

# The Impact of Corporate Tax Planning on Financial Performance of Listed Industrial Firms in Nigeria

**David Richard**

Department of Accounting, Kaduna State University  
Email: richdavojo@yahoo.com

**Emmanuel Monday**

Department of Accounting, Faculty of Social Science  
Ahmadu Bello University, Zaria

**Bassey, Emmanuel Ude**

Department of Accountancy, Taraba State University  
[emmanueludebassey@gmail.com](mailto:emmanueludebassey@gmail.com)

---

## **ABSTRACT**

*The study examined the impact of corporate tax planning on the financial performance of listed manufacturing firms in Nigeria. The study uses secondary data, collected from annual financial reports and account of 12 selected firms out of 14 listed industrial goods sectors from period of 2012 to 2017. The study employed Ordinary Least Square (OLS) method of regression. The main objective of this study is to evaluate the impact of corporate tax planning on financial performance of listed industrial firms in Nigeria. Tax planning is proxy as Effective Tax Rate (ETR). The study uses control variables such as financial leverage (FLEV), firm size (FSZ) and corporate tax incentives (CTI), the regression results show that ETR has a significant and positive relationship with financial performance. The study suggested that, Nigerian industrial firms have not been able to effectively capitalize and take advantages of the loopholes enshrined in the Nigerian tax laws. For future research, this study recommends that, study in this area should be expanded by extending its population to all manufacturing firms in Nigeria.*

---

**Keywords:** financial performance, Effective Tax Rate, financial leverage, firm size and corporate tax incentive.

---

## **INTRODUCTION**

Most firms try to make tax planning optimization in order to enhance the income after tax. (M.W.M, Ghazali, 2018). One of the main roles for corporate tax manager is to devise a strategy on minimizing a firm's overall tax obligation. In theory, corporate's tax obligation is directly related to its income or profitability; achieving company's wealth maximization objective via various means of increasing profitability leads to firms facing challenges of having to reduce its tax obligations. According to (Oyeyemi & Babatunde, 2016), the tax liability of a firm is positively linked to the firm's profitability. The achievement of wealth maximization goal of the firm through the many ways of increasing profitability worsen the ability of the firm to pay high taxes leading to the reduction of its tax liability

Tax authorities have explained tax planning as a situation where the taxpayer prepare his financial statement in a way that would make him pay the least possible amount of tax without contradicting the legal rules. Tax planning, like any company management activity, focuses on contribute to the financial performance and economic value of the firm, thus helping to maximize the return on the owners' investment.(Luis, Silvio Santa, 2016).

The main objective of this paper is to establish the impact of corporate tax planning on the financial performance of listed manufacturing firms in Nigeria. Thus, the research Hypothesis for this study state that, there is no significant relationship between corporate tax planning and financial performance of listed industrial firms in Nigeria.

Most researchers in this area basically are foreign studies with very limited studies domestically. These studies are concentrated in certain domains (firms) and have mixed inconsistencies in their findings. For foreign studies, we have Aganyo, (2013), Seyram and Holy (2014), Sani & Jamilu, (2016) and (Goh et al., 2016), with reference to Nigeria, previous studies such as (Jim-Suleiman, 2015), (Appolos & Kwarbai, 2016)Olajide., (2017)and Dada (2017) examined the effect of tax planning/avoidance on performance. Those studies provide no evidence on the impact of corporate tax planning on financial performance particularly on listed Industrial firms in Nigeria. Therefore, this paper is to assess the impact of corporate tax planning on the financial performance of listed industrial firms in Nigeria.

