# TAX VARIABILITY AND ITS IMPACT ON THE FINANCIAL PERFORMANCE OF NON- FINANCIAL FIRMS IN NIGERIA: AN EMPIRICAL INVESTIGATION

**[1]Olaoye, Clement Olatunji Ph.D**
**and [2]Ogunleye, Stephen Ayodeji**
[1,2]Department of Accounting, Faculty of Management Sciences,
Ekiti State University, Ado-Ekiti

## Abstract

*The study examined tax variability and its impact on the financial performance of non- financial firms in Nigeria. Specifically, it evaluated at how book tax differences affected the profitability of non-financial businesses and how effective tax rates influenced the profitability of non- financial firms in Nigerian. The correlation between the dependent variable (Return on Asset) and the other factors was determined using a post-hoc analysis of secondary data (Book tax differences and effective tax rate). One hundred and thirteen (113) non-financial, multinational corporations were included in the study's population as listed on the Nigeria Exchange Group. The 76 selected non-financial firms in Nigeria were chosen using a purposeful sampling approach. The Generalized Method of Moments (GMM) estimator was used to verified information culled from the annual reports of participating companies over an 14-year period (2010-2023). Based on the findings of the GMM estimator, the book tax difference has a positive and substantial influence on the ROA of non-financial businesses whereas the effective tax rate has a negative and negligible effect on the ROA of listed non-financial enterprises. Consequent on the findings, the study concluded that tax variability has significant effect on financial performance of non-financial firm in Nigeria.*

**Key Words**: *Tax Variability, Tax Book Differences, Effective Tax Date, Financial Performance, Non-financial firms, Nigeria*

## Introduction

Taxes on corporate profits are a form of compulsory government expenditure (Edwards *et al* 2013). The term "corporate tax avoidance" is used to describe the activities of a company's management team that are taken in an attempt to reduce the company's taxable revenue via tax planning strategies, regardless of whether or not these strategies are lawful. Based on previous studies, we may extrapolate this method to arrive at an effective tax rate (Edwards, Schwab, & Shevlin, 2013). The complexities and lack of clarity in Nigeria's Chartered Institute of Taxation, Nigeria (CITN) administration make tax evasion and noncompliance possible. Over the course of the past several decades, corporate tax avoidance has ballooned into a global crisis (Amuzu, 2010).

The effective tax rate, an indicator of tax evasion practices, has been the subject of extensive study on a national and international scale. Most studies are limited in scope because they focus just on the income statement or the declaration of financial position (Rui, 2019). The competitiveness of a firm may be evaluated with the use of a cash flow analysis since it is a more

dynamic evaluation of the actual return on assets and equity (Amuzu, 2010). Since this is the case, scholars are paying greater attention to information on capital movements (Aktaş & Karn, 2012). Several studies (Aktaş & Karn, 2012, for example) looked at how cash flow, company valuation, stock price movement, profits, and estimating future cash flows were all linked to the risk of financial distress (Sayari & Mugan, 2013). For this reason, the current study will focus on solving the following four problems. In Nigeria, there is a dearth of empirical studies examining how tax variance affects the financial performance of listed industrial businesses (Amah, *et al*, 2016). This is why the correct study has taken the bull by the horns by looking at this subject.

However, it has been suggested in research that alternative measurements of the effective tax rate, a consequence of tax avoidance, would better capture the full scope of corporate tax avoidance and provide more accurate results (Khuong *et al* 2013). However, these studies were conducted on a worldwide scale (Edwards,*et al* 2013). Therefore, the current study focuses on the cash effective tax rate and book tax difference to capture the numerous characteristics of tax variance that can possibly suggest profits management in Nigeria.

Also, the dynamic generalized method of moments (GMM) was employed to empirically test the principles in prior works. This approach is consistent with the work of Khuong et al (2019), who used GMM to deal with the endogeneity problem. Also, Salawu and Adedeji (2017) examine the link between tax planning and corporate governance in a Nigerian context using the GMM. However, additional ways of evaluating the assumptions, such as panel least square regression, need to be explored. Therefore, the purpose of this study is to examine the book tax difference, effective tax rate, and taxation rate in relation to the corporate performance of listed non-financial enterprises in Nigeria. The main objective of the study is thus to ascertain the effect of tax variances on financial performance of quoted non-financial firms in the Nigerian Exchange group.

