Tax Variances and Financial Performance of Deposit Money Banks Multinational Companies in Nigeria

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Abstract
The study examined the effect of tax variance and financial performance of deposit money banks multinational companies in Nigeria. It specifically examined the effect of book tax difference on return of asset of deposit money banks, it also examined the effect of effective tax rate on return of asset of deposit money banks in Nigeria .Ex-post facto research design was employed through secondary data to establish the relationship between dependent variable (Return on Asset) and independent variables (Book tax differences and effective tax rate) The population of this study covers all the 14 deposit money banks listed on the Nigeria Exchange Group as at 31st December, 2020. The study used census sampling to cover all the 14 deposit money banks. Data on all the explained and explanatory variables were extracted from the published financial statements of the 14 deposit money banks for the period of 2006-2020 with 90 observations. Data were analyzed using Panel data which consist on correlation, multiple regression were used to analyze the data. The study found that book tax difference has positive and significant effect on return on asset of deposit money banks while effective tax rate was negative and insignificant on return of asset of listed deposit money banks. Consequent on the findings, the study concluded that tax variance has significant effect on financial performance of listed deposit money banks in Nigeria. The study recommends amongst others that policy makers, accounting standards developers and industry regulators can utilize the study findings to develop an insight on industry effect of book tax difference for ease of bankruptcy prediction from financing cash flow deficiency.

Keywords: *Tax Variance, Tax Book Differences, Effective Tax Date, Financial Performance, Deposit Money Banks*

1.0 Introduction

Corporate income taxes are mandatory government spending levied on all successful businesses (Edwards et al., 2013; Efuntade & Akinola, 2020). Corporate tax avoidance refers to management behavior that seeks to lower the taxable income via tax planning actions, regardless of whether they are legal, dubious, or even criminal. Prior research has translated this practice to

the effective tax rate (Edwards, Schwab, & Shevlin, 2013; Efuntade & Akinola, 2020). Due to Nigeria's CIT administration's complexity and ambiguity, there is a risk of tax evasion and non-compliance. Corporate tax evasion has progressively increased over the last several decades and turned into a major problem on a worldwide scale (Amuzu, 2010).
Numerous research on the effective tax rate, a byproduct of tax evasion behavior, have been done on a global and local level. But since they concentrate on the income statement or the statement of financial status, the great majority of research are constrained (Rui, 2019). Because it is a more dynamic measurement of the real return on assets and equity, cash flow analysis is particularly helpful in assessing a company's competitiveness in the market (Amuzu, 2010). As a result, academics are paying more attention to data on capital flows (Aktaş & Karn, 2012). Some of these research (Aktaş & Karn, 2012) examined the connections between cash flows, business valuation, stock price movements, earnings, and forecasting of future cash flows and financial hardship (Sayari &Mugan, 2013). Therefore, the following four difficulties will be addressed in the present research.

The impact of tax variation on the financial performance of listed industrial enterprises in Nigeria has received comparatively little empirical research (Amah et al., 2016; Bingilar & Oyadenghan, 2014; Duru et al., 2015; Nwaiwu & Oluka, 2017; Nwanyanwu, 2015) because it seems to be neglecting the significance of financial institutions, which contributed 20.84 percent of the nation's GDP, in the discussion of tax variance.

Alternative measures of the effective tax rate, which is a byproduct of tax avoidance, have been proposed in studies in order to capture the entire dimension of corporate tax avoidance and provide more reliable findings (Khuong et al., 2019; Noga & Schnader, 2013). However, these research investigations were carried out globally (Edwards et al., 2013). Therefore, in order to capture the many dimensions of tax variation that might potentially imply profits management in Nigeria, the present research focuses on the cash effective tax rate and book tax difference.