It is noted that there is still ambiguity regarding the appropriate variables that might serve as proxies for corporate tax planning.(M.W.M, Ghazali, 2018)proxies for tax planning are Effective Tax Rate (ETR) and Book Tax Differences (BTDs) and the proxy for firm value is Tobin's Q. (Ilaboya, Izevbekhai, & Ohiokha 2016), proxies for tax planning was measured using tax savings and Effective Tax Rate (ETR). Previous studies did not provide clear-cut direction of the impact of corporate tax planning on the financial performance of listed manufacturing firms in Nigeria. Further examination of the studies reveals that there is no obvious empirical evidence of study on the corporate tax planning and its impact on financial performance of listed Industrial goods firms in Nigeria. Therefore, the present study attempt to fill this gap and find out the impact of corporate tax planning and other control variables (tax avoidance, financial leverage, tax saving and firm size, corporate tax incentive) on the financial performance (Return on Asset) of listed manufacturing firms (Industrial firms) in Nigeria.

In addition, most of the studies like(Gitau e'tal 2014), (Mosota & Ratemo 2014)(Nwaobi, 2016), (Kariuki, 2017), (Olajide., 2017)among others conducted studies in this area, SPSS was used to run the data. These techniques are deficient in terms of not reflecting time variant and specific characteristics issues. Therefore, STATA version 13 is used for the study instead of SPSS used in the previous studies.

In the study of (Md Noor, MOhd Fadzillah, & Mastuki, 2010), (Kawor & Kportorgbi, 2014), (Oyeyemi & Babatunde, 2016), among others have mixed and inconsistencies of findings with using some limited explanatory variables and the data period used in reviewed studies were far back. Therefore, present study intends to close these gaps by finding out the impact of corporate tax planning on financial performance of listed industrial goods in Nigeria for a period of six (6)

years 2012-2017. Hence, this present study seeks to bridge the gap with variable inclusion “corporate tax incentives” as one of the explanatory variables.

Most researchers claim that, the challenges of tax planning remain the greatest challenges be witching tax administration in Nigeria. This has created a big lacuna between actual and potential revenue for the government. However, the government has consistently complained of the widespread incidence of tax avoidance in the country as corporate bodies and other taxable individuals devise various tax avoidance ways to escape or minimize their tax obligations in order to maximize profit.

The main motivation for the study is that, tax planning schemes have been generally regarded as acceptable. However, today some tax planning activities are in many cases likened to tax avoidance and evasion procedures used by taxpayers to gain advantage. This may be due to lack of proper education of tax law, complexity of the tax law or absence of expertise in tax planning. Thus, the study establishes a strategic tax planning such as financial leverage, corporate tax incentives and other available benefits of loopholes in Nigeria tax law which many Nigeria firm have not explored. Another claim in the study is that, most citizens and companies in Nigeria not pay taxes properly or no taxes at all and this has led to a substantial loss of government revenue. The major factors responsible for such behavior are related to: the inadequate and complexities of tax legislation coupled with taxpayers taking advantage of loopholes in the tax law, the increasing rates of taxation and a lack of sense of civic responsibility amongst the taxpayers. Hence, the aftermath of such actions can either be favourable or unfavourable.

Oyeyemi & Babatunde, (2016)asserted that Tax planning is an essential part of financial management and the area of financial structure decisions offers a tax manager and the company an opportunity to mitigate the company’s tax liability and improve on the financial performance of the firm.

## **2.0 Review of Related Literature**

This section is majorly in two parts: the summarized literature review of relevant studies ambiguous results has led to a number of empirical studies

### **2.1 Theoretical Review**

This study will focus on three underpinned theories which would serve as the backdrop for this study. These are Political Power Theories, Hoffman’s tax planning theory and the Agency view of tax avoidance.

#### **2.1.1 Political Power Theory**

This theory of political power is premised on the prediction that large companies face lower effective tax rate (Salmon and Siegfried, 1972). He also asserted that bigger firms greater advantage in both political and economic power over the smaller firms. Oyeyemi & Babatunde, (2016)in his work argue that bigger firms lessen the tax liability by engaging in aggressive tax planning, by utilizing its economic and political power; due to their economic of scale and availability of abundant resources. However, in his opinion, he referred to the bigger firms as opportunist that manipulate with the political principles for the enhancement their after-tax returns.

Some studies it was found that small businesses may suffer in terms of average cost of capital because they cannot benefit from economies of scale.

