# Appraisal of Corporate Tax Management on Performance of Non-Financial Firms in Nigeria

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**Abstract**
The main objective of this study is to examine the effect of corporate tax management on performance of Non-financial firms in Nigeria. The specific objectives were to ascertain the factors influencing corporate tax management on the performance of non-financial firms in Nigeria, to determine how corporate tax management affects the annual income of non-financial firms in Nigeria, to access the effects of corporate tax management on the work output of non-financial firms workers in Nigeria and to determine the extent of the relationship of corporate tax management and the performance of non-financial firms in Nigeria.The population of this study comprises of non-financial firms in Oyo state, Nigeria. Random sampling technique was used and the sampling size for the study was ten firms. In carrying out this study, the researcher made uses of secondary sources of data. The period of study was from 2011 to 2021. Both descriptive and inferential statistical tools were employed in this study. The result shows that a unit increase in EQT Shows negative contribution of 350.48 to NP, a unit increase in DRT contributed 109.54 decrease to NP. PTI indicated a positive contribution of11.72 and TAS shows a positive contribution of 1.66to changes in NP. More so, two of the four explanatory variables were significant at 5% in explaining variation in NO. These are EQT with (t=0.018 and P=0.004) and TAS with (T = -0.28 and P=0.0000).It is now concluded that taxation has positive significant corporate tax management and performance of Non-financial firms in Nigeria. From the results obtained, there is no doubt that tax is a key indicator to consider when discussing the economic development of Nigeria. It is a major source of revenue for the Federal Government to meet their statutory obligations for the wellbeing of the citizens.
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## 1. INTRODUCTION

All over the world, taxation is a common phenomenon. There is no country that can do without the imposition of taxation to boost its revenue generation .Taxation problems date back to the earliest recorded history. The basic principles of taxation are nearly as old as human society –the history of taxes stretches thousands of years into the past. The earliest trace of taxation in Nigeria was believed to have started from northern part of Nigeria and this was before the advent of British administration.

The payment of tax in Nigeria dates back to the colonial era, if one is to look at the history of empires, kingdoms and chiefdoms of the pre-colonial period and even during the colonial period, town, cites even villages and hamlets before what is now known as Nigeria, taxation plays a vital role in the day to day running of various administrations of those periods. Taxation now attracts the attention of international and national scholars as it influences economic activities of all countries in the world. Tax policies are usually designed to provide mechanism for influencing consumer demands and for providing incentives for production, investment and savings. Thus, if taxes are a significant element for macroeconomic policies, they are no less important for firms' strategic decisions. Graham (2003) presents a set of corporate decisions that are influenced by tax.

As taxation represents a cost to a firm it necessarily affects its performance. Therefore, there has been a growing concern to find ways of reducing the firms' tax burden.

Hence, a large body of literature has been developed to investigate effective tax rates (Dyreng *et al*., 2008; Minick and Noga, 2010; Armstrong *et al*., 2012; Vieira, 2013; Kraft, 2014, cited in Bauer, Kourouxous & Krenn, 2018). Bauer, Kourouxous and Krenn (2018), further argue that an intuitive indicator with capacity to influence effective tax rate is firms' profitability. Thus, when profitability is measured based on pre-tax income, the expectation is that more profitable firms have higher earnings and, consequently, pay more taxes. This position is evident in the literature.

Ojo (2008) views taxation as a concept and the science of imposing tax on citizens. The imposition of taxation is expected to yield income which should be utilized in the provision of amenities, both social and security and creates conditions for the economic well-being of the society. Okon (1997) opines that income tax is a tool of fiscal policy used by government all over the world to influence positively or negatively particular type of economic activities in order to achieve desired objectives. He further opines that the primary economic goals of developing countries are to increase the rate of economic growth and hence per capita income, which leads to a higher standard of living. Progressive tax rate can be employed to achieve equitable distribution of resources (Afubero & Okoye, 2014). In line with this, Adams (2001) further states that taxation is the most important source of revenue for modern governments, typically accounting for ninety percent or more of their income. Thus, for tax purposes, a corporation is viewed as a separate entity meaning that the corporate entity is subject to taxation on corporate-level events. Abiola, James and Asiweh (2012) view corporation tax as one of the chief levers that any government can use to promote growth and investment in the long run. Aderibigbe and Zachariah (2014) state that faster economic growth is ultimately the mechanism through which a country can reach its full potential and provide opportunities for all of its populace to flourish.

