Corporate Tax Planning and Firm Value of Listed Consumer Goods Companies in Nigeria

[1]OMESI, ISRAEL (PhD)&[2]APPAH, EBIMOBOWEI (FCA)

[1 & 2]Department Of Accounting, Faculty Of Business Studies, Ignatius Ajuru Univeristy Of Education, Port Harcourt, Rivers State, Nigeria

Abstract
This paper investigated the effects of corporate tax planning on firm value of listed consumer goods companies in Nigeria for the period 2015 to 2019. The study employed ex post facto and correlational research design. The sample size of the study comprised of twenty six companies that was determined using Taro Yamen's formula.The data for this study was obtained from the published annual financial statements of the sampled companies and pooled ordinary least square was used for data analysis. The results obtained from the analysis revealed that a negative and insignificant relationship between effective tax rate, tax savings and capital intensity on corporate firm value. Additionally, the result revealeda positive and insignificant relationship between firm size and leverage on firm value. The paper concluded that tax planning (effective tax rate and tax savings) does not affect the value of a firm for the period under review for the period 2015 to 2019. Hence, the paper recommended amongst others that companies should put in place appropriate tax planning strategies that will help decrease their tax liabilities and therefore improve their overall corporate value.
Keywords: Tax Planning, Effective Tax Rate, Tax Savings, Firm Value

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I.   Introduction

Taxes are employed as a major tool of fiscal policy in the management and control of any given economy (Nwaobia, Kwarbai, & Ogundajo, 2016).According to Zhu, Mbroh, Monney and Bonsu, (2019) taxes are utilised as a means of stimulating the growth of the economy as well as encouraging investments.Omesi and Appah (2020a) maintained that taxes are a main source of revenue to government all over the world. They argued that it is a compulsory contribution made by members of any given society to the state subject to the jurisdiction of the government for the purpose of generating revenue to facilitate economic growth, economic stabilization, income redistribution, promoting fairness and equity, fiscalresponsibility and accountability, as well as for the provision of national goods and services (Omesi & Appah, 2020b). Mais and Patmininingih (2017), state that taxpayers are expected to contribute to the growth and development of any given economy. However, taxpayers view the payment of taxes as burden hence minimizes the burden of corporate income tax by using the loophole of the various tax provisions. The minimization of tax burden can be achieved through tax planning. Hanlon and Heitzman (2010); Mappadang (2019) stated thatthe purpose of tax planning is to minimize taxable income.

Corporate tax planning are those activities employed by managers of companies to decrease the amount of corporate tax payable (Appah, 2019).According to Uchendu, Ironkwe and Nwaiwu (2016), tax planning involve those strategies designed to reduce thecorporate tax liability of a company and the cash flow effect on the business in terms of when it is most advantageous for a business to settle its tax liability without incurring any penalty.Nwaobia, Kwarbai and Ogundajo (2016) suggest that effective corporate tax planning practices doesminimize the effective tax rate to the level that it falls below the statutory taxrate. They further argued that tax planning practicesprovides positive effects on the cash flow of companies and hence improvesfirms after taxrate of returns.Chukwudi, Okonkwo & Asika (2020) noted that tax planning is a practice consistent with the relevant tax laws to minimize the tax liability of companies using the effective tax rate. Dyreng, Hanlon and Maydew (2008) state that tax planning entails taking into consideration the dynamics and loopholes in the tax laws to minimize corporate tax burden.Chen, Cheok and Raziah (2016)maintain that tax planning has the benefit of minimizing tax liabilities of firms by bring about a higher after tax position. Ftouhi, Ayed and Zemzem (2014); Nwaobia, Kwarbai and Ogundajo (2016); Izevbekhai and Odion (2018) noted that corporate tax planning increases the after tax earnings and improves the interest of shareholders.

Firm value is a very important component employed to evaluate the performance of managers in any given business entity. According to Nwaobia, Kwarbai and Ogundajo (2016), firm value is an economic

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measure used to examine the market value of a whole business.Nwaobia, Kwarbai and Ajibade, (2015) submit that firm value is the total of the market value of equity and debt.

Chukwudi, Okonkwo & Asika (2020) opine that firm value is the price paid by affluent investors once a company is sold and they further stated that it is the value from the eyes of the public in terms of the corporate survival of business. Therefore, it is important to evaluate the specific means through which corporate tax planning influences firm value of companies. Chen, Chen, Cheng and Shevlin (2010) argued that tax planning is a vital element for shareholders due to the reduction of corporate tax liability that affect shareholders. This is because tax planning can influence firm value positively and negatively.