## Literature Review

### Tax Variability

A tax variation is any dishonest method used by an individual, business, trust, or government agency to reduce or evade tax liability, as defined by Nwachukwu (2006). In order to reduce their tax obligations, some taxpayers engage in tax variation by providing false or misleading information to the tax authorities. According to Eschborn (2010), this problem has been around for as long as there have been taxes. Disparities between the tax book and the effective tax rate, which may be related to tax avoidance and evasion, are the primary cause of tax variation. Although, tax avoidance, which helps the tax payer to exploits loopholes in tax laws are allowable but the tax evasion is not allowed in laws but are punishable in law courts.

### Corporate Tax Variance and Net Income

To be more precise, tax variation refers to the wide variety of tax planning options that might be examined (Iormbagah et al, 2021) According to Hamilton et al., there are two categories of tax variation: individual tax mix and corporate tax mix. When compared to personal tax planning, which focuses minimizing taxable income by optimizing deductions and credits, corporate tax

planning aims to reduce taxable income by optimizing the book tax difference and effective tax rate. The effective tax rate of a business is calculated by adding the corporate tax difference to the effective tax rate of the business and any deferred tax. In order to get started, this study may refer to Ihe (2012) comprehensive explanation of book tax difference. When asked for clarification, he said that he meant a subsidy the government provides a business in order to incentivize a certain line of work. In Nigeria, taxes comes in several forms, including the pioneer law, capital allowance, and startup tax credit. However, deferred tax obligations are solely an accounting construct (Savak & Radojko, 2013). According to Poterba *et al* (2017), "deferred tax accounting is used to anticipate and prepare for tax obligations that may develop in the future owing to disparities in the recognition and measurement principles of accounting standards and tax legislation" (2007). When there are discrepancies between the tax report and the financial statement about how an item or business transaction should be represented, the effective tax rate is utilized to account for the potential future tax ramifications of such discrepancies. Deferred tax obligation or benefit is an entity's best estimate of the future tax effects of liquidating or otherwise settling its assets and liabilities at their current carrying values (Halim *et al*, 2015). In addition, there are allowable expenses which could be deducted from profit before arriving at taxable profit, while some expenses are not allowed to be deducted. It is duty of tax official to recalculate the data presented by the tax payers so as to arrive at reasonable amount called taxable income.

Executives need to think about the optimal corporate tax differential while developing tax strategies. Managers in the business sector have the challenging task of figuring out the most effective model and approach to corporate tax differentiation in order to better their companies' tax strategy. It is impossible to create a corporation tax strategy that will guarantee optimum financial performance without first having a thorough understanding of the different business taxes and their features (net income).

**Book Tax Difference**

The BTD refers to the gap between a company's pre-tax earnings as stated in its financial statement and its taxable profits as reported to tax authorities (Tang, 2006). When discussing taxes, "taxable income" refers to the dollar amount that must be paid to the government in order to cover the cost of providing public services (Chytis, 2019). Since local GAAP and tax systems treat income and cost components differently, this is the root cause of BTDs (Harrington et al, 2012). Pratt (2005) and Revsine, et al (2005), among others, found that comparing a company's pre-tax book income to its taxable income was a helpful predictor of how conservative the company's accounting decisions were.

The three components of BTDs, namely, permanent differences, transitory differences, and statutory tax rate disparities, demonstrate the multiplicity of causes for BTDs (Harrington et al, 2018). Timely accruals (such as warranty reserves, bad debt reserves, depreciation, etc.) cause transitory discrepancies between pretax book revenue and taxable income (Hanlon et al, 2012). There may be both good and harmful results from this temporary shift. If the accounting income is more than the taxable income, the temporary difference will be positive (Hanlon, 2005).

**Effective Tax Rate**

Since a company's tax return is considered private information, Lee, Dobiyanski, and Minton (2015) contend that a company's tax strategy and practice are likewise protected business secrets. Tax experts utilize many proxies to infer a company's tax strategy. Lisowsky et al (2013) present five empirical proxies-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-to analyze the continuum from legal tax avoidance to illegal tax evasion. The effective tax rate, which is calculated by dividing the entire tax burden by the total pre-tax earnings, is the most often used metric for gauging the extent to which a corporation is avoiding paying its fair share of taxes. Paying taxes as a proportion of cash flow from operations is another metric (Richardson & Lanis, 2007).

