117716636	0.3653
MCNICHOLS PLC	2017	CONSUMER GOODS	0	13.19791231	0.063142805	0.3958
MCNICHOLS PLC	2018	CONSUMER GOODS	26,136	13.62397468	0.049473773	0.5965
MCNICHOLS PLC	2019	CONSUMER GOODS	16,335	13.49050315	0.027979771	0.5205

MCNICHOLS PLC	2020	CONSUMER GOODS	8,820	13.4757756	0.022660013	0.5031
MCNICHOLS PLC	2021	CONSUMER GOODS	8,821	13.44808229	0.020568567	0.4813
Meyer Plc (DN Meyer)	2016	INDUSTRIAL GOODS	0	14.60647205	- 0.099385359	0.7886
Meyer Plc (DN Meyer)	2017	INDUSTRIAL GOODS	0	14.46667674	- 0.139663861	0.8199
Meyer Plc (DN Meyer)	2018	INDUSTRIAL GOODS	0	14.43927658	0.171059443	0.6445
Meyer Plc (DN Meyer)	2019	INDUSTRIAL GOODS	0	14.61025267	- 0.006142185	1.3991
Meyer Plc (DN Meyer)	2020	INDUSTRIAL GOODS	0	14.93120478	0.366356827	0.4207
Meyer Plc (DN Meyer)	2021	INDUSTRIAL GOODS	746,591	14.52025276	0.016639937	0.4786
NASCON ALLIED INDUSTRIES PLC	2016	CONSUMER GOODS	145,191	17.0183898	0.098165134	0.6729
NASCON ALLIED INDUSTRIES PLC	2017	CONSUMER GOODS	1,854,607	17.22080776	0.177390937	0.6170
NASCON ALLIED INDUSTRIES PLC	2018	CONSUMER GOODS	3,974,158	17.22568185	0.14602426	0.6070
NASCON ALLIED INDUSTRIES PLC	2019	CONSUMER GOODS	2,649,438	17.47054342	0.047719179	0.7132
NASCON ALLIED INDUSTRIES PLC	2020	CONSUMER GOODS	1,059,775	17.60669817	0.060717022	0.7129
NASCON ALLIED INDUSTRIES PLC	2021	CONSUMER GOODS	1,060,122	17.51734074	0.073318843	0.6389
NESTLE NIGERIA PLC	2016	CONSUMER GOODS	20,081,494	18.94887033	0.046731282	0.8179
NESTLE NIGERIA PLC	2017	CONSUMER GOODS	11,428,504	18.80460979	0.229719222	0.6942
NESTLE NIGERIA PLC	2018	CONSUMER GOODS	44,554,195	18.9051691	0.264934728	0.6906
NESTLE NIGERIA PLC	2019	CONSUMER GOODS	49,003,305	19.08013832	0.236241888	0.7644
NESTLE NIGERIA PLC	2020	CONSUMER GOODS	54,056,837	19.32159383	0.159278695	0.8809
NESTLE NIGERIA PLC	2021	CONSUMER GOODS	30,729,397	19.55285193	0.129053217	0.9310
NIGERIAN BREWERY PLC	2016	CONSUMER GOODS	36,057,793	19.72127142	0.077399533	0.5480
NIGERIAN BREWERY PLC	2017	CONSUMER GOODS	24,038,861	19.76152809	0.086462925	0.5335
NIGERIAN BREWERY PLC	2018	CONSUMER GOODS	29,533,909	19.77719317	0.050063876	0.5703
NIGERIAN BREWERY PLC	2019	CONSUMER GOODS	18,632,782	19.7629645	0.042076431	0.5617
NIGERIAN	2020	CONSUMER	14,074,548	19.91550928	0.016526298	0.6384