The previous studies conducted on tax planning and firm value revealed mixed and inconclusive outcomes. While some studies (e.g., Chashiandani & Martani, 2012; Nwaobia, Kwarbai and Ogundajo, 2016;Zhang, Cheong, &Rajah, 2016; Razali, Ghazali, Lunyai and Hwang, 2018; Kirkpatrick & Radicic, 2020)showed a positive relationship between tax planning and firm value and other researchers (e.g., Ftouhi, Ayed and Zemzem, 2014;Izevbekhai and Odion, 2018; Oeta, Kiai & Muchiri, 2019; Chukwudi, Okonkwo & Asika, 2020; Nafti, Kateb & Masghouni, 2020) revealed a negative association between tax planning and firm value. However, the inconclusive nature of prior studieslargely because of changes in the sample size, independent variable inclusion deficiency, using one or two tax planning variables in some studies, and location. This weakness makes significant gap in prior studies. Therefore, following the aforementioned gap created by the prior studies in terms of findings and conclusion reached by previous studies, this study will aim at filling the gap by introducing additional variables in the present study. Therefore, the main objective of this study is to investigate tax planning and firm value of listed consumer goods manufacturing companies in Nigeria for the period 2015 to 2019. The specific objectives include:

1. to investigate the effects of effective tax rate on firm value.
2. to investigate the effects of tax savings on firm value.
3. to investigate the effects of firm size on firm value.
4. to investigate the effects of leverage on firm value.
5. to investigate the effects of capital intensity on firm value.

The following null hypotheses were tested:

Ho$_1$: Effective tax rate does not have a positive and significant effect on firm value of consumer goods companies in Nigeria.

Ho$_2$: Tax savings does not have a positive and significant effect on firm value of consumer goods companies in Nigeria.

Ho$_3$: Firm size does not have a positive and significant effect on firm value of consumer goods companies in Nigeria.

Ho$_4$: Leverage does not have a positive and significant effect on firm value of consumer goods companies in Nigeria.

Ho$_5$: Capital intensity does not have a positive and significant effect on firm value of consumer goods companies in Nigeria.

II.   Literature Review

Conceptual Framework
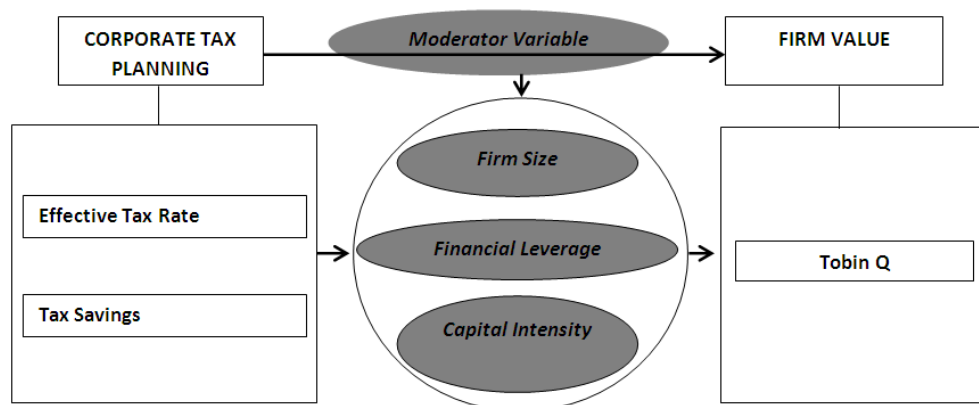
Corporate Tax Planning: According to Uchendu, Ironkwe and Nwaiwu (2016), tax planning involve those strategies designed to reduce thecorporate tax liability of a company and the cash flow effect on the business in terms of when it is most advantageous for a business to settle its tax liability without incurring any penalty (Chukwudi, Okonkwo & Asika, 2020). Nwaobia, Kwarbai and Ogundajo (2016) suggest that effective corporate tax planning practices dominimize the effective tax rate to the level that it falls below the statutory taxrate. They further argued that tax planning practicesprovide positive effects on the cash flow of companies and hence improvesfirms after taxrate of returns. Chukwudi, Okonkwo & Asika (2020) noted that tax planning is a practice consistent with the relevant tax laws to minimize the tax liability of companies using the effective tax rate. Soufiene, Khoula and Mohamed (2016) state that tax planning practices involve the minimization of corporate income tax for the purpose of maximization the after tax income.Izevbekhai and Odion (2018) provide that tax planning can be active or passive. An active tax planning involves a situation when financial transactions are carried out with the intention of minimizing tax liability. On the other hand, passive financial planning entails no intention of reducing tax liability in the financial reporting process. Ilaboya, Izevbekhai and Ohiokha (2016) noted that tax planning applies exemptions, deductions, rebates, reliefs and other tax incentives allowed in the tax laws for the sole aim of reducing corporate tax liability. Chen, Chen, Cheng and Shevin (2010) opine that tax planning is an important practice employed by managers of corporations to minimize tax liabilities that reduces the returns of companies and shareholders.Izevbekhai and Odion (2018); Chukwudi, Okonkwo and Asika (2020) maintain that tax planning practices can be measured using effective tax rate. Izevbekhai and Odion (2018) further noted that the ability of a company to conduct proper tax planning is derived from the effective tax rate and tax savings.