**Theoretical Underpinned**

The theoretical foundations of this study are the agency theory and the tax planning theory of Harry A. Hoffman. The theory's foundation is on the assumption that managers (agents) operating inside the corporate governance framework of contemporary firms try to take advantage of legal loopholes by adjusting the company's effective tax rate and book tax differences. Statistical data supports both of these views. Based on the Hoffman tax planning hypothesis, governments pay more attention to companies that have a history of diverting revenues from state and federal governments and into the hands of private investors (Hoffman, 1961) as cited by Eliezyer et al (2020) Given the complexity of tax systems and processes, tax loopholes, also known as tax escapes, are unavoidable. These tax breaks and loopholes may help certain people financially depending on their individual circumstances. According to Hoffman (1961), the objective of tax planning is to redirect funds that would otherwise be paid in taxes to the government. With little forethought, you may be able to preserve your present salary while lowering your taxable income. A corporation's tax burden is calculated not from its stated profits but from its taxable income, which is the same as its adjusted profits using this method. Thus, it has been suggested that measures taken to lower taxable earnings be prioritized in order to increase the company's accounting profit. (Goldman, 2016)

Agency theory, on the other hand, holds that managers work for principles other than shareholders. Managers sometimes go against their principals' intentions even if they have been assigned power by the Shareholders. The agent's activities may be avoided with good company governance mechanisms. On the other side, shareholders and management may get irritated with one another if management takes advantage of conditions and utilizes company cash for personal benefit (Jensen & Meckling, 1976; Desai & Dharmapala, 2006). Since then, we've looked to the Hoffman tax theory and the agency theory in an effort to make sense of these findings. To wit: (Epstein & Jermakowicz, 2007).

**Empirical Review**

Khuong *et al* (2019) did a study titled "Does company tax evasion explain cash holdings?" to find the answer to this issue. A good case in point is Vietnam. 125 non-financial enterprises trading

on the Ho Chi Minh City Stock Exchange and the Ha Noi Stock Exchange between 2010 and 2016 were included in the sample. The financial statements utilized in the study were compiled using data from Thomson Reuters EIKON. A generalized method of moments (GMM) estimator with two stages was used to look at the data and test the assumptions. The cash ETR, the current ETR, and the BTD were all shown to have a positive and statistically significant relationship with a company's cash on hand.

Kim and Jang (2018) conducted a study to determine the correlation between tax evasion and several financial indicators in the Korean construction waste disposal business (2018). There were 23 unique Korean construction waste disposal companies in the sample pool between 2006 and 2016. The DART system on the Korean Financial Supervisory Services' website provides the secondary data used in this study with access to the company's financial statements. The information was analyzed using a multiple-regression method. There was shown to be a positive and statistically significant relationship between cash flow from operations and the book tax difference, as well as a positive and statistically significant relationship between non-current assets and non-current financing. Ordinarily, a rational manager knows that there are loopholes in laws which he/she can use in order to reduce tax liabilities therefore, when these loopholes are identified and used there is the possibilities of increasing income of the company and reducing tax rates.

Rui, (2019). studied the effect of corporate tax evasion on investment cash flow sensitivity Companies listed on the Shanghai Stock Exchange and the Shenzen Stock Exchange were included in the sample, with 5056 company years of data from 2009 to 2015 included (a-share businesses). This article makes use of secondary data from the Wind Economic Database. The data was analyzed using a regression model. The results support the notion that firms with a propensity for active tax avoidance are more vulnerable to swings in cash flow from investments. It should be noted that tax avoidance could definitely has positive effects on cash flow of the companies in that, a company that avoid tax has the advantage of increasing profit and dividend payable to the shareholders of the company that its counterpart who pays all the taxes as at when due.

Goldman, (2016) observed in his conducted research on the effect of tax aggressiveness on investment efficiency, that there were 12,876 unique firm-year observations in the final data collection. For this study, we relied on secondary data from Compustat and Execucomp for the financial years 1992-2014. The information was analyzed using a multiple regression method. The results indicate that companies with access to money may benefit from being more tax aggressive by increasing their investment. Secondly, tax services offered by an auditor significantly dampen the correlation between tax aggression and investment efficiency. Many companies in Asia and all over the world will rather pay taxes or evade or avoid it. To avoidance tax is acceptable in laws. The income generated through tax avoidance could be used as investment for the purpose of making more profit even in the midst of competitors. However, no company would want to waste its resources in the midst of competitors Companies might exploits all loophole to reduce their tax liabilities.