### **2.1.2 Hoffman's tax planning theory**

**Hoffman (1961)**, established the tax planning theory that supported firms rendering corporate returns to other firm uses than flowing to government authorities. Due to the complexity and sophisticated nature of tax process and tax law, loopholes in the legal system are inevitable enabling taxpayers to benefit on the tax positions. He further, explained that tax planning would involve firms using legal means to minimize the tax liability to maximizing on the loopholes in the legal system.

### **2.1.3. Agency view of tax planning**

The agency cost view theory was developed by **Jessen and Meckling (1976)**, owners are their principal while managers are the agents. He is of the assertion that managers as agent with their personal interest may have conflict of interest with a firm by practicing tax planning strategies so as to redistribute corporate wealth (savings) for personal gains.

The managers seek to fulfill the needs of the owners and are awarded with strong incentives so as to meet both the interest of the owner and economic value of the shareholders (**Kariuki, 2017**). The agency cost of tax planning on the other hand, lay emphasis on the inability of the outcome tax planning meeting the need of the firm as a result of agency problem of resource diversion.

The above theories are relevant to the present study. For political cost theory a larger firm tends to have political power to navigate their tax burden thus have the ability of engaging professionals through their influence in the initiate and implement of their corporate strategies with tax obligation inclusive.

For the agency theory of tax planning, a firm might adopt all the strategies in reducing its tax liability but could not transformed the tax savings into corporate financial benefit due to agency problem. The agency view theory of tax planning, asserted that managers with their personal interest in conflict with the global interest of the firm might divert such savings to other investment for personal gains.

According to Hoffman's theory which suggested that a firm which utilizes the loopholes identified in the corporate tax laws and which maintain or obtained optimal tax planning benefits, tends to lessen its tax liability and increases its after tax return.

In line with the above underpinned theories, the study adapts corporate tax planning (CTP), corporate tax incentives (CTI) as explanatory variables and Leverage (FLEV), capital structure (CAPS) and firm size (FSZ) as control variables.

## **2.2 Empirical Review**

Mosota (2014), study the effect of tax avoidance on the financial performance of listed companies at the Nairobi Securities Exchange, (NSE). The main objective of the study was to establish the effect of tax avoidance on financial performance of firms listed at the Nairobi Securities Exchange (NSE). The study employed Descriptive research design. The population of interest in the study consisted of all the 61 listed at the NSE. The results show that tax planning positively impacts on the financial performance of the companies; the finding agree with (Mucui, Kinya, Noor, & James, 2014) and Oyeyemi & Babatunde, (2016) who opined that tax avoidance is associated with the growth and profitability of a firm. The study finds out that firm size has a significant positively contribute to company's profitability, Leverage ratio has an inverse effect on the performance of the firms; it is not always in the best interest of both the companies and the statutory authority. The study recommended that, in the event that companies are reporting financial losses which are largely attributed to tax burden, they should negotiate with the tax authority to be offered tax incentives.

Chen, Cheok, & Rasiah, (2016) did a study on the impact of corporate tax avoidance on firms' financial performance. Structural equation modeling (SEM) is used for hypothesis testing and methodology. The study observed sample of 7651 firm-year observations over the period 2005-2012. The study found that there is a significant negative direct relationship between tax avoidance and market value. However, this study also finds significant positive indirect relationships between tax avoidance and market value as it has stimulated firms' growth and increase in profitability as the additional after-tax cash arising from tax avoidance has helped expand the firm's market value. The study suggested that the State Administration of Taxation of China should enhance the legal provisions to prevent managerial rent extraction.

M.W.M, Ghazali, (2018), investigated tax planning and firm value: evidence from Malaysia. The main objective of the study was to determine the effect of tax planning on firm value of firms listed in Bursa Malaysia. The study proxies tax planning as the Effective Tax Rate (ETR) and Book Tax Differences (BTDs). (Appolos & Kwarbai, 2016) The 387 samples data were collected from the Data Stream from period of 2014 to 2016 which covered three (3) years; Multiple regression analysis models is being used to evaluate the relationship among the independent variable. Most of our control variables such as leverage, asset tangibility, firm age and dividend have negative relationship with firm value. The paper further suggested that, study can be expanded by using more sample size from a longer time frame of research.