Effective tax rate: This is used to explain how much firms pay for taxes as a percentage of pre-tax incomes (Johnson, Rosenberg & Williams, 2012). Izevbekhai and Odion, 2018) state that the effective tax rate for companies is derived as the total tax expense divided by the earnings before tax.There are several empirical studies on effective tax rate and firm value. These previous studies (e.g. Minnick & Noga, 2010;Timothy, Izilin & Ndifereke, 2020) exhibit a positive relationship between effective tax rate and tax planning while other studies (e.g., Nanik & Ratna, 2015; Izevbekhai & Odion, 2018) showed a negative relationship.

Tax Savings: This is the difference between statutory tax rate and effective tax rate (Ftouhi, Ayed & Zemzem, 2010;Izevbekhai & Odion, 2018;Ilaboya, Izevbekhai, & Ohiokha, (2016). It is used as a measure for tax planning to reveal that managers have the ability to minimize tax expense in the annual financial reports because tax is viewed as a tool through which companies can generate permanent tax savings and/or temporary tax savings through tax deferrals (Izevbekhai & Odion, 2018). Lisowsky,Lennox and Pitman. (2013) revealed a positive association between tax savings and financial performance. This is because the amount incurred on tax planning is less than tax saving. Contrary, Armstrong, Blouin and Larcker (2012), found a negative association between tax savings and firm value because the providers of capital lacks sufficient knowledge of the tax planning practices of the managers of firms.

Firm Value: There are several interpretations given to the meaning of value. Adegbie, Akintoye & Isiaka (2019) stated that value can be explained from the concept of fair market value, fair value, investment value, and intrinsic value. Adegbie, Akintoye & Isiaka (2019) noted that the increase of the share price shows the confidence of the investors to the firm, so they are willing to pay more with aim for higher financial returns. Chukwudi, Okonkwo & Asika (2020) opine that firm value is the price paid by affluent investors once a company is sold and they further stated that it is the value from the eyes of the public in terms of the corporate survival of business. Therefore, the value of a firm is the total assets owned. It consists of the market value of share and liabilities. Hidayat, et al (2019) maintained that investors view firm value from stockprices, stock returns, earnings per share (EPS), price earnings ratio (PER), Tobin's Q, and price tobook value (PBV). Adegbie, Akintoye and Isiaka (2019) further stated that firm value can be measured using accounting based indicators such as return on asset, return on equity, price earnings ratio and price to book value while the market valued based indicator usually applies Tobin's Q. It is defined as (total assets plus market value of ordinary shares minus book value of ordinary shares minus deferred tax) divided by total assets. Tobin's Q is used to measure firm value which shows management performance in managing the firm assets. Its value describes a condition of investment opportunities owned by the firm or the firm growth potential (Adegbie, Akintoye & Isiaka, 2019; Hidayat et al, 2019).

Tax Planning and Firm Value: The nexus between tax planning and firm value can be explained from two angles. The first angle noted that tax planning increases the after tax profits and it is of interest to shareholders (Wahab and Holland, 2012). The second angle suggests the tax planning is complex and can possibly allow for managerial opportunism. This can lead to a decrease in firm value when managers under report accounting profit and the incentive to minimise corporate income tax liability by understating taxable income of a firm (Wahab and Holland, 2012). Previous empirical studies revealed both positive and negative association between tax planning and firm value. Oeta, S.M., Kiai, R. & Muchiri, J. (2019); Razali, Ghazali, Lunyai and Hwang, (2018); Kirkpatrick & Radicic (2020) showed a positive relationship between tax planning and firm value while

other studies showed a negative relationship between tax planning and firm value (Izevbekhai and Odion. 2018; Oeta, Kiai & Muchiri, 2019; Chukwudi, Okonkwo & Asika, 2020; Nafti, Kateb & Masghouni, 2020).