A corporate tax, therefore, can be referred to as a levy placed on the profit of a firm. Albertazzi and Gambacorta (2006) further add that they are taxes against profits earned by businesses during a given taxable period which are generally applied to companies operating earnings after expenses such as cost of goods sold, selling, general and administrative expenses and depreciation have been deducted from revenues. Lederman (2002) stresses that tax incidence must be traced to people, since corporations cannot bear the burden of a tax. If such is the case, then corporations should not be taxed. But then, there are several possible justifications. First, (Myles, 2007) there are valuable benefits, such as limited liability, to incorporation. The corporate tax could be seen as simply a tax on that value.

Secondly, corporations are also taxed because they may earn some pure economic profits, profits that are in excess of the return to capital (Lederman, 2002; Myles, 2007). This does not; of course, justify taxing such profits at the corporate level rather than when the individuals owning the corporation receive them. The corporate tax is also seen as a way to soak up foreign tax credits or export taxes to foreigners who own capital. Since individuals who live in other countries cannot be taxed on their income, the corporate tax is a way to get at their income from domestic assets indirectly (Myles, 2007, Johansson, Heady, Arnold, Brys & Vartia, 2008).

Lastly, the scholars are also of the view that corporate income tax can serve as a backstop for the personal income tax. Individuals may try to avoid the personal income tax by making it difficult for the government to observe the recipients of corporate income. In this case, it may be more efficient to tax corporations instead. Each of these rationales for the corporate income tax has specific implications for how an efficient corporate tax will be structured (Schwellnus & Arnold, 2008).

The non-financial firms is a board industry covering various industries including the hospitality industry, manufacturing industry and other firms that does not accept deposits. Globally it is a multi-billion dollar industry with board offerings, in Nigeria the best is found in the hospitality, manufacturing and health industry

## 2. STATEMENT OF PROBLEM

However players in the non-financial firms have said multiple taxation is stifling the performance in the sector. The operators insisted that the current tax burden of taxes and levies are heavy. Some of the taxes and levies identified are Stamp duty, Industrial trust funds, Education trust funds, National pension commission, Value added tax, Capital gain tax, Withholding tax, Tax on foreign exchange. Taking a look at the issue of corporate tax, it can be said that there are many problems associated with tax and tax collection including the administrative, compliance, corruption, bad governance, human capacity building challenge among others. Thus, the corporate tax as currently applied is not a tax on pure profits or economic rents. It is believed, however, that tax reliefs and rebates will influence investment decisions, growth and ultimately the performance of the companies. However, many studies on taxation and financial performance reveal that taxes have significant effect on the performance of companies (negative) and few others reveal mixed results that are inconclusive (Teraoui and Kaddour, 2012; Gatsi, Gadzo and Kportorgbi, 2013; Onuorah and Chigbu, 2013; Mucai, Kinya, Noor & James, 2014).

Riza (2003), Viavo (2007) and Friese and Mayer (2008) have established that cooperate tax planning has a significant influence on corporate governance thereby increasing the value of the non-financial firms. Prior studies by Desai and Dharmapala, (2006); Desai and Dharmapala, (2009); Wang (2010) and Lim, (2011) had looked on the effect of corporate governance on taxation but they have not viewed the direct effect towards tax management and planning. Nurshamimi (2011) in his study emphasized the direct effect of corporate governance on tax planning using corporate ETR as a proxy of tax planning. Desai and Dharmapala (2008) in a literature review on agency theory, corporate governance and taxation, asserted that the tax system can mitigate or amplify the corporate governance problems. They observed that an inverse can also happen, where the nature of the corporate governance environment can influence the nature and consequences of the tax system.