Furthermore, to experimentally confirm the ideas in earlier investigations, the dynamic generalized method of moments (GMM) was used. The work by Khuong, Ha, Minh, and Thu (2019), which employed GMM to address the endogeneity issue, is compatible with this strategy. Similar to this, Salawu and Adedeji (2017) use the GMM to look at the connection between tax planning and corporate governance in the Nigerian setting. However, it is necessary to investigate other approaches for testing the assumptions, particularly panel least square regression methods. As a result, the present research aims to conduct a thorough analysis of the corporate performance of listed deposit money banks in Nigeria as well as the book tax difference, effective tax rate, and rate of taxation.

The main objective of the study is thus to ascertain the effect of tax variances on financial performance of quoted deposit money banks multinational companies in Nigerian.

2.0 Literature Review

2.1 Conceptual Review

2.1.1 Tax Variance

According to Nwachukwu (2006), a tax variation is any unethical effort made by a person, company, trust, or other legal entity to avoid paying taxes. Tax variation occurs when taxpayers purposefully misrepresent or conceal the true state of their affairs from the tax authorities in an effort to pay less in taxes. As Eschborn (2010) argues, the issue of tax variation has existed for as long as taxes have been in existence. The main source of tax variance can be traced to disparities between the tax book and the effective tax rate, which may be traced to tax avoidance and tax evasion.

2.1.2 Book Tax Difference

Book tax difference (BTD) is the difference between a company's pre-tax profits as shown in its financial statement and its taxable profits as reported to tax authorities (Tang, 2006). "Taxable income" refers to the amount that is subject to income taxation according to the rules established by the tax authorities of a particular country (Chytis, 2019). Therefore, the primary cause of BTDs is the disparity in the way local GAAP and tax systems approach revenue and expense components (Harrington et al., 2012). Earlier studies, such as those conducted by Pratt (2005) and Revsine et al., (2005) found that comparing a company's pre-tax book income to its taxable income was a useful indicator of how cautious the company's accounting choices were.

Various factors contribute to BTDs, as shown by the three parts of BTDs: permanent differences, temporary differences, and statutory tax rate differences (Harrington, Smith, &Trippeer, 2012; Tye & Abdul Wahab, 2018). Accrual timing differences between pretax book income and taxable income (also known as warranty reserves, bad debt reserves, depreciation, etc.) are referred to as temporary disparities (Hanlon, Krishnan, & Mills, 2012). Temporary differences arise when a company's financial accounting accruals and its tax compliance choices conflict (Hanlon, Krishnan, & Mills, 2012, p.4). Temporary changes may have both positive and bad effects. Temporary differences are positive if the accounting income exceeds the taxable income, and negative if the opposite is true (Hanlon, 2005).

2.1.3 Effective Tax Rate

Since a company's tax return is confidential, Lee et al., (2015) argue that the tax strategy and practice of a business are also confidential trade secrets. Many different proxies are used by tax scholars to infer a company's tax policy. In their analysis of the spectrum from legal tax avoidance to illegal tax evasion, Lisowsky et al., (2013) present five empirical proxies, including the GAAP effective tax rate, the cash effective tax rate, the total book-tax differences, the permanent book-tax differences, the discretionary permanent book-tax differences, and reportable transactions. Most often, the effective tax rate is employed to measure corporate tax avoidance; this percentage is arrived at by dividing the total tax burden by the total pre-tax profit. Tax expense as a percentage of operational cash flow is an alternative measure (Richardson & Lanis, 2007).

2.1.4 Tax Evasion

In order to avoid paying their fair share of taxes, some dishonest individuals and businesses engage in a practice known as "tax evasion." According to Vazguez (2001), tax evasion is the

deliberate attempt to reduce one's tax liability by disguising one's income. Avoiding taxes is not only unethical, but also punishable by law. Dishonest and unfair tax reporting, such as stating a lesser income, profit, gain, or inflating deductions, is one kind of tax evasion. Another is the purposeful concealing of the true position of profits in order to pay less tax to the tax authorities. Amuzu (2010) defined tax evasion as "the deliberate action of concealing or concealing with aim to reduce one's tax liability". Making false or misleading claims on a revenue tax form is a crime. Experts agree that tax evasion occurs when a person knowingly and intentionally fails to report income or assets to the appropriate tax authorities. According to research (Bingilar & Oyadenghan, 2014),