Kariuki, (2017), examined the effect of corporate tax planning on the financial performance of listed companies in Kenya. Secondary data was collected for the periods of five (5) year 2012-2016 on the annual bases; the study employed descriptive cross-sectional research design and multiple regression models; data analysis was undertaken with the use of SPSS statistical package. The study reveal that corporate tax planning and liquidity produced positive and statistically significant relationship; leverage has negative but statistically significant value while firm size was found to be positive insignificant determinant of financial performance through corporate planning. The study further suggested that all listed firm should practice corporate tax planning that will maximize the profitability because that will translate into improving the shareholder's wealth which is the main goal of a firm.

Oyeyemi & Babatunde, (2016) conducted a study on the influence of corporate tax planning on the financial performance of manufacturing firms listed on Nigerian Stock Exchange using annual reports and accounts of 10 selected firms out of 28 firms listed under consumer goods sector. The study used Generalized Least Square (GLS) method of regression based on the outcome of Hausman's model estimation test. In the same vein, the use of General Least square (GLS) regression model (Ftouhi, Ayed, & Zemzem, 2014), (Kawor & Kportorgbi, 2014) to investigate the relationship between firm performance and tax planning, found a positive significant relationship and tax planning also consistent with Agency cost theory of tax planning. The study recommended that manufacturing firms in Nigeria should make tax planning as part of the firm's strategic financial planning, employ the service of expertise in tax practices due the complexity and dynamic of Nigeria tax laws and also to effectively utilize all-inclusive tax planning strategies available in order to further influence financial performance positively.

Olajide., (2017) investigated the impact of tax planning on firms' performance of listed companies in Nigeria. The paper adopted survey and ex-post-facto design; financial statements of selected companies from manufacturing firm, financial services: banking and insurance sectors, between 2003 and 2012 were analyzed. The population of the study is 240 listed companies on the Nigerian Stock Exchange market as at April, 2012. The study also employed simple and stratified sampling techniques; fifteen companies were sampled for the study, five companies from each of the sectors under study. The study found that tax planning has an adverse effect on firm's performance, the result showed that tax planning exerts no significant positive effect on reported earnings. The study suggested that there should educate the taxpayers on the need for voluntary compliance and that expertise should also be encouraged in the work of tax advisers. Similarly, the study of Oyeyemi & Babatunde, (2016) on effect of tax planning on financial performance in Nigeria manufacturing firm, established that aggressive tax planning such as thin capitalization, tax law incentives and other benefits of loopholes in Nigerian tax laws have not been fully utilized by the Nigerian firms.

### **3.0 Methodology**

This section has to do with the methods adopted to obtain important related information on the impact of corporate tax planning on financial performance of listed Industrial firms in Nigeria.

#### **3.1 Data Source and Descriptions**

Secondary data is used for data collection from audited annual financial reports and accounts for a period of six-year periods from 2012 to 2017 obtained from the official websites; and twelve (12) firms were selected and used for the study out of fourteen (14) industrial firms listed in the Nigeria Stock Exchange. This study is an empirical survey and ex-post-facto in nature. This study tends to study all the 14 listed industrial firms; this is not possible due to unavailability of information using judgmental sampling technique. However, this study selected 12 firms out of 14 industrial listed firms which are sufficient for the study. Based on the sampling, we draw a generalized decision because they represent approximately 80% of the study population which is above the 30% general threshold.

Ordinary Least Square (OLS) method of regression is used, while panel regression model is employed for data analysis. Multiple regression analysis is being employed to investigate the relationship among the independent variable which is tax planning and control variables such as financial leverage, firm size, corporate tax incentives affect the dependent variable which is financial performance.