Furthermore, Desai and Dharmapala (2008) pointed out the impact of tax systems on corporate ownership patterns, and how ownership patterns in turn constrain corporate taxation and describe how tax systems are increasingly influencing corporate decisions. In Nigeria, studies on tax planning and corporate governance have remained majorly unraveled empirically. In a nutshell, there has been paucity of research specifically focusing on non-financial firms in Nigeria. However, Okoye and Akenbor (2010) did investigate the effect of accounting policies on corporate tax planning in Nigerian listed firms.

The first weakness of the study was that it examined the effect of accounting policies on corporate tax planning only. Another weakness of the study was that it was just a research survey of opinion structured questionnaire without empirical analysis from the company's financial data. Also, in kiabel and Akenbor (2014) study on tax planning and corporate governance in Nigerian banks, the focus was centered on corporate governance using ordinary least square method.

Studies like that of Rohaya, Norazem and Bardai (2010) try to find the association between corporate tax management and profitability of corporate non-financial institutions. But the variable used (CIT Prof) is not controlled which usually leads to a biased result. So is the study of Beigi, Rafat and Panah (2013) on the impact of tax effect over profitability. Although Gatzi, Gadzo and Kportorgbi (2013) and have provided for other variables that affect the profitability of non-financial firms, the studies were conducted in different countries and different industries. The non-financial sector is also an important sector just like the other sectors because it produces goods for the daily consumption of man which is needed for survival and provides the welfare services like healthcare, insurance among many others. It is also a major contributor to the market capitalization of the Nigeria Stock Exchange, contributing around 60% (Factbook, 2016).

Most of the studies on taxation and performance concentrated on banks and other financial firms thereby leaving other sectors especially the non-financial firms, like the consumer goods sector with limited research. Thus, this study looks at the effect of cooperate tax management on the performance of non-financial firms in Nigeria.

## 3. CORPORATE TAXATION

Corporations may be taxed on their incomes, property, or existence by various jurisdictions. Many jurisdictions impose a tax based on the existence or equity structure of the corporation. Nigeria imposes a tax on corporations organized in that state based on the number of shares of capital stock issued and outstanding. Nigeria imposes a tax based on stated or computed capital, often including retained profits. Generally, this tax is imposed at a specific rate or range of rates on taxable income as defined within the system.

Some systems have a separate body of law or separate provisions relating to corporate taxation. In such cases, the law may apply only to entities and not to individuals operating a trade. Such laws may differentiate between broad types of income earned by corporations and tax such types of income differently. Generally, however, most such systems tax all income of a corporation in the same manner. Some systems like Canada and the United States tax corporations under the same framework of tax law as individuals. In such systems, there is normally taxation differences related to differences between the inherent natures of corporations and individuals or unincorporated entities. For example, individuals are not formed, amalgamated, or acquired, and corporations do not generally incur medical expenses except by way of compensating individuals.

Many systems allow tax credits for specific items. Such direct reductions of tax are commonly allowed for foreign taxes on the same income and for withholding tax. Often these credits are the same as those available to individuals or for members of flow through entities such as partnerships. Most systems tax both domestic and foreign corporations. Often, domestic corporations are taxed on worldwide income while foreign corporations are taxed only on income from sources within the jurisdiction. Many jurisdictions imposing an income tax impose such tax income from a permanent establishment within the jurisdiction.

Corporations are also subject to property tax, payroll tax, withholding tax, excise tax, customs duties, value added tax, and other common taxes, generally in the same manner as other taxpayers. These, however, are rarely referred to as "corporate tax." Taxable profits for corporation tax also include:

- profits from taxable income such as trading profits and investment profits (except dividend income which is taxed differently)
- Capital gains - known as 'chargeable gains' for Corporation Tax purposes.