BREWERY PLC		GOODS				
NIGERIAN BREWERY PLC	2021	CONSUMER GOODS	4,979,289	20.00073563	0.026099648	0.6459
NIGERIAN ENAMELWARE PLC	2016	CONSUMER GOODS	28,512	15.32836774	0.029401833	0.6892
NIGERIAN ENAMELWARE PLC	2017	CONSUMER GOODS	28,512	15.57793768	0.007733205	0.7550
NIGERIAN ENAMELWARE PLC	2018	CONSUMER GOODS	0	15.33635919	-0.000728348	0.6888
NIGERIAN ENAMELWARE PLC	2019	CONSUMER GOODS	0	15.29293136	-0.055147057	0.7302
NIGERIAN ENAMELWARE PLC	2020	CONSUMER GOODS	0	14.35096889	-0.205362155	0.5133
NIGERIAN ENAMELWARE PLC	2021	CONSUMER GOODS	0	14.22565802	-0.182830582	0.6311
NORTHERN NIG FLOUR MILLS PLC	2016	CONSUMER GOODS	53,460	14.36925773	-0.113371959	0.2809
NORTHERN NIG FLOUR MILLS PLC	2017	CONSUMER GOODS	0	15.28279579	-0.004159593	0.7142
NORTHERN NIG FLOUR MILLS PLC	2018	CONSUMER GOODS	0	15.59344811	-0.010306137	0.8015
NORTHERN NIG FLOUR MILLS PLC	2019	CONSUMER GOODS	0	15.42352986	-0.006348199	0.7695
NORTHERN NIG FLOUR MILLS PLC	2020	CONSUMER GOODS	0	15.95463345	0.007611294	0.6739
NORTHERN NIG FLOUR MILLS PLC	2021	CONSUMER GOODS	0	15.81228627	0.009493067	0.6214
OKOMU OIL PALM PLC	2016	AGRICULTURE	95,391	17.01449648	0.202470207	0.3058
OKOMU OIL PALM PLC	2017	AGRICULTURE	1,430,865	17.25828821	0.290729416	0.2602
OKOMU OIL PALM PLC	2018	AGRICULTURE	2,861,730	17.46403543	0.214480532	0.2577
OKOMU OIL PALM PLC	2019	AGRICULTURE	4,769,550	17.59047119	0.123139132	0.3306
OKOMU OIL PALM PLC	2020	AGRICULTURE	1,907,820	17.82305914	0.141433514	0.3678
OKOMU OIL PALM PLC	2021	AGRICULTURE	6,677,370	18.00171152	0.175437726	0.4822
PORTLAND PAINTS	2016	INDUSTRIAL GOODS	0	14.37759302	0.004899899	0.6008
PORTLAND PAINTS	2017	INDUSTRIAL GOODS	0	14.52644952	0.028572102	0.3157
PORTLAND PAINTS	2018	INDUSTRIAL GOODS	0	14.62709301	0.091803659	0.3173
PORTLAND PAINTS	2019	INDUSTRIAL GOODS	39,671	14.62862106	0.037648493	0.2983
PORTLAND PAINTS	2020	INDUSTRIAL GOODS	0	14.44636097	-0.025219135	0.3247