Santa and Rezende ((2016) conducted a study of corporate tax evasion and company valuation in Brazil Our data set consists of 323 listed businesses (1,704 firm-year observations) from the BM & F Bovespa. The research relied on secondary data from financial statements compiled by CVM (the Brazilian regulatory authority) and Econometrical (covering the years 2006-2012). The information was analyzed using a multiple-regression method. Tobin's q was negatively impacted by tax evasion (as assessed by BTD), but positively impacted by net income scaled by total assets. Tax avoidance is a means of transferring wealth from government to individuals. Most time there are legal issues between the government and companies on the problems of tax evasion. It is possible therefore that the issues of legal battles to have negative effects on the company's value therefore making it to lose its image among the competitors.

It is crystal clear that 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. 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.

## Methodology

*Ex-post-facto* research approach was used to investigate the connection between the variables via the use of secondary data (Okoro & Ihenyen, 2020). One hundred and thirteen (113) non-financial global enterprises registered on the Nigeria Exchange Group as of 5th March 2021 made up the study's population. Seventy-six non-financial firms in Nigerian were chosen using a systematic selection strategy.

**Table 1. List of Selected Non-Financial Firms for the Study**

| Sectors | Population | Sample | Percentage % |
|---|---|---|---|
| Agriculture | 5 | 4 | 80 |
| Conglomerates | 5 | 5 | 100 |
| Construction & Real Estate | 9 | 2 | 22 |
| Consumer goods | 20 | 16 | 80 |
| Healthcare | 10 | 6 | 60 |
| ICT | 9 | 4 | 44 |
| Industrial goods | 15 | 10 | 67 |
| Natural Resources | 4 | 4 | 100 |
| Oil & gas | 11 | 8 | 73 |
| Services | 25 | 17 | 68 |
| **Total** | **113** | **76** | |

**Source: Authors' Compilation, (2023)**

Data for this were sourced from annual financial reports of selected companies for the period of 11 years 76 non-financial worldwide companies purposively selected from 2010 to 2020and analyzed using Generalized Method of Moments (GMM) estimator. The period was chosen because the most recent version of Nigeria's corporate governance code came out in 2018, and to cover COVID-19 pandemic period. The GMM estimator was used to analyse data collected

**Table 2 Description of proxies for variables of the study**

| S/N | VARIABLES | SYMBOL | MEASUREMENT | PREVIOUS STUDIES |
|---|---|---|---|---|
| | | | | |
| | **Dependent Variable** | | | |
| 1 | Net Income | ROA | Log of Net Income 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 | Current Tax Rate | CTR | 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: Authors' Compilation, (2023)**

The study adopted a similar regression model from the study of Muhammad (2017) 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)

The econometric specification is as follows:

$(ROA)it = b0 + b_1(BTD)\ it + b_2(CTR)\ it + b_3(ETR)\ it + b_4(FLV)\ it + \varepsilon it$

Where:

ROA =Return on Asset, BTD=Book Tax Difference, CTR=Current Tax, ETR=Effective Tax Rate, 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

The study employed descriptive and inferential statistics to analyze data from 2006 to 2020. As a kind of inferential statistics, correlation and regression analysis were used in this study. Pearson correlation was used to determine the strength of the links between the studied variables, and the hypothesis was evaluated using the panel data regression method to analyze the causal factors that contributed to the observed financial results.

**Results and Discussions**

In this section, we offer the research data, focusing on the descriptive statistics of all the variables. An explanatory variable is identified, and then the correlation between it and the explanatory factors is laid down in a correlation matrix. After running robustness tests to ensure the validity of the results, the section shows the regression findings.

**Test for Explained and Explanatory Variables Robustness**

Before deciding on robust regression as the analytic method, the researchers ensured that there were no problems with heteroskedasticity, multicollinearity, or the normality of the explained variable.

**Checking Homoscedasticity of Residuals**

Checking for error term stability using the Breusch-Pagan/Cook-Weisberg test. Error word heteroscedasticity indicates it is not constant. The test results are provided in Table 2; the small probability of chi square (P = 0.0012) shows that the data residuals are homoscedastic. This demonstrates the presence of heteroscedasticity and provides support for using robust regression to solve the problem.