Firm Size: The size of a company influences firm value once proper strategic tax planning exists. Corporate tax planning is a practice that involves proper skill and competences. Hence, the size of a firm and capacity in terms of the availability of human resources available to the firm is believed to directly influence the extent tax planning practice (Nwaobia, Kwarbai & Ogundajo, 2016). According to Salawu and Adedeji(2017), the effectiveness of the board depends on its size. This is because the size of the board does influence the management policy of the company.Ftouhi, Ayed and Zemzem, (2014)in Nwaobia, Kwarbai and Ogundajo (2016) argue that bigger firms can achieve better tax planning practice due to the amount of resources and incentives available to them. Oeta, Kiai and Muchiri, (2019); Timothy, Izilin and Ndifereke (2020) findings suggest a positive insignificant relationship between firm size and value of a firm. On the contrary, Banchuenvijit (2012); Nwaobia, Kwarbai and Ogundajo (2016)showed a negative association between firm size and value of a firm. This is because big size creates additional costs arising from diseconomies of scale. Firm size is proxied as the natural log of total assets.

Financial Leverage: Financial leverage is also another dimension employed by previous studies to examine firm value. Ftouhi, Ayed and Zemzem, (2014) observed that companies with higher debt-to-equity ratios are more efficient at reducing corporate income tax. They provided that better-leveraged companies have lower effective tax rate as they employ debt deductions to positively reduce the payment of corporate income tax. According to Nwaobia, Kwarbai and Ogundajo (2016), financial leverage provides tax shield as a tax planning practice which improves shareholders earnings which in turn expands the value of the firm.Oeta, Kiai and Muchiri (2019); Timothy, Izilin and Ndifereke (2020) findings suggest a negative insignificant relationship between financial leverage and value of a firm.

Capital Intensity: Ilaboya, Izevbekhai and Ohiokha (2016) stated that capital intensity is the amount of investment made on non-current assets and there is a positive relationship between capital intensity and firm value (Shaheen & Malik, 2012; Oeta, Kiai & Muchiri, 2019).Nwaobia, Kwarbai and Ogundajo (2016) stated that capital intensity is thelevel of a firm's investment in non-current assets and by implication the level of tangible assets associated withtax incentives of a firm. This is the context of employingcapital intensity in this study and it has been proved to be a good tax planning practice.Also, previous studies revealed negative relationship between capital intensity and firm value (Nwaobia, Kwarbai & Ogundajo, 2016; Razali,Ghazali, Lunyai, & Hwang, 2018).Akintoye, Adegbie and Iheme-Onyeka (2020) noted that capital intensity is the amountof cash spent in order to get one Naira output and themore the capital utilised to produce that same unit, the morecapital intense the firm is said to be.It is measured as total non-current assets divided by the total assets (Zhu, Mbroh, Monney & Bonsu, 2019; Oeta, Kiai, & Muchiri, 2019; Akintoye, Adegbie & Iheme-Onyeka, 2020).

Theoretical Framework

This study on tax planning and firm value is anchored on ***Hoffman tax planning theory***.This theory was developed by Hoffman (1961) in (Akintoye, Adegbie, & Iheme-Onyeka, 2020). Fagbemi, Olaniyi and Ogundipe (2019) explain that this theory of tax planning is relevant where there is the need to reduce corporate tax income without adversely affecting the accounting income. Ogundajo and Onakoya (2016) andAkintoye, Adegbie, and Iheme-Onyeka (2020) noted that Hoffman listed some complexity and loopholes in tax lawsbecause of the hidden intentions and concluded that good tax schemes performed with precise legal concepts and compliance with these laws by corporate entities provide tax savings. Abdul-Wahab and Holland (2012); Abdul-Wahab (2016) and Akintoye, Adegbie, & Iheme-Onyeka (2020) stated that Hoffman (1961) provided four principles of tax planning such as tax planning is complex, tax planning provides several benefits, tax planning is not properly utilized and several persons are unaware of tax planning advantages. The theory of Hoffman (1961) further stated that tax planning can only be sustained for a short duration if the tax planning practices are not dynamic in the sustenance of the tax management strategies(Akintoye, Adegbie, & Iheme-Onyeka, 2020; Abdul-Wahab, 2016). Therefore, this theory encourages the utilization of tax planning strategies by entities once such activity is within the relevant tax laws. This theory is relevant to this study because corporate entities that maximize the loopholes in tax laws and which maintain an optimal leverage thus having tax shield on the deductible interest tends to reduce its tax burden and improves its after tax income.