### 3.1 The Effects of Corporate Tax

Corporate tax or company tax refers to a tax imposed on entities that are taxed at the entity level in a particular jurisdiction. Such taxes may include income or other taxes. The tax systems of most countries impose an income tax at the entity level on certain type(s) of entities (company or corporation). Many systems additionally tax owners or members of those entities on dividends or other distributions by the entity to the members. The tax generally is imposed on net taxable income. Net taxable income for corporate tax is generally financial statement income with modifications, and may be defined in great detail within the system. The rate of tax varies by jurisdiction. The tax may have an alternative base, such as assets, payroll, or income computed in an alternative manner (Wikipedia 2014).

Many countries impose corporate tax on the income or capital of some types of legal entities. A similar tax may be imposed at state or lower levels. The taxes may also be referred to as income tax or capital tax. Entities treated as partnerships are generally not taxed at the entity level. Most countries tax all corporations doing business in the country on income from that country. Many countries tax all income of corporations organized in the country. Company income subject to tax is often determined much like taxable income for individuals. Generally, the tax is imposed on net profits. In some jurisdictions, rules for taxing companies may differ significantly from rules for taxing individuals. Certain corporate acts, like reorganizations, may not be taxed. Some types of entities may be exempt from tax.

Most income tax systems provide that certain types of corporate events are not taxable transactions. These generally include events related to formation or reorganization of the corporation. In addition, most systems provide specific rules for taxation of the entity and/or its members upon winding up or dissolution of the entity. The corporate income tax generates a distortion by double taxing corporate income. In other words, corporations typically pay income tax on income earned at the corporate level and then shareholders pay personal income tax upon the income when it is distributed to them ( Austan 2002). According to Stephen (2010), the effects of corporation tax are:

● Corporation tax increases the output prices in the corporate sector. It leads to reduced demand for corporate sector output and consumer substitution towards output of unincorporated sector. If prices rise, consumers bear some of the burden of the corporation tax.
● Corporate-sector firms will change use of labor and capital. That is a reduction in output will absolutely reduce demand for all factors and they may also substitute labor for capital.
● Impact on wage rates will depend on the impact on overall labor market. That is wages may rise or fall, depending on substitutability of labor for capital, and relative labor intensity of corporate and unincorporated sectors.
● Overall demand for labor (and hence wages) may rise if corporations can easily substitute labor for capital, and the unincorporated sector is relatively labor intensive. If wages rise, burden of the corporation tax lies on consumers. But if wages fall, some part of corporation tax is incident on workers (in all sectors)

Corporate tax reforms and corporate tax systems designed to minimize economic distortions can help promote an efficient economy. Generally, tax systems that impose large tax rates on broad tax bases limit tax-induced distortions in economic activity. Broadly, the corporate tax system distorts the allocation of capital across economic sectors. The corporate tax may reduce economic efficiency to the extent that it causes a misallocation of capital between corporate and non-corporate business forms (Mark and Molly 2014)

Corporate taxes might reduce investment in manufacturing because most manufacturing firms operate in the formal sector, but shift activity from the formal to the informal sector in services, where informality is more prevalent (Davis and Henrekson 2004). Lower corporate tax rates increase returns on corporate investment but to date they have had no measurable impact on foreign direct investment. Nevertheless, corporate tax rate reductions generate significant economic benefits for the economy as a result of their positive impact on after tax business profits.

According to Kimberly (2012) the corporate income tax raises sizable revenue, and it has important interactions with the personal income tax system. Corporate taxes fall on both domestic and multinational actors that can respond to taxation along a multitude of behavioral margins that frequently stretch across national borders. And the corporate tax has implications for the progressivity of the tax system, but these implications are anything but straightforward.