2.1.5 Tax Avoidance

The term "tax avoidance" refers to the practice of using legal loopholes to minimize or eliminate a person's taxable income. To avoid paying all of the taxes that are owed is an act of tax evasion. This is well within the law. The authors Dan et al. (2015), who analyzed judicial and legislative perspectives on tax avoidance, defined tax avoidance as "the legal reduction in tax liabilities achieved through methods that fully exploit the tax code, such as income splitting, tax deferral, and tax arbitrage across incomes that are subject to different treatment regimes" (Denzin & Lincoln, 2011). Lawful methods of lowering tax liabilities exist, and so do those that seek out and exploit loopholes in the law (known as aggressive tax planning strategies). That being the case, contrary to popular belief, tax evasion is not illegal nor morally objectionable until expressly prohibited by law.

2.1.6 Financial Performance

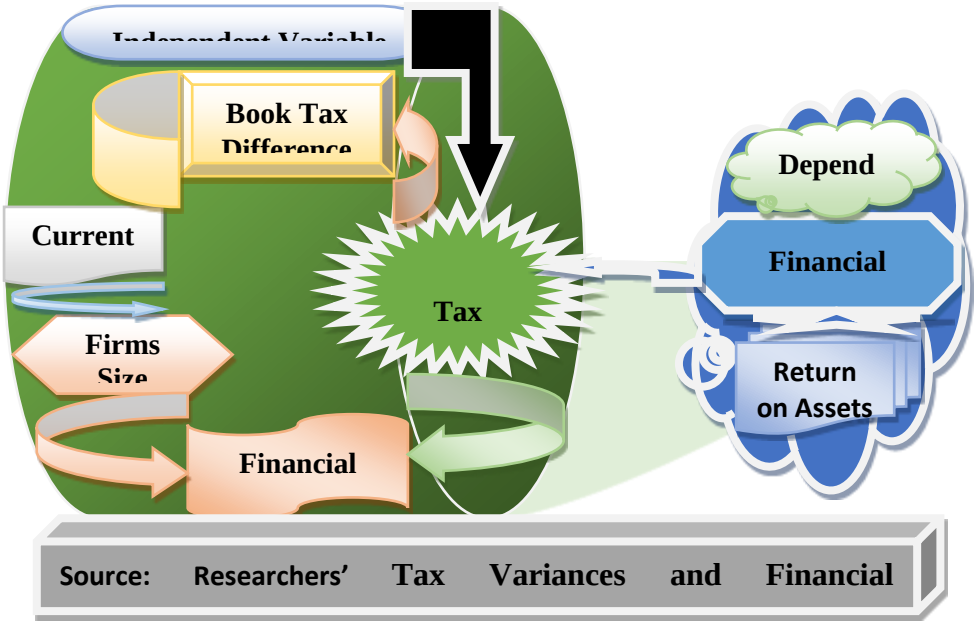
When discussing finances, the term "financial performance" may mean a number of different things depending on the metric being used. In contrast, the results of a business reveal the efficiency with which its resources are being used and managed. The efficiency, profitability, and market value of a company may indicate its level of success. According to Ezeani and Oladele (2012), financial success is measured by how quickly a company is able to replenish its resources via normal business activities. One of a company's primary goals is to maximize shareholder value, with profit maximization ranking as a secondary goal (Edward et al., 2013). When a business succeeds, it is because of its management's efforts to raise shareholder value by, among other things, expanding its customer base, expanding its profit margins, enhancing its capital structure, and expanding its investment portfolio (Chytis, 2019). The efficiency with which a company is able to handle its resources is reflected in its bottom line. Earnings are one metric that might be used to evaluate how well it is doing.

Efficacy and Gainful Activity Ratios: Businesses are evaluated on a variety of different parameters, including but not limited to asset turnover, operating expense ratio, earnings per share, return on investment, and return on equity. In this case, ROI is used as the performance metric. This is according on research done by Goldman (2016).