**Table 3 Heterocesdasticity Test Results**

| Tests Statistics | chi2 Value | Probability of Chi2 |
|---|---|---|
| **Heterocesdasticity Test** | 10.52 | 0.0012 |

**Source: 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 |
|---|---|---|
| **BTD** | 1.56 | 0.5764 |
| **CTR** | 1.32 | 0.6435 |
| **ETR** | 1.53 | 0.6798 |
| **FLV** | 1.34 | 0.6902 |

**Source: Stata Output, 2023**

### Descriptive Statistics

Companies in Nigeria's non-financial sectors with publicly available data were included in the research. Table 5 shows summary data for all of the study's variables.

**Table 5: Descriptive Statistics for the selected listed non-financial firms**

| Variables | No of Observations | Mean | Standard Deviation | Minimum | Maximum |
|---|---|---|---|---|---|
| Return on asset | 90 | 0.2370 | 0.34252 | 0.0000 | 2.1632 |
| Book tax differences | 90 | 0.0355 | 5.2323 | -0.7300 | 1,7300 |
| Effective Tax Rate | 90 | 7.7456 | 1.4601 | 6.0800 | 9.0800 |
| Current tax rate | 90 | 42.7500 | 4.7523 | 12.0000 | 69.0000 |
| Financial Leverage | 90 | 0.7390 | 6.4122 | 0.1000 | 2.4800 |
| Valid N (Listwise) | 90 | | | | |

**Source: Authors' Computation, 2023.**

Table 5 shows that, on average, the book tax difference for listed nonfinancial companies in Nigeria is 23.70 percent, with a range from 0.00 percent to 21.632 percent and a standard deviation of 34.25 percent. This indicates a wide dispersion around the mean for the book tax difference (43.22 percentage points).

The average book tax differential (BTD), effective tax rate (ATR), current tax rate (CTR), and financial leverage (leverage as a percentage of total assets) all have standard deviations of 5.2323, 1.4601, 4.7523, and 6.4122, respectively. This shows substantial variation in the methods used to estimate tax variations across the selected non-financial enterprises.

**Correlation Analysis**

A correlation matrix between financial performance (the dependent variable) and the four explanatory factors (the independent variables) is shown in Table 3.

**Table 6: Correlation Matrix of all variables (2006 -2023)**

| | **ROA** | **BTD** | **FSIZE** | **CTR** | **FLV** |
|---|---|---|---|---|---|
| ROA | 1.000 | | | | |
| BTD | 0.0767 | 1.0000 | | | |
| ETR | 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: Authors Computation, 2023**

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 displays of moderate cross-correlation terms for the explanatory variables.

**Discussion of findings**

The key goals of this study were to investigate the book tax disparity, the effective tax rate, and the return on assets. Based on the findings, the ROA of publicly traded non-financial companies is significantly affected by the book tax difference. You can trust this outcome. A study conducted by Khuong, Ha, Minh, and Thu (2019) demonstrated a positive and statistically significant relationship between a company's cash on hand and current ETR, cash ETR, and BTD. The current study's findings corroborate those of Kim and Jang (2018). Noncurrent assets have a positive and statistically significant impact on noncurrent financing, whereas debt has a positive but not statistically significant influence on debt. Operating cash flow and the book tax difference have a

positive and statistically significant link. This study found no evidence of a correlation between tax rates and the asset returns of publicly traded companies outside the banking sector. Yet Goldman's (2016) research on the effect of tax aggressiveness on investment efficiency reaches the opposite result, indicating that tax aggressiveness is associated with greater investment for businesses with access to investable money. Using a multiple regression analysis, Brazilian researchers Santa and Rezende (2016) determined that tax evasion, as proxyed by BTD, was negatively correlated with Tobin's q, whereas net income scaled by total assets was positively correlated with Tobin's q.

**Conclusion and recommendations**

There is a significant effect of book tax difference on returns on assets of quoted Non-financial firms, Effective tax rate has no significant effect on returns on assets of quoted Non-financial firms. The study is to gather and evaluate empirical data on the effect of tax variance on the financial performance of non-financial enterprises in Nigeria. The merits and downsides of book tax differential in the context of local and global corporation have been discussed at length by governments, politicians, and managers on both sides of the argument. This study adopts an empirical approach, reviewing a recently updated dataset of Nigerian non-financial enterprises listed on the Nigerian Exchange Group in light of the conflicting results of prior research. Panel least square regression analysis revealed a positive effect of book tax difference on returns on asset, whereas a positive effect of effective tax rate on returns on asset was discovered but was not statistically significant. The study concluded that non-financial enterprises in Nigeria that are members of a stock market group are significantly affected by tax variance on their financial outcomes. 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.