It can be derived that the corporate tax policy can affect consumption, investment activity and employment to some extent. An appropriate tax system can lead to the optimal resources allocation and to the increase of economic growth. Most studies which are interested in this area however employ only statutory tax rates which have only limited informative value about actual tax burden (*Kotlán et al., 2011).*

### 3.2 Enforcement of Corporate Tax in Nigeria

Certainly, the mere existence of provisions on imposition of tax by CITA is not sufficient; strict enforcement of the regulation is the key. According to the Federal Inland revenue service about 30 per cent of companies in Nigeria are involved in tax evasion and also 25 per cent of registered companies in the country are not paying tax when this is quantified in terms of revenue loss it is worrisome. The challenges of the service include ensuring strict enforcement of the extant law and capturing the remaining 45 percent of Nigerians who are supposed to pay tax but are not. On paper, the taxation system established under the Act is a workable and effective one irrespective of certain inadequacies. In practice however, it has had to contend with the Nigerian factors of strict enforcement problems, corruption and evasion.

The Act, in its provisions, has made available to the FBIR, a manageable system of tax collection. Regrettably however, the typical Nigerian taxpayer, in an attempt to continue operating in business, would rather short-circuit tax laws in any way feasible. The taxpayer often opts to negotiate with corrupt staff in return for some gratification and pay a minimal sum to the coffers of the government. This is despite the sanctions imposed by the same Act for such conduct. The problem here seems not to be lack of adequate provisions deterring such conduct, but rather the lack of enforcement machinery for the provisions of the Act.

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

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

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

## 4. THEORETICAL REVIEW

### 4. 1 Benefit Theory

According to this theory, the state should levy taxes on individuals according to the benefit conferred on them. The more benefits a person derives from the activities of the state, the more he should pay to the government. This principle has been subjected to severe criticism on the following grounds; firstly, if the state maintains a certain connection between the benefits conferred and the benefits derived. The tax payer can be able to pay taxes and vice versa. This theory is against the basic principle of the tax. That tax is mandatory and compulsory contribution made by citizenry to the public authorities to meet the expenses of the government and the provisions of general benefit. There is no direct quid pro quo in the case of a tax.

Secondly, most of the expenditure incurred by the state is for the general benefit of its citizens. It is not possible to estimate the benefit enjoyed by a particular individual every year. Therefore aligning payment of tax with benefit derived is not justifiable. Thirdly, if to apply this principle in practice, then the poor will have to pay the heaviest taxes, because they benefit more from the services of the state. If we get more from the poor by way of taxes, it is against the principle of justice, equity and fairness.

### 4.2 The Cost of Service Theory

Some economists were of the opinion that if the state charges actual cost of the service from the people, it will satisfy the idea of equity or justice in taxation. The cost of service principle can no doubt be applied to some extent in those cases where the services are rendered out of prices and are a bit easy to determine, e.g. postal, railway services, supply of electricity etc. But most of the expenditure incurred by the state cannot be fixed for each individual because it cannot be exactly determined. For instance, how can it measure the cost of service of the police, armed forces, judiciary, etc., to different individuals? Dalton has also rejected this theory on the ground that there's no quid pro qua in a tax. In other hand the theory is seem to be the opposite of benefit theory that advocate for citizen to pay taxes on basis of the benefit derived from the authority collecting the tax.

### 4.3 Proportionate Principle

In order to satisfy the idea of justice in taxation, J. S. Mill and some other classical economists have suggested the principle of proportionate in taxation. These economists were of the opinion that if taxes are levied in proportion to the incomes of companies, it will extract equal sacrifice. The modern economists, however, differ with this view. They assert that when income increases, the marginal utility of income decreases. The equality of sacrifice can only be achieved if the persons with high incomes are taxed at higher rates and those with low income at lower rates. They favor progressive system of taxation, in all modern tax systems. Looking from all angles or corners regarding the theories explained above proportionate theories is best to be adopted by Oyo state government. This is because the theory is on the opinion that taxes are to be levied in proportion to the incomes of the individuals, so as to extract equal sacrifice.