According to research by Khmong et al. (2019) a firm's dividend payout is proportional to its size. Since the dividend given to shareholders is in line with the company's size, there is no need for these businesses to attempt to cheat or evade the tax obligation. The findings imply that

smaller companies will cut dividend payouts owing to the high expenses of administration associated with raising capital from outside sources. To that end, this research considers the size of the business to be an important variable in influencing the amount of tax that must be paid by the company's management. fiscal pressure It is very uncommon for highly levered companies to satisfy their tax obligations via in-kind dividends rather than cash payouts to shareholders. Increases in debt did not immediately affect the double taxation arrangement, but Dan. (2015) claims that over time, they did lead to increases in dividend reductions

2.1.7 Conceptual Framework on Tax Variances and Financial Performance of Deposit Money Banks Multinational Companies in Nigeria



2.2 Theoretical Review

This research makes use of two theoretical reviews: Hoffman tax planning theory and agency theory.

Hoffman Tax Planning Theory: This theory was propounded by Lord Hoffman in 1961.The rationale for this theory is that managers (agents) within the corporate governance system of modern corporations are attempting to exploit loopholes in the tax laws by manipulating the effective tax rate and book tax differences, which may have negative consequences for the company in the long run. These two hypotheses both hold water with empirical evidence. With the Hoffman tax planning hypothesis in mind, governments pay more attention to businesses that have a track record of funneling funds to private investors rather than state and federal governments (Hoffman, 1961). Tax loopholes, often known as tax escapes, are inevitable given the complexity of tax systems and procedures. People might gain financially as a result of their tax status thanks to these exemptions and loopholes. Hoffman (1961) argues that the purpose of tax planning is to reroute money that would otherwise go to the government in the form of taxes. You may potentially reduce your taxable income while keeping your current level of income if you plan ahead. With this technique, a company's tax liability is determined not by its reported earnings but by its taxable income, which is the same as its adjusted profits. Therefore, it has

been proposed that a greater emphasis be placed on activities that reduce taxable earnings in order to boost the company's accounting profit. (Goldman, 2016)

Agency Theory: This theory was propounded by Stephen Ross and Barry Mitnick in 1973.Agency theory states that managers serve as the principals' agents rather than the shareholders. Even though the Shareholders have delegated authority to the Managers, the Managers often act in ways that go against the wishes of their principals. Proper corporate governance systems are needed to prevent the agent's actions. On the other hand, if management takes advantage of situations and uses company funds for their own gain, it might lead to tensions between the company's shareholders and the company's leadership (Jensen and Meckling, 1976; Desai and Dharmapala, 2006). Since then, we've tried to make sense of these results using the Hoffman tax theory as well as the agency theory. To wit: (Epstein & Jermakowicz, 2007).

2.3 Empirical Review

To answer this question, Khuong et al., (2019) conducted a research titled "Does business tax evasion explain cash holdings? Vietnam is an example. The sample included 125 non-financial companies trading between 2010 and 2016 on the Ho Chi Minh City Stock Exchange and the Ha Noi Stock Exchange. Information from Thomson Reuters EIKON's data stream was used to compile the financial statements used in the research. To test the hypotheses, we used a two-stage generalized method of moments (GMM) estimator to examine the data. Three variables were shown to significantly positively correlate with a company's cash on hand: the current ETR, the cash ETR, and the BTD.

Relationship between tax evasion and key financial indicators in Korea's construction waste disposal industry is the topic of a research by Kim and Jang (2018). From 2006 to 2016, the sample pool comprised of 23 different Korean building waste disposal firms. The research relies on secondary data collected from the DART system on the Korean Financial Supervisory Services' website, which contains the company's financial reports. Multiple-regression analysis was used to examine the data. Cash flow from operations was shown to have a positive and statistically significant connection with the book tax difference, while the influence of non-current assets on non-current financing also proved to be positive and statistically significant.