### 3.2 Model specification

In this present study, we use Return on Asset (ROA) as a surrogate for financial performance, Effect Tax Rates (ETR) as surrogates for tax planning while the control variables are financial leverage (FLEV), firm size (FSZ), corporate tax incentives (CTI).

Therefore, the regression model of this study is:

$$ROA_{it} = \beta_0 + \beta_1 ETR_{it} + \beta_2 FLEV_{it} + \beta_3 FSZ_{it} + \beta_4 CTI_{it} + \varepsilon_{it}$$

Where:

ETR = Effective Tax Rate

FLEV = financial leverage

FSIZE = firm size

CTI= corporate tax incentives

$\beta$  = coefficient

$\varepsilon$  = error term

### 3.4 Variable measurement

**Return on Asset (ROA):** Scholars have widely employed ROA as a proxies for financial performance (Appolos & Kwarbai, 2016), (Goh et al., 2016) this study adopted ROA as a performance measurement. Return on Assets (ROA) is measured as *profit before tax/total assets* (Oyeyemi & Babatunde, 2016).

**Effective Tax Rate:** Various researchers have used Effective Tax Rate in prior studies basically to evaluate the tax performance of a firm. Thus, it is a common and best measure to examine the actual corporate tax liability of a firm. This study measure Effective Tax Rate (ETR) as *(corporate income tax expense / profit before tax)* (Kawor & Kportorgbi, 2014).

#### Control variables:

This study includes variables like financial leverage, firm size and corporate tax incentives as our control variables. This is in line with prior study of , (Kawor & Kportorgbi, 2014)(Appolos & Kwarbai, 2016) and (Appolos & Kwarbai, 2016).

**Financial Leverage:** Ratemo (2014), Moh'd Razati (2018) measured Leverage as *total debts divided by total assets*. The concept of using total debts is to avoid the conflicting relationship of non-current debt or current debt with Leverage (Appolos & Kwarbai, 2016). Some previous studies (Appolos & Kwarbai, 2016) and (Kariuki, 2017) among others, measured leverage as Non-current debt/ shareholders fund ratio. This study adopts financial leverage measurement as *long term debt/shareholder fund* (Kawor & Kportorgbi, 2014)

**Firm size:** "Tax planning is a professional activity that demands the requisite resources and skills for its effective execution" (Appolos & Kwarbai, 2016). Firm size (FSZ) in this study is measured as *natural logarithm of total assets* (Oyeyemi & Babatunde, 2016).

**Corporate Tax Incentives:** "Bigger firms are reported to have sufficient resources and greater opportunities to undertake tax planning strategies, for example, by maximizing use of the tax incentives provided to them", (Appolos & Kwarbai, 2016). Corporate tax incentive is a new variable inclusion in Tax planning that evaluates the tax performance of a firm. This study measures corporate tax incentive (CTI) as *corporate income tax expenses/ total asset* (Njoroge 2015)

#### 4.0 Result Discussion and Findings

**Table 1: Summary of Descriptive Analysis**

Variable	Obs.	Mean	Std. Dev.	Min.	Max.	Skewness	Kurtosis
Roa	72	.8556636	.1052405	.4323649	1.085974	-.798687	5.737886
Etr	72	.8565836	.1343072	.3765119	1.082208	-1.676999	5.669403
Flev	72	.9106084	.1169864	.7069594	1.595391	3.079621	18.04213
Fsz	72	6.809845	1.018332	5.309532	9.207119	.9127595	2.945084
Cti	72	.7319458	.143656	.3113312	1.072517	-.6484593	3.897401

**Source: Authors' descriptive analysis result (2018)**

The table 1 reveals the Variables, observations, mean, standard deviation, minimum and maximum values of the variables used. The mean score for ROA is 0.856 and the standard deviation is 0.105, the minimum values stands at 0.432 while the maximum value is 1.086. The Effective Tax Rate (ETR) varies from 0.377 to 1.082 while the average mean is 0.857 and the standard deviation is 0.134

The average mean of financial leverage shows the score of 0.911 and the standard deviation is 0.117 while the minimum and maximum value ranges from 0.707 to 1.595. In the case of the firm size, the minimum and maximum varies from 5.310 to 9.207 with the average means of 6.810 and standard deviation is 1.018. The corporate tax incentive ranges from 0.311 to 1.073, with a mean of 0.732 and the standard deviation 0.144. However, the result found out that firm size (FSZ) has the highest standard deviation of 1.018. Hence, it is more volatile than FLEV and CTI in the model.