Empirical Literature

Akintoye, Adegbie,and Iheme-Onyeka (2020) investigated tax planning strategies and profitability of listed manufacturing firms in Nigeria for the period 2008 to 2017 using ex post facto research design. The population of the study consisted of fifty-two (52) firms with a sample size of forty-six (46) firm calculated using Taro Yamini's model. The study employed secondary sources of data collection from the annual reports of

the sample firms. The data obtained from the published financial statements was analysed with descriptive and inferential statistics. The multiple regression analysis revealed no significant association between tax planning and return on assets (ROA) of listed manufacturing firms in Nigeria. Their study further suggested that tax planning strategies have both positive and negative association on the financial performance of listed manufacturing firms in Nigeria.

Timothy, Izilin and Ndifereke(2020) examined corporate tax planning, board compensation and firm value in Nigeria for the period 2008 to 2015. The study adopted ex post facto research design. The study population consisted of non-financial and non-oil and gas firms listed on the Nigerian Stock Exchange (NSE) while the sample consisted of 71 firms from the population of the study for the period under review. The data for the study was obtained from the published financial statements of sample firms.The dependent variable (return on assets) and independent variable (effective tax rate) while the control variables (firm size and leverage). The secondary data was analysed with descriptive and inferential statistics such as correlational and regression analysis. Their result suggests a positive and significant association between tax planning practices and firm value of listed non-financial firms in Nigeria.

Chukwudi, Okonkwo and Asika (2020) investigated tax planning and firm value of listed consumer goods companies on the Nigerian Stock Exchange for the period 2009 to 2018. Their research employed ex post facto research designand the population comprised all consumer goods sector while a sample size of twenty one companies. The data for the study was obtained from secondary data from the published financial statements and accounts for the sampled firms. The data collected was analysed using descriptive and inferential statistics. The inferential statistics was guided by a panel multiple regression model. The empirical analysis revealed that tax planning proxied by effective tax rate negatively and significantly affects firm value while book tax difference showed a positively and significant influence on firm value.

Oeta, Kiai and Muchiri (2019) carried out a study of tax planning and financial performance of listed companies at Nairobi Stock Exchange for the period 2010 to 2017. Their study employed positivism research and exploratory research design. The data for this research was obtained from the published annual reports of the sampled companies and the data obtained was analysed with descriptive and inferential statistics of multiple regression analysis. The research outcome revealed that there is no significant statistical relationship between tax planning and corporate financial performance of listed manufacturing companies in Kenya. Hence the study concluded that tax planning does not influence the level of financial performance of quoted companies in Kenya.

Fagbemi, Olaniyi and Ogundipe (2019) conducted an investigation of corporate tax planning and financial performance of deposit money banks in Nigeria for the period 2006 to 2016. The study adopted ex post factor research design and the population consisted of all the listed banks on the Nigeria Stock Exchange for the period under review. The data for the study was obtained from the published annual reports of the sampled banks while the data collected were analysed using descriptive, diagnostic and inferential statistics. The inferential statistics was guided by pooled ordinary least square model. The findings revealed that effective tax rate negatively and significantly affects banks financial performance. The study further revealed that capitalization has a positive significant effect on financial performance while capital intensity and lease option suggested an insignificant effect on financial performance. They concluded that corporate tax planning influences financial performance of banks based on the tax planning strategy utilized.

Silvy (2019) examined corporate tax planning and firm value of manufacturing firms listed on the Indonesian Stock Exchange for the period 2014 to 2016.The study employed ex post facto and correlational research design. The study population consisted of all manufacturing firm while purposive sampling was employed to arrive at a sample size of 43 firms. Secondary sources of data were collected from the annual reports and accounts of the sampled firms. The secondary data was analysed using descriptive and inferential statistics of multiple regression analysis. The regression result revealed that tax planning (cash effective tax) has a negative influence on firm value.

Razali,Ghazali, Lunyai, and Hwang (2018) carried out an investigation of tax planning and firm value in Malaysia for the period 2014 to 2016. The study used ex post facto and correlational research design. The secondary data was obtained from the financial statements of 387 sampled firms. The dependent variable (firm value) and the independent variables (effective tax rate and book tax differences) while the control variables consisted of firm size, leverage, asset tangibility, firm age and dividend. Descriptive and inferential statistics was employed for the purpose of data analysis. The result of the multiple regression analysis showed thateffective tax rate positively and significantly influences firm value while book tax difference revealed an significant negative association with value of a firm. The control variables of leverage, asset tangibility, dividend and age of firm showed a negative association. Their study concluded that effective tax rate suitably influences firm value.