**REFERENCES**


Adelegan, O. J. (2003). An empirical analysis of the relationship between cash flow and dividend changes in Nigeria. *African Development Review*, *15*(1), 35-49.

Aktaş, R., & Karğın, S. (2012). Predictive ability of earnings and cash flows: Evidence from Turkish firms‟ cash flow statements that prepared by IAS 7. *Journal of Money, Investment and Banking*, *25*(2012), 172-180.

Al-Najjar, B. (2013). The financial determinants of corporate cash holdings: Evidence from some emerging markets. *International Business Review*, *22*(1), 77-88.

Amah, K. O., Michael, C. E., & Ihendinihu, J. U. (2016). Relationship of cash flow and financial performance of listed Banks in Nigeria. *European Journal of Accounting, Auditing and Finance Research*, *4*(4), 89-87.

Amuzu, M. S. (2010). Cash flow ratio as a measure of performance of listed companies in emerging economies: The Ghana example (Unpublished Dissertation). St. Clements University, Turks and Caicos Islands. at:https://www.pwc.com/gx/en/international-transfer-pricing/assets/itp-2013-final.pdf

Avi-Yonah, R. S. (2006). The three goals of taxation. *Tax Law Review*, *60*(1), 1-28.

Baiman, S. (1990). Agency research in managerial accounting: A second look. *Accounting, Organization and Society*, *15*(4), 341-371.

Berle, A., & Means, G. (1932). *The Modern Corporation and Private Property*. New York: Macmillan.

Bingilar, P. F., & Oyadenghan, K. J. (2014). Cash flow and corporate performance: A study of selected food and beverage companies in Nigeria. *Journal of Business Management*, *14*(3), 10-24.

Blumberg, B., Cooper, D. R., & Schindler, P. (2008). *Business Research Methods* (2nd Ed.). McGraw-Hill Higher Education.

Buhr, N. (1998). Environmental performance, legislation and annual report disclosure: The case of acid rain and Falconbridge. *Accounting, Auditing & Accountability Journal*, *11*(2), 163-190.

Center on Budget and Policy Priorities, (2015). Policy basics: Where do our federal tax dollars go? Available online at: http://www.cbpp.org/research/ policy-basics-where do-our-federal-tax-dollars-go.

Chytis, E. (2019). The informative value of taxes: The case of temporal differences in tax accounting. *Journal of Accounting and Taxation*,*11*(8), 130-138. doi: 10.5897/JAT2019.0350

Daily, C. M., Dalton, D. R., & Cannella Jr, A. A. (2003). Corporate governance: Decades of dialogue and data. *Academy of Management Review*, *28*(3), 371-382.

Davis, J.H., Schoorman, F.D., & Donaldson, L. (1997). Toward a Stewardship Theory of Management. *Academy of Management Review, 22*, 20-37.

Deegan, C., & Rankin, M. (1996). Do Australian companies report environmental news objectively? An analysis of environmental disclosures by firm prosecuted successfully by the environmental protection authority. *Accounting, Auditing & Accountability Journal*, *9*(2), 50-67.

Denzin, N. K., & Lincoln, Y. S. (Eds.). (2011). *The Sage Handbook of Qualitative Research*. Sage.

Duru, A.N., Okpe, I., & Ifunanya, L. C. (2015). Effect of cash flow statement on company's performance of food and beverages companies in Nigeria. *World Applied Sciences Journal*, *33*(12), 1852-1857.

Edwards, A., Schwab, C., & Shevlin, T. (2013, February). Financial constraints and the incentive for tax planning. In *2013 American Taxation Association midyear meeting: New faculty/doctoral student session*.

Eisenhardt, K. M. (1989). Agency theory: An assessment and review. *Academy of Management Review*, *14*(1), 57-74.

Epstein, B. J., & Jermakowicz, E. K. (2007). *Interpretation and Application of International Financial Reporting*. John Wiley & Sons.

Goldman, N. C. (2016). *The Effect of Tax Aggressiveness on Investment Efficiency* (Unpublished Dissertation). University of Arizona. Availableonline at http://hdl.handle.net/10150/612100

Halim, S., Kula, V., & Baykut, E. (2015). A research on deferred taxes: A case study of BIST listed banks in Turkey. *European Journal of Business and Management, 7*(2), 1 - 9.