### 4.4 Expedience Theory

This theory asserts that every tax proposal must pass the test of practicality. It must be the only consideration weighing with authorities in choosing a tax proposal. Economic and social objectives of the state should be the consideration while the effect of tax system should be irrelevant (Bhartia, 2009)

According to Bhartia (2009) a taxation theory may be derived on the assumption that there need not be any relationship between tax paid and benefits received from state activities. In this group, there are four theories, namely, Socio-political theory, expediency theory, benefit received theory, cost of service theory and investment theory. The theoretical underpinning of taxation is being derived from the expediency theory, the benefits-received theory and investment theory. Expediency theory emphasizes that every tax proposal must pass the test of practicality. It must be the only consideration weighing with the authorities in choosing a tax proposal. According to this theory, economic and social objectives of the state as also the effects of a tax system should be treated irrelevant (Bhartia, 2009).

Benefit received theory proceeds on the assumption that there is basically an exchange relationship between tax-payers and the state. The state provides certain goods and services to the members of the society and they contribute to the cost of these supplies in proportion to the benefits received (Bhartia, 2009). Investment theory states that the higher taxation reduces the marginal propensity to save, and invariably the investment reduce absolutely. Higher individual income or payroll tax rates reduce both the quantity and quality of work that households provide and reduces individual saving. Higher taxes on corporate income, capital gains, and dividends reduce business investment, as does lengthening tax depreciation schedules. Once government grows beyond its optimum size, it no longer provides sufficient benefits to offset the negative growth effects of the disincentives to work, save, and invest from increased taxation (Kevin 2011). With this, government employs taxation as a weapon to encourage and to discourage investment rate in the country. Government reduces the tax rate to increase the rate of investment in the country and vice visa.

## 5. METHODOLOGY

### 5.1 Study Area

Data for this research study were secondary data generated from Annual Reports and Accounts of TEN (10) randomly selected companies in Oyo state. The choice of the Area is due to the fact that it comprises of all the detailed accounting information needed for this project.

### 5.2 Population of the Study

The study population consists of ten randomly selected non-financial firms in Oyo state, Nigeria.

### 5.3 Sampling Procedures and Size

A simple random sampling procedure was used to calculate the account of the ten (10) companies that will constitute the sample size.

### 5.4 Sources of Data

Data collection method refers to the method used by the researcher in collecting and analyzing information. Secondary data will be used. This data was obtained through the use of research on companies quoted on the Nigerian stock exchange within in Oyo state.

### 5.5 Method of data analysis

Considering the nature and purpose of the research work, both the descriptive and inferential method were used for the analysis of the various data collected.

**The dependent variable:** The firm performance is measured using R.O.A. computed as net income to total assets ratio.

**The independent variables and research hypotheses:** The design of independent variable of interest is challenging since the investigation strategy of firm-specific overall tax burden as a key determinant of firm performance brings some inherent problems.

### 5.6 Model specification

$$Yit = \alpha + Xit\beta + ui + \varepsilon it \qquad (1)$$

Where *Yit* is the dependent variable observed for company *i* at time *t*, *Xit* is the time-variant 1xk regression matrix, $\alpha$ is the intercept, *ui* are the unobserved time-invariant company effect and $\varepsilon it$ is the error term.

$$Yit = \alpha + Xit\beta + ui + vt + \varepsilon it \qquad (2)$$

Where $v_t$ controls for time-specific effects, i.e. impacts common to all firms but vary by year.

Finally, since we wanted to control for industry-specific time effects (the industry business or financial risks), we also implemented an industry-year-dummies model:

$$Yit = \alpha + Xit\beta + ui + vtij + \varepsilon it \qquad (3)$$

Where $i_j$ stand for a rough classification of non-financial firms (manufacturing, energy and extractive industry, commerce, construction, transport and hotels and restaurants).