**Table 2: Correlation Matrix Result**

	Roa	Etr	Flev	Fsz	Cti
Roa	1.0000				



Etr	-0.0719	1.0000			
Flev	-0.0487	0.0049	1.0000		
Fsz	0.2252	-0.2702	-0.0471	1.0000	
Cti	0.5933	0.7563	-0.0350	-0.1006	1.0000

**Source: Authors' correlation result (2018)**

From table 2, the explanatory variables ETR, is negatively correlated with ROA. This finding is consistent with (Sani & Jamilu, 2016) and FLEV are negatively correlated with the financial performance ROA at -0.0487 and positively correlated with ETR by 0.0049. This finding supported the findings of Sani & Madaki (2016) while FSZ has positive correlation with ROA which align with prior studies of (Appolos & Kwarbai, 2016), Ayed & Ftouhi (2016), and Sani & Madaki (2016) and CTI also has positively correlated with ROA. However, CTI has the highest positive correlation with financial performance (ROA = 0.5933).

It is to be noted that the correlation matrix above also gives the correlation among the explanatory variables themselves; CTI and FLEV have the highest positive correlation of 75.63%. FSZ has a negative correlation with ETR and FLEV of -0.2702 and -0.0471 respectively, while, CTI has negative correlation with FLEV and FSZ of -0.0350 and -0.1006 respectively. As displayed from the correlation table, the correlation coefficients between various independent variables (effective tax rate) and control variables (financial leverage, firm size and corporate tax incentives) are less than the threshold of 0.8 (Gujarati, 2010).

**Table 3: Regression Results using OLS**

Variables	coefficient	Std. Err.	T-test	P > value
Etr	-.9343729	.0168806	-55.35	0.0000
Flev	.0109559	.0121247	0.90	0.3690
Fsz	.0056418	.0014641	3.85	0.0000
Cti	1.099648	.0152843	71.95	0.0000
Constant	.8027534	.0192558	41.69	0.0000
Number of obs.	72			
P-value	0.0000			
R-squared	0.9879			
Adj. R-squared	0.9872			

**Source: authors' regression result (2018)**

Bases on Table 3 above, which shows the regression value of the impact of explanatory variables on dependent variables (financial performance). The adjusted R square of 0.9872 indicate that 98% changes in the dependent variable ROA is affected by the combined effect of the explanatory variables of ETR, FSZ, FLEV and CTI while the remaining 2% is caused by other determining variables that are not revealed by the study. The p-value of the model is 0.0000. This implies that, the present study clearly shows that the selected variables are sufficiently enough to explained dependent variables (financial performance). This finding align with the findings of Sani & Madaki (2016) but contradict the findings of (Appolos & Kwarbai, 2016) and Oyeyemi & Babatunde, (2016).

The study found out that effective tax rate (ETR), has an inverse but significant effect on return on asset (ROA) with the p-value of 0.0000 which is at 1% significant level; this implies that as the ETR increases by 1 unit, then returns on asset (ROA) is decrease by 93.43% of the Nigeria industrial firm. However, the financial leverage (FLEV) has positive and statistically insignificant influence on return on asset (ROA) of 0.109 with the p-value of 0.3690. The result shows that firm size (FSZ) have positive and significant impact on return on asset (ROA) with the p-value of 0.0000 and 0.0000 respectively. The findings imply that those firm that are larger in size in term asset, have higher profitability. This is consistency with (Ftouhi et al., 2014), (Appolos & Kwarbai, 2016), (Sani & Jamilu, 2016) and (Oyeyemi & Babatunde, 2016).