PORTLAND PAINTS	2021	INDUSTRIAL GOODS	0	14.39162155	0.008383986	0.2783
PREMIER PAINTS	2016	INDUSTRIAL GOODS	0	12.67620752	-0.104848739	1.0240
PREMIER PAINTS	2017	INDUSTRIAL GOODS	0	12.55702877	-0.189742507	1.2167
PREMIER PAINTS	2018	INDUSTRIAL GOODS	0	12.47675606	-0.263704743	1.4986
PREMIER PAINTS	2019	INDUSTRIAL GOODS	0	12.3821162	-0.069371651	1.6174
PREMIER PAINTS	2020	INDUSTRIAL GOODS	0	12.30079629	-0.139327151	1.8091
PREMIER PAINTS	2021	INDUSTRIAL GOODS	0	12.22574291	0.002372863	1.9774
PRESCO PLC	2016	AGRICULTURE	1,000,000	17.34124315	0.640525316	0.4793
PRESCO PLC	2017	AGRICULTURE	1,500,000	17.64385202	0.123597066	0.5243
PRESCO PLC	2018	AGRICULTURE	2,000,000	17.89745266	0.072294222	0.5920
PRESCO PLC	2019	AGRICULTURE	2,000,000	18.07429021	0.05427813	0.6058
PRESCO PLC	2020	AGRICULTURE	2,000,000	18.11644908	0.071329818	0.5790
PRESCO PLC	2021	AGRICULTURE	3,000,000	18.76147443	0.137404592	0.7881
PZ CUSSONS NIGERIA PLC	2016	CONSUMER GOODS	2,421,991	18.12537198	0.028613248	0.4168
PZ CUSSONS NIGERIA PLC	2017	CONSUMER GOODS	1,985,238	18.31629226	0.040922392	0.4989
PZ CUSSONS NIGERIA PLC	2018	CONSUMER GOODS	1,985,238	18.29982265	0.02174687	0.4909
PZ CUSSONS NIGERIA PLC	2019	CONSUMER GOODS	595,572	18.19674613	0.014459571	0.4276
PZ CUSSONS NIGERIA PLC	2020	CONSUMER GOODS	595,572	18.17798653	-0.092281123	0.5594
PZ CUSSONS NIGERIA PLC	2021	CONSUMER GOODS	397,048	18.28537488	0.01941102	0.6043
UNILEVER NIGERIA PLC	2016	CONSUMER GOODS	186,388	18.09897724	0.042375907	0.8387
UNILEVER NIGERIA PLC	2017	CONSUMER GOODS	378,330	18.61199809	0.061528051	0.3730
UNILEVER NIGERIA PLC	2018	CONSUMER GOODS	2,872,503	18.69712521	0.080035422	0.3720
UNILEVER NIGERIA PLC	2019	CONSUMER GOODS	5,820,974	18.45679586	-0.071564926	0.3583
UNILEVER NIGERIA PLC	2020	CONSUMER GOODS	70,689	18.33204118	-0.043335093	0.3211
UNILEVER NIGERIA PLC	2021	CONSUMER GOODS	55,664	18.50030984	0.031482317	0.3927
UNION DICON SALT PLC	2016	CONSUMER GOODS	0	11.69417144	3.012121364	7.9861
UNION DICON SALT PLC	2017	CONSUMER GOODS	0	11.34950024	-0.986470096	11.847

UNION DICON SALT PLC	2018	CONSUMER GOODS	0	10.955829	-2.359907134	19.440
UNION DICON SALT PLC	2019	CONSUMER GOODS	0	11.681165	-0.993238789	19.557
UNION DICON SALT PLC	2020	CONSUMER GOODS	0	11.61513001	6.174312258	14.491
UNION DICON SALT PLC	2021	CONSUMER GOODS	0	11.62834126	0.343487713	13.244
VITAFOAM NIG PLC	2016	CONSUMER GOODS	299,700	16.40669325	-0.002400202	0.7371
VITAFOAM NIG PLC	2017	CONSUMER GOODS	125,084	16.41156137	-0.009521521	0.7484
VITAFOAM NIG PLC	2018	CONSUMER GOODS	172,784	16.59034407	0.037535833	0.7578
VITAFOAM NIG PLC	2019	CONSUMER GOODS	292,621	16.44174126	0.172679899	0.5680
VITAFOAM NIG PLC	2020	CONSUMER GOODS	565,345	16.88985834	0.189847958	0.5821
VITAFOAM NIG PLC	2021	CONSUMER GOODS	939,206	17.27465202	0.144608161	0.5930

Source: *Researcher Compilation from the Annual Report of Quoted Manufacturing Companies in Nigeria*