Hanlon, M. (2005). The persistence and pricing of earnings, accruals, and cash flow when firms have large book-tax differences. *The Accounting Review*, *80*(1), 831–863.

Hanlon, M., Krishnan, G. V., & Mills, L. F. (2012). Audit fees and book-tax differences. *The Journal of the American Taxation Association*, *34*(1), 55-86.

Harrington, C., Smith, W., & Trippeer, D. (2012). Deferred tax assets and liabilities: tax benefits, obligations and corporate debt policy. *Journal of Finance and Accountancy*, *11*, 1-18.

Iombagah, J. A., Abiahu, C. M. F. & Ibiam, O. (2021). Corporate tax mix and financial performance of listed manufacturing firm. *International Journal of Accounting and Finance 10*(2), 117 – 128.

Iormbagah, J. A., Abiahu, M. C., & Ibiam, O. (2021). Corporate tax mix and financial performance of listed manufacturing firms in Nigeria International Journal of Contemporary Accounting Issues. *International Journal of Accounting & Finance (IJAF) 10*(2), 64 - 84.

Jensen, C., & Meckling, H. (1976). Theory of the firm: Managerial behaviour, agency costs and ownership structure. *Journal of Financial Economics*, *3*, 305-360.

Jim-Suleiman, S. L. (2015). *Competition and corporate tax avoidance: Empirical evidence from Nigerian Non -financial firms* (Unpublished Dissertation). School of Postgraduate Studies, University of Jos, Jos, Nigeria.

Khuong, N. V., Ha, N. T. T., Minh, M. T. H., & Thu, P. A. (2019). Does corporate tax avoidance explain cash holdings? The case of Vietnam. *Economics and Sociology*, *12*(2), 79-93.

Kim, J. B., Li, Y., & Zhang, L. (2011). Corporate tax avoidance and stock price crash risk: Firm-level analysis. *Journal of Financial Economics*, *100*(3), 639-662.

Kim, J. H. & Jeong, J. W. (2006). The effect of corporate financial characteristics on tax avoidance. *Korean Journal of Taxation Research, 23*(4), 97-124.

Kim, W. J., & Jang, G. B. (2018). Relationship between tax avoidance and key financial indicators in Koreas Construction Waste Disposal Industry. *Academy of Accounting and Financial StudiesJournal*,*22*(3). Available online at https://www.abacademies.org/articles/relationship-between-tax-avoidance-and-key

Kumar, R. (2011). *Research methodology-A step by step guide for beginners* (3rd Ed.). Sage Publications.

Lee, S. C., & Hong, J. H. (2015). A study on the corporate characteristic factors influencing long term tax avoidance in KOSDAQ-listed firms. *Journal of Accounting Information Research, 33*(4), 335-369.

Lisowsky, P., Robinson, L., & Schmidt, A. (2013). Do publicly disclosed tax reserves tell us about privately disclosed tax shelter activity? *Journal of Accounting Research*, *51*(3), 583-629.

Manzon, G., & Plesko, G. A. (2002). The relation between financial and tax reporting measures of income. *The Law Review*, *55*(2), 175-214.

Martinez, L. P (2013). Structural impediments to tax reform: The environment as case study. *Florida Tax Review*, 14(2), 45-75.

Mohammed, A. N. (2017). *Effect of corporate governance mechanisms on tax avoidance in Non-financial firms in Nigeria* (Unpublished Doctoral Dissertation). Department of Accounting, Faculty of Administration, Ahmadu Bello University, Zaria, Nigeria.

Mussalo, V. (2015). *The Effect of Earnings Management on Audit Fees: Evidence from the Manufacturing Industry* (Unpublished Master's Thesis). Department of Accounting, Aalto University, School of Business.

Namazi, M. (2012). Role of the agency theory in implementing management's control. *Journal of Accounting and Taxation*, *5*(2), 38-47.

Noga, T. J., & Schnader, A. L. (2013). Book-tax differences as an indicator of financial distress. *Accounting Horizons*, *27*(3), 469-489. https://doi.org/10.2308/acch-50481

Nwaiwu, N. J., & Oluka, N. O. (2017). IFRS: Cash flow accounting and financial performance of quoted companies in Nigeria. *International Journal of Innovative Finance and Economics Research*, *5*(4), 116-127.

Nwanyanwu, L. A. (2015). Cash flow and organizational performance in Nigeria: Hospitality and print media industries perspectives. *European Journal of Business, Economics and Accountancy*, *3*(3), 66-72.