The study also found that, corporate tax incentive (CTI), have positive and significant relationship with ROA, this implies that as the CTI increases by 1%, the ROA increases by 109%. This finding shows that, industrial goods firms effectively utilize tax incentives loopholes available in the Nigeria tax law.

From the above findings of regression analysis, the null hypothesis is rejected. This implies that corporate tax planning has a positive significant impact on financial performance of manufacturing firms in Nigeria.

### **Discussions and findings**

From the findings of this study, it showed that a change in the ETR leads to 9.3% decrease in ROA; this connote that as ETR increases, there is a reduction of 9.3% in the ROA. This support the findings of Oyeyemi & Babatunde, (2016) but contradicts the findings of Chen, Chen and Shevlin (2010). Heitzman & Ogneva (2015). We suggest that this negative relationship came as a result of Nigerian industrial firms not been able to effectively capitalize (enjoy) the loopholes (legal Lapses) accrued under the Nigerian tax laws and that most of the manufacturing firms depend on equity financed thus unable to reap the benefits of tax saving. While the positive relationship of CTI and ROA shows that, design and execute a robust tax planning scheme by possibly employing of tax incentive experts.

The results of the model are in line with the Political Cost Theory, Hoffman's Tax Planning Theory and Agency Theory of tax planning. Thus, the findings aligned the findings of Abdul-Wahab and Holland, (2012), Oyeyemi & Babatunde, (2016)

### **Conclusion and recommendation**

The study thus concludes that in order to yield optimal benefits, it will take only an optimal mix of tax planning strategies in the area of firm value to enhance manufacturing firms in Nigeria (Appolos & Kwarbai, 2016).

The limitation of this study is that the study only focus on one corporate tax planning proxies which is ETR and independent variable and control variables are, financial leverage, firm's size and corporate tax incentive. In real sense of it, there are still many other factors that can determine financial performance. Researchers may extend their independents variables as well as control variables choices in assessing their impact on financial performance.

This study recommended that Nigeria manufacturing firms should explore other tax planning strategies like tax incentives, vat incentives, pioneer status among others to maximize returns and enjoy benefits in tax shield.

## REFERENCES

- Aganyo, C. A. (2013). The effects of Corporate Tax Planning on Firm Value for Companies Listed at the NAIrobi Securities Exchange. *Journal of Chemical Information and Modeling*, 53(9), 1689–1699. <https://doi.org/10.1017/CBO9781107415324.004>
- Appolos, N. N., & Kwarbai, J. D. (2016). Tax Planning and Firm Value: Empirical Evidence from Nigerian Consumer Goods Industrial Sector. *Research Journal of Finance and Accounting*, 7(12), 172–183.
- Chen, S., Chen, X., Cheng, Q., & Shevlin, T. (2010). Are family firms more tax aggressive than non-family firms?. *Journal of Financial Economics*, 95(1), 41-61.
- Chen, Z., Cheok, C. K., & Rasiah, R. (2016). Corporate Tax Avoidance and Performance : Evidence from China ' s Listed Companies. *Institutions and Economics*, 8(3), 61–83.
- Ftouhi, K., Ayed, A., & Zemzem, A. (2014). Tax Planning and Firm Value : Evidence from European Companies. *International Journal Economics & Strategic Management of Business Process*, 4(March), 73–78.
- Goh, B. W., Lee, J., Lim, C. Y., Shevlin, T., Ftouhi, K., Ayed, A., ... Kportorgbi, H. K. (2016). Tax Planning and Financial Performance of. *International Journal of Economics and Finance*, 6(7), 64–80. <https://doi.org/10.5539/ijef.v6n3p162>
- Heitzman, S., & Ogneva, M. (2016). Corporate tax planning and stock returns. *Unpublished working paper. University of Southern California*.
- Ilaboya, O. . J., Izevbekhai, M. . O., & Ohiokha, F. . I. (2016). Tax Planning and Firm Value: A Review of Literature. *Business and Management Research*, 5(2), 81–91. <https://doi.org/10.5430/bmr.v5n2p81>
- Imuetinyan, I. B. (2018). Effect of Board Characteristics Firms Performance and Effective Tax Planning in Nigeriafood Manufacturing Sector, 4(2).
- Jim-Suleiman, S. L. (2015). Competition and Corporate Tax Avoidance: Empirical Evidence from Nigerian Deposit Money Banks. *School of Postgraduate Studies, University of Jos*, (August). Retrieved from [http://irepos.unijos.edu.ng/jspui/bitstream/123456789/890/1/SARATU\\_LASSA\\_JIM-SULEIMAN.pdf](http://irepos.unijos.edu.ng/jspui/bitstream/123456789/890/1/SARATU_LASSA_JIM-SULEIMAN.pdf)
- Kariuki, S. (2017). The Effect of Corporate Tax Planning on the Financial Performance of Listed Companies in Kenya. *Department of Finance and Accounting School of Business, University of Nairobi*, nil(October).
- Kawor, S., & Kportorgbi, H. K. (2014). Effect of Tax Planning on Firms Market Performance:

- Evidence from Listed Firms in Ghana. *International Journal of Economics and Finance*, 6(3), 162–168. <https://doi.org/10.5539/ijef.v6n3p162>
- Luis, Silvio Santa, L. (2016). Corporate tax avoidance and firm value: from Brazil Elision. *Revista Contemporânea de Contabilidade ISSN 2175-8069, UFSC, Florianópolis, v.13, n. 30, p. 114-133, Set./Dez. 2016*, 1807–1821. <https://doi.org/10.5007/2175-8069.2016v13n30p114>
- M.W.M, R., Ghazali, S. S., Lunyai, J., Yau, J., & Hwang, T. (2018). Tax Planning and Firm Value : Evidence from Malaysia. *International Journal of Academic Research in Business and Social Science*, 8(11), 210–222. <https://doi.org/10.6007/IJARBSS/v8-i11/4896>
- Md Noor, R., MOhd Fadzillah, N. S., & Mastuki, N. A. (2010). Corporate Tax Planning : A Study On Corporate Effective Tax Rates of Malaysian Listed Companies. *International Journal of Trade, Economics and Finance*, 1(2), 189–193.
- Mosota, B., & Ratemo, J. (2004). the Effect of Tax Avoidance on the Financial Performance of Listed Companies At the Nairobi Securities Exchange. *Department of Finance and Accounting School of Business, University of Nairobi, Kenya, D61/61581*(October).
- Mucaï, G., Kinya, G., Noor, A., & James, E. (2014). Tax Planning and Financial Performance of Small Scale Enterprises in Kenya. *International Review of Management and Business Research*, 2(3), 78–85.
- Olajide., D. (2017). Tax Planning and Firms Performance in Nigeria. *International Journal of Advanced Research*, 5(5), 1950–1956. <https://doi.org/10.21474/ijar01/4600>
- Oyeyemi, G. O., & Babatunde, A. O. (2016). Tax Planning and Financial Performance of Nigerian Manufacturing Companies. *International Journal of Advance Academic Research*, 2(7), 64–80. <https://doi.org/10.5539/ijef.v6n3p162>
- Razali, M. W. M., Ghazali, S. S., Lunyai, J., & Hwang, J. Y. T. (2018). Tax Planning and Firm Value: Evidence from Malaysia. *INTERNATIONAL JOURNAL OF ACADEMIC RESEARCH IN BUSINESS AND SOCIAL SCIENCES*, 8(11).
- Sani, A. A., & Jamilu, M. (2016). Corporate Tax Planning and Market Value of Listed Oil and Gas Companies in Nigeria. *International Journal of Management Research & Review*, 6(12), 1708–1715. <https://doi.org/10.20944/preprints201704.0127.v1>
- Wahab, N. S. A., & Holland, K. (2012). Tax planning, corporate governance and equity value. *The British Accounting Review*, 44(2), 111-124.