Izevbekhai & Odion (2018) analysed tax planning and firm value of companies listed on the Nigerian Stock Exchange for the period 2010 to 2016. The study utilized ex post facto research design. The population of

their study comprised of all companies quoted on the Nigerian Stock Exchange and the sample consisted of eighty-nine (89) firms. The data was obtained from the published financial statement of the sample firms. The dependent variable was (TobinQ) while the independent variables (Effective Tax Rate and Tax Savings) and several control variables. The data collected from the firms were analysed using descriptive, diagnostic and inferential statistics. The inferential statistics was guided by a panel regression model. The result of the panel regression analysis suggested a negative association between effective tax rate and value of a firm while tax savings showed both positive and negative association with value of a firm. The control variable of firm size showed a positive association with firm valuewhile leverage and capital intensity revealed a negative association with firm value.

Salawo, Ogundipe and Yeye (2017) investigated corporate tax planning and firm value of non-financial firms listed on the Nigerian Stock Exchange for the period 2004 to 2014. The study employed ex post facto and correlational research design with a population of one hundred and fifty-one (151) and a sample of fifty (50) companies using stratified sampling technique. The study used secondary sources of data from the published financial statements of the sampled companies and the data collected was analysed with econometric models such as stationarity test, panel cointegration test, vector autoregression and granger causality. The dependent variable was (Tobin Q) while the independent variable (tax planning). The result showed that there is a significant non-directional causality between tax planning (ETR) and FirmValue.

Nwaobia, Kwarbai and Ogundajo (2016) conducted a study on tax planning and firm value of listed consumer goods industrial sector in Nigeria between 2010 and 2014. Their study employed ex post facto research design with a population of 80 listed consumer goods firms and the sample consisted of ten (10) firms. The data for their study were obtained from the published financial statement and accounts of the ten sample companies for the period under review. The secondary data obtained were analysed using descriptive and inferential statistics. The inferential statistics was guided by a panel regression model. The result of the analysis suggests a positive significant association between effective tax rate, dividend and firm age on firm value. Also, the study revealed a negative association between firm size, tangibility and financial leverage on firm value.

Lestari and Wardhani (2015) investigated tax planning and firm value of listed non-banking and financial firms in Indonesia for the period 2010 to 2011. Their study employed ex post facto and correlational research designs. The population consisted of all listed non-banking and financial firms while the purposive sampling was adopted to arrive at a sample of 221 firms. The study collected data from the financial reports of sampled firms. The dependent variable of the study was firm value; the independent variable was tax planning, andboard diversity as the moderator variable. The data obtained from the annual report was analysed using descriptive and inferential analysis of multiple regression model. The result suggest that a positive association between tax planning and firm value. Also that board diversity increases the positive influence of tax planning and firm value.

III.   Methodology

The methodology of this study consisted of research design, sources and methods of data collection, population and sample of the study, methods of data collection, variables, measurement and model specification.

Research Design: This study was designed to explain tax planning and firm value of listed consumer goods companies in Nigeria. The study adopted a combination of ex post facto and correlational research design. Ndiyo (2005) observed that ex post facto research design is a systematic empirical study in which the researcher does not in any way controls or manipulates independent variables because the situation for study already exists or has already taken place.Ndiyo (2005)contend that correlational design shows the relationships between independent and dependent variables. These research designs were considered appropriate because they facilitate a comprehensive perspective of the major research questions and hypotheses in the study.

Population, Sampling Technique and Sample Size: The target population consists of all the twenty eight consumer goods companies listed on the Nigerian Stock Exchange as at 31 December, 2019. This study utilizes simple random sampling technique in selecting sample due to availability and completeness of data for the period under review. The sample size of the study comprised of twenty six companies that was determined using Taro Yamen's formula.

Methods of Data Collection: The data for this study was sourced from the published annual reports and accounts of sampled companies for the period 2015 to 2019.

Variable, Measurement and Model Specification: The independent variable is corporate tax planning and firm value is the dependent variable. Corporate tax planning is measured by effective tax rate and tax savings while firm value is measured by Tobin-Q. Also, the study employed control variables of leverage, size, capital intensity and growth. The table below showed the

Table 1: Measurement of Variables

Variables	Type of Variable	Symbol	Measurement	Sources
Tobin Q	Dependent	TBQ	Market value of firms total assets divided by replacement cost of assets.	Izevbekhai & Odion (2018); Adegbie, Akintoye & Isiaka, 2019
Effective Tax Rate	Independent	ETR	Total tax cash expenses divided by pre-tax income expressed as a percentage	Chytis, Tasios, Georgopoulos and Hortia (2019); Oeta, Kiai, & Muchiri, (2019); Chukwudi, Okonkwo & Asika (2020)
Tax savings	Independent	TAS	The difference between statutory tax rate and effective tax rate	Izevbekhai & Odion (2018)
Size	Control	SIZ	Log of total assets	Zhu, Mbroh, Monney and Bonsu (2019); Oeta, Kiai, &Muchiri, (2019)
Leverage	Control	LEV	Total long term debt divided by total assets	Chytis, Tasios, Georgopoulos and Hortia (2019); Zhu, Mbroh, Monney and Bonsu (2019); Oeta, Kiai, & Muchiri, (2019)
Capital intensity	Control	CAI	Tangible assets divided by total assets	Zhu, Mbroh, Monney and Bonsu (2019); Oeta, Kiai, & Muchiri, J. (2019)