Onyali, C. I., & Okafor, T. G. (2018). Effect of corporate governance mechanisms on tax aggressiveness of quoted manufacturing firms on the Nigerian Stock Exchange. *Asian Journal of Economics, Business and Accounting*, *8*(1), 1-20.

Poterba, J. M., Rao, N. S., & Seidman, J. K. (2011). Deferred tax positions and incentives for corporate behavior around corporate tax changes. *National Tax Journal, 64,* 27–58. doi.org/10.17310/ntj.2011.1.02

Pratt, J. (2005). *Financial Accounting in an Economic Context* (6th Ed.). Hoboken, NJ: John Wiley & Sons.

PwC (2013). International Transfer Pricing. Available online

Rego, S. O. (2003). Tax-avoidance activities of U.S. Multinational Corporations. *Contemporary Accounting Research, 20*(4), 805-833.

Reuters, (2013). Charities say graft, tax evasion hold back poor countries" development. Available online at http://www.reuters.com/article/2013/04/10/india-tax-haven-graft

Revsine, L., Collins, D., Johnson, W. B., & Mittelstaedt, H. F. (2005). *Financial Reporting and Analysis*. New York, NY: Pearson/Prentice Hall.

Richardson, G., & Lanis, R. (2007). Determinants of the variability in corporate effective tax rates and tax reform: Evidence from Australia. *Journal of Accounting and Public Policy*, *26*(6), 689-704.

Riguen, K. R., & Jarboui, A. (2017). Normal, abnormal book-tax differences and accounting conservatism. *Asian Academy of Management Journal of Accounting and Finance, 13*(1), 113-142. https://doi.org/10.21315/aamjaf2017.13.1.5

Ross, S. A. (1973). The economic theory of agency: The principal's problem. *The American Economic Review*, *63*(2), 134-139.

Ruangviset, J., Jiraporn, P., & Kim, J. C. (2014). How does corporate governance influence corporate social responsibility? *Procedia-Social and Behavioral Sciences, 143*, 10551057.

Rui, J. (2019). Effect of Corporate Tax Avoidance on the Investment-cash Flow Sensitivity. In *Journal of Physics: Conference Series,* 1237(2), 22 - 50).

Salawu, R. O., & Adedeji, Z. A. (2017). Corporate governance and tax planning among nonfinancial quoted companies in Nigeria. *African Research Review, 11*(3), 42-59.

Salawu, R. O., & Ololade, B. M. (2018). Corporate tax avoidance of listed firms in Nigeria. *Journal of Taxation and Economic Development, 17*(2), 1-12.

Salawu, R. O.,Ogundipe, L.O.,& Yeye, O. E.(2017).Granger causality between corporate tax planning and firm value of non-financial quoted companies in Nigeria. *International Journal of Business and Social Science, 8*(9), 91-103.

Santa, S. L. L., & Rezende, A. J. (2016). Corporate tax avoidance and firm value: From Brazil. *Revista Contemporânea de Contabilidade, 13*(30), 114-133.

Sayari, N., & Mugan, F. N. C. S. (2013). Cash flow statement as an evidence for financial distress. *Universal Journal of Accounting and Finance, 1*(3), 95-103.

Shleifer, A.&Vishny, R.(1997).A survey of corporate governance. *Journal of Finance, 52,*246 - 253.

Tang, T. (2006). Book-tax differences: a function of accounting-tax misalignment, earnings management and tax management: empirical evidence from China. In *American Accounting Association Annual Meeting, Washington DC*.

Tilt, C.A. (1994). The influence of external pressure groups on corporate disclosure: Some empirical evidence. *Accounting Auditing & Accountability Journal, 7*(4), 47-72.

Tye, W. L., & Abdul Wahab, N. S. (2018). Roles of tax planning in market valuation of corporate social responsibility. *Cogent Business & Management, 5*(1), 1482595.

Uadiale, O. M., Fagbemi, T. O., & Ogunleye, J. O. (2010). An empirical study of the relationship between culture and personal income tax evasion in Nigeria. *European Journal of Economics, Finance and Administrative Sciences, 20*, 116-126.

Williams, R. (2011). The numbers: How does federal government spend its money? Tax Policy Center.Availableonlineathttp://www.taxpolicycenter.org/briefinghttp://www.taxpolicycenter.org/briefingbook/background/numbers/expenses.cfmbook/background/numbers/expenses.cfm.