The impact of business tax evasion on investment-cash flow sensitivity was the subject of research by Rui (2019). From 2009 to 2015, the sample included 5056 company year data from companies trading on the shanghai and shenzen stock exchanges (a-share businesses). secondary data from the Wind Economic Database was utilized for analysis. Regression analysis was used to do the analysis of the data. The findings verify the hypothesis that companies engaging in more aggressive tax evasion are more sensitive to fluctuations in their cash flow from investments.

The impact of tax aggression on investment efficiency was studied by Goldman in 2016. The final data set included 12,876 separate firm-year observations. Secondary data from Compustat and Execucomp covering fiscal years 1992-2014 were used for the analysis. Multiple regression was used to analyze the data. Based on the findings, tax aggressiveness is linked to increased investment for businesses that have access to capital. Second, the connection between tax

aggressiveness and investment efficiency is substantially tempered by auditor-provided tax services.

Corporate tax evasion and business value in Brazil was assessed by Santa and Rezende (2016). Three hundred and twenty-three listed companies (1,704 firm-year observations) from the BM &FBovespa served as the sample. Secondary financial statements data from CVM (the Brazilian regulatory body) and Economatica (covering the years 2006-2012) were used for the analysis. Multiple-regression analysis was used to examine the data. According to the data, tax evasion, as measured by BTD, had a negative influence on Tobin's q, but net income scaled by total assets had a positive effect.

2.4 Gaps in Literature

The examined empirical research focused almost exclusively on how corporate tax evasion affects investment efficiency while ignoring how tax avoidance can affect business performance. Multiple additional research have looked at audit quality's origins, and in order to determine its various components, they developed a quality model. A literature search revealed that research has been done all around the world, including the USA, Malaysia, Egypt, Iran, India, Greece, and China. Thus, the present analysis has uncovered several holes, which are anticipated to be closed by the completion of this research endeavor. These voids are broken down by location and canonical works of literature. While there has been much research on the effects of tax havens and tax haven evasion on corporate performance in other, more economically developed countries, no such work has been conducted in Nigeria. While some studies have looked at the correlation between audit size and tax evasion, others have ignored the link altogether.

3.0 Methodology

Using a quantitative research approach, this study determines how various independent factors influence the dependent variable. As of the 31st of December, 2020, all 14 deposit money banks (DMBs) that are listed on the NSE will be included in this sample. The DMBs were chosen as the sample population because they are such a significant part of the Nigerian economy (representing almost 70% of its market value) that their performance merits closer examination. (NSE, 2021).

Table 1 – List of DMBs used as Population of the Study

S/N	Company	Date Listed
1	Access Bank Plc.	1998
2	Ecobank Transnational Incorporated	2006
3	FBN Holdings Plc	2012
4	FCMB Group Plc.	2013
5	Fidelity Bank Plc	2005
6	Guaranty Trust Bank Plc.	1996
7	Jaiz Bank Plc	2017
8	Stanbic IBTC Holdings Plc	2012
9	Sterling Bank Plc.	1993

10	Union Bank Nigeria Plc.	1971
11	United Bank For Africa Plc	1970
12	Unity Bank Plc	2005
13	Wema Bank Plc.	1991
14	Zenith Bank Plc	2004

Source: The Nigeria Exchange Group (2021)

The study used census sampling to cover all the 14 DMBs. Data on all the explained and explanatory variables were extracted from the published financial statements of the 14 DMBs during period of the study. This gave a balanced panel data consisting of 14 DMBs for six years (2015 to 2020) giving 90 observations. Due to the dynamic panel effect of the data, multiple regression method is used for data analysis. This entailed estimating the Ordinary Least Square (OLS) regression model result and conducting post estimation tests of Heteroscedasticity. This test came after the pre-estimation test for normality and multicollinearity.