Source: Researchers compilation (2020)

The model for this study was developed using multiple regression analysis. Multiple regression analysis shows the variation in the value of the dependent variable on the basis of the variation in the independent and control variables. The assumption is that the dependent variable is a linear function of the independent variables. The multiple regression with an error (ε) is showed below:

$TBQit = \alpha + \beta_1 ETRit + \beta_2 TASit + \beta_3 LEVit + \beta_4 SIZit + \beta_5 CAIit + \varepsilon$ ----------------------------- 1

Method of data analysis: This study employed descriptive, correlational and panel ordinary least square for the purpose of data analysis. The correlation analysis was used to examine the association between the variables. The descriptive statistics on the other hand served as a first step to assessing the nature of the sampling distribution from which the variables were drawn. The regression technique used by the study was a pooled ordinary least square.

IV. Results and Discussion
Table 1: Descriptive Statistics
Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
TBQ	114	-99.04	332.99	5.5329	36.01365
ETR	114	-60.71	88.75	15.4720	23.56728
TAS	114	-55.75	90.71	14.6666	23.62370
LEV	114	-.99	16.99	.8987	2.68359
SIZ	114	4.76	744.00	15.1618	68.88269
CAI	114	.15	.99	.5686	.24695
Valid N (listwise)	114				

Source: SPSS Output 2021

The table 1 shows the result for the minimum, maximum, mean and standard deviation for all the Companies for variables TBQ, ETR, TAS, LEV, SIZ and CAI. The minimum values are --99.04, -60.71, -55.75, -0.99, 4.76 and 0.15. The maximum values are 332.99, 88.75, 90.71, 16.99, 744.00 and 0.99. The mean values are 5.5329, 15.4720, 14.6666, 0.8987, 15.1618 and 0.5686. The values for standard deviation are 36.01365, 23.56728, 23.62370, 2.68359, 68.88269 and 0.24695 for TBQ, ETR, TAS, LEV, SIZ and CAI respectively.

Table 2: Correlation Matrix

		TBQ	ETR	TAS	LEV	SIZ	CAI
TBQ	Pearson Correlation	1	.139	-.140	-.006	-.014	-.062
	Sig. (2-tailed)		.139	.137	.953	.882	.511
	N	114	114	114	114	114	114
ETR	Pearson Correlation	.139	1	-.999[**]	-.018	.085	-.100
	Sig. (2-tailed)	.139		.000	.850	.370	.291
	N	114	114	114	114	114	114
TAS	Pearson Correlation	-.140	-.999[**]	1	.016	-.085	.102
	Sig. (2-tailed)	.137	.000		.862	.368	.278
	N	114	114	114	114	114	114
LEV	Pearson Correlation	-.006	-.018	.016	1	-.032	.191[*]
	Sig. (2-tailed)	.953	.850	.862		.738	.042

	N	114	114	114	114	114	114
SIZ	Pearson Correlation	-.014	.085	-.085	-.032	1	-.034
	Sig. (2-tailed)	.882	.370	.368	.738		.720
	N	114	114	114	114	114	114
CAI	Pearson Correlation	-.062	-.100	.102	.191*	-.034	1
	Sig. (2-tailed)	.511	.291	.278	.042	.720	
	N	114	114	114	114	114	114

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

The result of the correlation matrix shows that TBQ has a low positive correlation with ETR (.139) and a negative correlation with TAS (-.140), LEV (-.006), SIZ (-.014) and CAI (-.062). ETR has a strong negative correlation with TAS (.999), a negative correlation with LEV (-.140), LEV (-.006), SIZ (-.014) and CAI (-.062).

Table 3: ANOVA
ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3271.542	5	654.308	.493	.781[b]
	Residual	143287.507	108	1326.736		
	Total	146559.049	113			

a. Dependent Variable: TBQ
b. Predictors: (Constant), CAI, ETR, SIZ, LEV, TAS

Table 3 of the ANOVA table using regression analysis shows that F-calculated = 0.493 < F-tabulated at 5, 113 df = 2.21. Also, Sig value = 0.781 > 0.05 (level of significance). This indicates that the overall effect of the independent variables (CAI, ETR, SIZ, LEV and TAS) has no significant effect on the dependent variable (TBQ).