Bio-data

PERSONALDATA

Name:	Charles Ogwime, IDOGUN
Nationality:	Nigerian
State of Origin:	Edo State
Local Government Area:	Etsako East
Date of Birth:	12th November, 1975
Place of Birth:	Afokpella- Okpella Clan, EdoState
Religion:	Christainity
Marital Status:	Married
No. of Children:	Three- One Male and Two
Females	
Age of children:	Male 15, Female 13, and 9
Contact Address:	13, Abeokuta Close, Off Adeibitokun Street, Adura, Alagbado Lagos State
Tel:	07064424852, 08072205604
E-mail Address	charlesidogun@yahoo.com, charlesidogun7@gmail.com

Educational Background

Eramme Primary School, Afokpella Okpella Clan, Etsako East Local Government, Edo State, Nigeria.	1986-1991
Afokpella Secondary School, Afokpella, Okpella Clan, Etsako East Local Government, Edo State, Nigeria.	1991-1996
University of Benin, Benin City, Edo state, Nigeria	1998-2003
Corporate Finance Institute: Vancouver (head office), CFI Education Inc. 16th floor,595 Burrard street Vancouver, BC V7X IL3 Canada	2018

Contact phone: 1-800-817-7539
E-mail: learning@corporatefinanceinstitute.com

Lead City University, Ibadan Oyo State, Nigeria.	2018 (in view)

Academic Qualifications with dates:

First School Leaving Certificate	1991
General Certificate of Education O/L	1995
Bachelor of Science (Bsc) Economics and statistics	2003
Advanced Certificate in corporate finance and Accounting	2018
Master of Science (Degree in view) Msc Accounting	2018

Professional Membership
Student member of the institute of Chartered Accountants of Nigeria (ICAN) (in-view)

Summary of Work Experience:

Period **specification**	**Employer**	**Job**
2005-2006	Union Bank of Nigeria Plc. Head Office, Marina, Lagos, Nigeria	NYSC
2006-2009 Broker	Amyn Investments Limited (Member Nigeria Stock Exchange) Stock Exchange House 2/4 Customs Street Marina, Lagos.	Stock
2009- 2017	Afemikhe Adamson Williams & Co. Service (Chartered Accountants) Business 12, Opeifa Farm Road, Candos and Taxation Baruwa- Ipaja, Lagos – Nigeria	Audit Corporate Advisers
2018-to –date	Strata Design and Build Ltd Architectural and Urban 3rd Floor,16 Amodu Ojikutu Street. Victoria Island. Lagos	Design

Courses Attended:

- Training on the preparation of abridged financial statements by Nigeria Accounting Standard Board – 2010 organized by ICAN
- Principle of value for Money (VFM) audit by Mesaf Management Services, Lagos.

Work Experience:

Union Bank of Nigeria PLC 2005- 2006

- ✓ Served in the control section of the
- ✓ Corporate Banking Division

Duties performed entails:

- ✓ Monitoring outstanding facilities and appraising
- ✓ Applications for new facilities.

Capacity served- Credit Control Analyst

AMYN INVESTMENTS LIMITED
2006- 2009

Specific Duties performed entails:

- ✓ Stock broking activities.
  This entails the marketing of the firm to current investors to increase their investments through the firm and to solicit for potential investors in the stock market to be brokered by the firm.
- ✓ Advising Prospective investors on the Type of shares and stocks to buy and the timing of such purchases
- ✓ Portfolio management

Specific Duties

a. To provide financial advice and support to client and colleagues to enable them to make sound investment decision.
b. Planning long term financial strategy for the company such as setting of goals for achieving specific revenues and profit.
c. To conduct regular reviews of the master budget in terms of the financial performance of the company.
d. To determine the best investment option of the company.
e. To control the company expenses that is setting spending levels and cutting cost.
f. To project and manage the company cash flow (income and expenditure)
g. To ensure the company meets all its legal obligations, such as sales and income tax payment.
h. To monitor every payment made by clients and verify accordingly through the bank statements.

Capacity Served: Finance Officer.