Table 2 Description of proxies for variables of the study

S/N	VARIABLES	SYMBOL	MEASUREMENT	PREVIOUS STUDIES
	Dependent Variable			
1	Return on Asset	ROA	Net Profit after Tax/ Total Assets	IAS 7
	Independent Variables			
1	Book Tax Difference	BTD	Pretax book income – current tax expense Statutory tax rate	Manzon and Plesko (2002)
2	Effective Tax Rate	ETR	Income Effective Tax	Manzoon and Plesko (2002)
3	Firm Size	FSIZE	Natural log of Total Assets	Kim and Jang (2018); Riguen and Jarboui (2017); Goldman (2016)
4	Financial Leverage	FLV	Total debts/ Total Assets	Kim and Jang (2018); Riguen and Jarboui (2017); Goldman (2016)

Source: Researchers' Compilation, (2022)

The study adopted a similar regression model from the study of Muhammad & Muhammad (2016) which was modified to capture the relevant variables supported with empirical evidence. This model aided in the testing of the study's stated hypothesis as well as the achievement of the stated objective. The model's functional specification is written as follows:

ROA = f (BTD+CTR+ FSZ + FLV)……..3.1

The econometric specification is as follows:

$(ROA)it = b0 + b_1(BTD)\ it + b_2(CTR)\ it + b_3(FSZ)\ it + b_4(FLV)\ it + \varepsilon it$……..3.2

Where:

ROA = Return on Assets

BTD = Book Tax Difference
CTR = Current Tax Rate
FSZ = Firms Size
FLV = Financial Leverage
b_0 = Intercept for X variable of company
b_1– b_9 = Coefficients for firms' explanatory variables, indicating the nature of their relationship with the dependent variable (or parameters),
e = Error term
i = cross sectional variable
t = Time series variable
For the examination of data from 2006 to 2020, the study used both descriptive and inferential statistics. Correlation and regression analysis were used as inferential statistics in this investigation. The degree of association between the variables under investigation was measured using Pearson correlation, and the hypothesis was tested using the panel data regression approach to assess the relationship between explanatory variables and financial performance

4.0 Results

This section presents data used in the study with particular attention to descriptive statistics of all the variables. This is followed by correlation matrix explaining the respective correlation between the explained variable and the explanatory variables. Finally, the section presents regression results after conducting robustness tests for accuracy of results.

4.1 Robustness Test of Explained and Explanatory variables

The study conducted robustness tests for heteroskedasticity, multicollinearity and normality of explained variable before arriving at robust regression as the tool of analysis.

4.1.1 Checking Homoscedasticity of Residuals

Heteroscedasticity test is conducted using Breusch-Pagan/Cook-weisberg to find out stability of the error terms is constant or not. The present of heteroscedasticity indicates that the error term is not stable. The result of the test reveals that residuals of the data is homoscedasticevidence from small probability of chi square which is less than percent (P = 0.0012) as shown in Table 2. This implies that there is presence of heteroscedasticity and as such robust regression was employed to correct this problem.

Table 3Heterocesdasticity Test Results

Tests Statistics	chi2 Value	Probability of Chi2
Heterocesdasticity Test	10.52	0.0012

Source: Researchers' Stata Output, (2022)

4.1.2 – Checking for multicollinearity

In the presence of multicollinearity, the estimate of the regression coefficient is unreliable, and the standard error of the variable coefficients is inflated, since the explanatory variables are strongly associated with one another. Multicollinearity was identified by means of the Variance inflation factor (VIF) and tolerance levels. For a rule of thumb, a variable's VIF shouldn't be more than 10, and its tolerance, defined as 1/VIF, shouldn't be lower than 0.1. Table 4 shows that the VIF and tolerance value are all less than 10 and more than 0.1 for all the variables. This indicates that the study's explanatory variables are not multicollinear.

Table 4: Variance Inflation Factor and Tolerance values

Variable	VIF	I/VIF
AST	1.56	0.5764
CTR	1.32	0.6435
FSZ	1.53	0.6798
FLV	1.34	0.6902

Source: Researchers' Stata Output, (2022)

Descriptive Statistics

The analysis covered listed Deposit Money Bank in Nigeria selected based on the availability of data. Table 5 presents the descriptive statistics of the variables used in this study.