Table 4: Coefficients
Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	23.134	107.233		.216	.830
	ETR	-.456	3.479	-.298	-.131	.896
	TAS	-.662	3.472	-.434	-.191	.849
	LEV	.120	1.344	.009	.090	.929
	SIZ	.336	2.366	.014	.142	.887
	CAI	-6.816	14.366	-.047	-.474	.636

Source: SPSS Output 2020

Table 4 indicates the individual independent variables ETR, TAS, LEV, SIZ and CAI using t-test values -0.131, -0.191, 0.190, 0.142 and -0.474 < t-tabulated 1.645 at n- 1, n-2 degree of freedom (df).

The first hypothesis showed a negative and insignificant relationship between effective tax rate andfirm value of consumer goods companies in Nigeria.The result is consistent with the research conducted by Chukwudi, Okonkwo & Asika (2020); Chukwudi, Okonkwo & Asika (2020); Izevbekhai & Odion (2018); Silvy (2019); Fagbemi, Olaniyi and Ogundipe (2019); Oeta, S.M., Kiai, R. & Muchiri, J. (2019)that effective tax rate negatively affects firm value. However, the study disagreed with the result of Timothy, Izilin & Ndifereke (2020); Nwaobia, Kwarbai and Ogundajo (2016); Lestari and Wardhani (2015); Razali,Ghazali, Lunyai, and Hwang (2018). This implies that effective tax rate does not affect the value of a firm. Therefore, an increase in the effective tax rate showed a negative effect on the financial performance of manufacturing companies in Nigeria.

The second hypothesis showed a negative and insignificant relationship between tax savingsand firm value of consumer goods companies in Nigeria.This finding is consistent with the study conducted by Izevbekhai & Odion (2018); Oeta, S.M., Kiai, R. & Muchiri, J. (2019) that tax savings showed a negative association with firm value.

The third hypothesis showed a positive and insignificant relationship between firm sizeand firm value of consumer goods companies in Nigeria. The findings agreed with the study conducted by Izevbekhai & Odion (2018) that firm size shows a positive relationship with the value of firms. However, thisresult negates with the findings of Nwaobia, Kwarbai and Ogundajo (2016) that firm size does not influence the value of a firm.

The fourth hypothesis showed a positiveand insignificant relationship between leverageand firm value of consumer goods companies in Nigeria.   The result negates the findings of Nwaobia, Kwarbai and Ogundajo (2016); Izevbekhai & Odion (2018); Razali,Ghazali, Lunyai, and Hwang (2018) that leverage does not affect the value of a firm positively.

The fifth hypothesis showed a negative and insignificant relationship between capital intensityand firm value of consumer goods companies in Nigeria. This result confirmed the findings of Nwaobia, Kwarbai and Ogundajo (2016); Izevbekhai & Odion (2018); Razali,Ghazali, Lunyai, and Hwang (2018); Fagbemi, Olaniyi and Ogundipe (2019) that capital intensity does not affect the value of a firm positively.

Conclusion, Implications and Recommendations

This study examined tax planning and firm value of listed consumer goods companies in Nigeria for the period 2015 to 2019. The major hypotheses of effective tax rate and tax savings on firm value was examined with the use of pooled ordinary least square method for data analysis. The result revealed that there is a negative and insignificant relationship between effective tax rate and tax savings on firm value of listed consumer goods companies in Nigeria for the period 2015 to 2019. The study also revealed a positive and insignificant relationship between firm size and leverage on firm value while capital intensity showed a negative and insignificant relationship with firm value. Thestudy concluded that tax planning does not affect the value of a firm for the period under review for the period 2015 to 2019.

The implications of this study explained that government needs to enforce proper penalties and sanctions that exhibit higher level of tax evasion and avoidance while manufacturingcompanies need to show goodbusiness ethics by complying with all relevant government tax laws and regulations. Therefore, the paper made the following recommendations:

1.   Companies in Nigeria should improve on their leverage ratio as high as possible to benefit from tax deductions that will mininise their tax rates.This is because leverage showed a positive influence on firm value and the interest paid on a debt is an allowable expense which decreases the chargeable profit for corporate tax.

2.   Companies in Nigeria should continue to improve on the size of the firm. This will improve on the value of the firm.

3.   The tax authorities in Nigeria should be involved on continuous tax reforms whereby the corporate tax rate is to be adjusted given the fact that the effective tax rate and tax savings suggested an inverse relationship with firm value.

4.   The study also suggest that companies should put in place appropriate tax planning strategies that will help decrease their tax liabilities and therefore improve their overall corporate value.

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