Afemikhe Adamson Williams & Co. (Chartered Accountants) 2009-2017

Specific Duties performed entails:

- ✓ Audit of companies accounts in both private and public sectors of the Nigerian economy.
- ✓ Carrying out bookkeeping and accountancy services for small and medium size companies.
- ✓ Carrying out taxation advisory services for the firm's clients
- ✓ Facilitation of training programs for accounts staff of clients companies
- ✓ Business valuation, feasibility studies, financial advisory services and project management.

Participated in the:

- ✓ Development of operational and audit manuals, staff condition of service, financial policies and procedures and other managerial advisory services.
- ✓ Assisting clients in the computation, processing and procurement of the Tax Clearance Certificate (TCC) including tax planning and management.
- ✓ Resolved tax audit and investigation cases for the clients companies in a swift and amicable manner, resulting in lower tax and penalty payable.
- ✓ Replying to queries raised by tax authorities on the clients companies income tax
- ✓ Preparation of workings, computations, reconciliation and supporting schedules required by the tax authorities for the clients companies
- ✓ Submitting alternative proposal on behalf of the client companies to the tax authorities to resolve issues in dispute
- ✓ Attending meetings and discussions with the tax authorities on behalf of the clients companies in the pursuit of an amicable settlement with the tax authorities.
- ✓ Provide prudential tax audit on behalf of the clients companies for the purpose of identifying significant areas of concerns and recommending corrective actions by undertaking a high level review of the financial statements, tax returns and computation for the client companies.

Capacity served – Audit Staff

Strata Design and Build Ltd (2018- 2019)

Specific Duties performed entails:

- ✓ Managing Office Supplies stock and placing orders if necessary.
- ✓ Preparing regular financial and administrative reports.
- ✓ Administration of company internal and external information
- ✓ Updates company policies as needed
- ✓ Distribute and store correspondence such as letters, e-mail and package.
- ✓ Booking of meeting and arranging travel and accommodation as required by management.
- ✓ Reviewing and reporting on systems and operations (internal audit)
- ✓ Recording of all company transaction both financial transaction and cost elements
- ✓ Optimization of the use of the company resources
- ✓ Presentation of financial information for management to assist them in directing and controlling the firm

Capacity Served – Admin. Manager/Account Officer

M.K.S Engineering Enterprises (2019 to date)

Contractor to Bua Group
Bua Lasuco Sugar Company Limited
Lafiagi, Kwara State.

Specific Duties performed entails:

1. To receive the materials ordered by the purchase department (in case of Decentralised system) and supplied by the vendors in a proper maintains as per the laid down procedure.
2. To ensure the correctness in the quality, quantity, specifications, condition of the materials received from vendors.
3. To stock the materials received from vendors properly as to ensure easy access identification, verification, handling, maintenance etc.
4. To ensure proper stocking of materials by using appropriate method of care and preservation to avoid any damage and loss.
5. To ensure a smooth issue of materials to the issue department.
6. To ensure accurate accounting of the materials receiver and issued.
7. To ensure a favorable working atmosphere is maintained for the personnel working in the store.
8. To ensure proper safety measures are taken for the safety of the store building, materials in the store and the men working in the store.
9. To ensure that the store is always maintained up to date in all respects in a presentable condition.

Capacity Served – Store Manager

Referee:
Henry Idogun
Managing Director
Edo State Procurement agency
Benin- City, Edo State.
Tel: 0803382783

Barr. (Dr). Ayuba Giwa
Solicitor and Advocate of the Supreme Court of Nigeria
15 Etuwewe street off danco road
Warri Delta State.
Tel: 08033391609

Chief Mushood Aliu
Head, Ukhomunyio council of chiefs
Afokpella Okpella, Edo State.
Tel: 08035638081

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Signature **Date**

The University Compliance Certification

This is to certify that this Thesis written by Charles Ogwime IDOGUN with Matric No**:** LCU/PG/000025 in the Department of Management and Accounting, Faculty of Management and Social Sciences, Lead City University, Ibadan is in full compliance with the approved University format and style.

Signature **Date**