Table 5: Descriptive Statistics for the selected listed Deposit Money Bank

Variables	No of Observations	Mean	Standard Deviation	Minimum	Maximum
Return on Asset	90	0.3170	0.5122	0.0000	2.0200
Book Tax Differences	90	0.0355	0.2172	-0.7300	1,7300
Firm's Size	90	7.7456	0.5215	6.0800	9.0800
Current Tax Rate	90	42.7500	10.6574	12.0000	69.0000
Financial Leverage	90	0.7390	0.2710	0.1000	2.4800
Valid N (Listwise)	90				

Source: Researchers' Computation, (2022)

Based on the data in Table 5, we can see that the average book tax difference for listed Deposit Money Banks in Nigeria is 31.70 percent, with a minimum of 0.00 percent and a maximum of 202.00 percent, and a standard deviation of 51.22 percent. This means that the book tax difference varies significantly from the mean on both ends, by 46.60 percent.

The standard deviations for the mean book tax difference (BTD), business size, current tax rate, and financial leverage are 0.2172, 0.4633, 10.6574, and 0.3267, respectively. This suggests a great deal of heterogeneity among the chosen Deposit Money Bank with respect to the measurements of tax variances.

Correlation Analysis

To examine the relationship between the dependent variable, financial performance, and the nine explanatory factors, a correlation matrix is shown in Table 3.

Table 3: Correlation Matrix of all variables (2006 -2020)

	ROA	BTD	FSIZE	CTR	FLV
ROA	1.000				
BTD	0.0767	1.0000			
FSIZE	0.0953	-0.0523	1.0000		

CTR	0.3868	0.903	0.5133	1.0000	
FLV	0.0985	-.3322	0.0074	0.0001	1.0000

Source: Researchers' Computation, (2022)

The correlation coefficients for the explanatory variables are in a range from -33.22 percentage points to 51.33 percentage points, reflecting the relative strength of the linear link between them. According to Gujarati (2004), multicollinearity becomes an issue when the correlation between any two regressors is more than 0.80. There is little cause for worry about multicollinearity among the explanatory factors, as shown by Table 3's display of moderate cross-correlation terms for the explanatory variables.

4.2 Discussion of Findings

Book tax discrepancy, effective tax rate, and return on assets were the primary research objectives of this study. According to the results, book tax difference has a considerable impact on ROA for listed deposit money banks. This result is reliable. Researchers Khuong, Ha, Minh, and Thu (2019) looked at the correlation between corporations' cash on hand and various tax evasion strategies and found that current ETR, cash ETR, and BTD all had a positive and statistically significant effect. The results of the present research are also in agreement with those of Kim and Jang (2018). There is a positive and statistically significant correlation between operating cash flow and the book tax difference, noncurrent assets have a positive and statistically significant influence on noncurrent financing, and debt is positive but not statistically significant. However, the present research discovered no statistically significant relationship between the tax rate and the asset returns of listed deposit money banks. Goldman (2016), however, finds an opposite conclusion in his analysis of the impact of tax aggressiveness on investment efficiency, finding that tax aggressiveness is linked to increased investment for enterprises having access to investable money. When evaluating the relationship between corporate tax avoidance and firm value using a multiple regression technique, Brazilian researchers Santa and Rezende (2016) found an inverse relationship between tax avoidance proxied as BTD and Tobin's q, while a positive relationship was found between net income scaled by total assets and Tobin's q.

5.0 Conclusion

In order to better understand the impact of tax variation and the financial performance of deposit money banks (DMBs) in Nigeria, this research seeks to collect and analyze empirical data. Governments, policymakers, and managers on both sides of the debate have offered their thoughts on the pros and cons of book tax difference in the context of local and global company. Given the contradictory findings of previous research, this study takes an empirical approach by analyzing a newly updated dataset of Nigerian deposit money banks listed on the Nigerian Exchange Group. A positive impact of book tax difference on returns on asset was found by panel least square regression analysis, whereas a positive effect of effective tax rate on returns on asset was found but was not statistically significant. The research concludes that tax variation has a considerable impact on the financial results of deposit money banks in Nigeria that are members of a stock exchange group.

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