## 6. RESULTS

### 6.1 Factors influencing corporate tax management on the performance of non-financial firms in Nigeria

Presented in this section are the descriptive and regression analysis of the effect of corporate tax management on performance of Non-financial firms in Nigeria.

**6.11 Descriptive Analysis of the study variables.**

In the descriptive statistics as shown in table 4.2 below, Net profit (NPT) which serves as proxy environmental sustainability has a mean value of (35373.36), maximum and minimum value of (80092.56) and (11411.07). The standard deviation of (25684.8) shows there is significant deviation from the mean. Total Asset (TAS) has a maximum value of (343.70) and a minimum of (48.6). The standard deviation of the variable is (108.013) showing that there is considerable dispersion from the mean value of (160.11).

Debt ratio (DRT) has a mean of (783.26) with a maximum and minimum value of (1179.7) and (332.1) respectively. The standard deviation of (293.1935) is considerably low and suggests a significant deviation from the mean. Equity (EQT) has a mean value of (1754.733), maximum value of (2082) and minimum value of (1244.7) with a standard deviation of (293.1935) which shows a significant deviation from the mean. The mean value of Paying tax index (PTI) is (2296.55), maximum value of (3619.1), minimum value of (957) and a standard deviation of (858.2045) which implies a little dispersion from the mean.

**Table 1 Descriptive Analysis of variables showing the factors influencing corporate tax management on the performance of non-financial firms in Nigeria**

| Variable | Observation | Mean | Standard Deviation | Minimum | Maximum |
|---|---|---|---|---|---|
| **YEAR** | 10 | 2008.5 | 3.02765 | 2011 | 2021 |
| **NPT** | 10 | 35373.36 | 25684.8 | 11411.07 | 80092.56 |
| **TAS** | 10 | 160.11 | 108.013 | 48.6 | 343.7 |
| **DRT** | 10 | 783.26 | 335.0659 | 332.1 | 1179.7 |
| **EQT** | 10 | 1754.733 | 293.1935 | 1244.7 | 2082 |
| **PTI** | 10 | 2296.55 | 858.2045 | 957 | 3619.1 |

**Source: Researcher's computation 2022.**

**6.2 Regression Analysis of the effects of corporate tax management on the work output of non-financial firms workers in Nigeria.**

A multiple regression analysis whose equation is presented below found that the coefficient of determination ($R^2$)= 0.9888, which shows that the predictive power of the independent variables as used to explain variation in the dependent variable (NP) is only about 99% with a high adjusted $R^2$ of (0.9441). The combined P value of 0.0018 and F-value of 22.2 shows there is significant relationship and effect between the variables examined. The regression equation is as shown below.

NP = - 350.48 + 350.48EQT – 109.54DRT + 11.72POPTI – 1.66SRTAS…………………… 4.2

The result shows that a unit increase in EQT Shows negative contribution of 350.48 to NP, a unit increase in DRT contributed 109.54 decrease to NP. PTI indicated a positive contribution of11.72 and TAS shows a positive contribution of 1.66to changes in NP. Moreso, two of the four explanatory variables were significant at 5% in explaining variation in NO. These are EQT with (t=0.018 and P=0.004) and TAS with (T = -0.28 and P=0.0000).

**Table 2 Result of Regression Analysis showing the effects of corporate tax management on the work output of non-financial firms workers in Nigeria**

| Dependent variables | Independent variables | Coefficient | Standard Error | T | p>\|t\| | [95% conf. interval] |
|---|---|---|---|---|---|---|
| **NP** | **EQT** | 350.4833 | 170.5178 | 2.06 | 0.018 | -1816.15 2517.117 |
| | **DRT** | -109.5416 | 182.9432 | -0.60 | 0.657 | -2434.056 2214.972 |
| | **PTI** | 11.71945 | 23.81048 | 0.49 | 0.709 | -290.8214 314.2603 |
| | **TAS** | -1.658809 | 5.917415 | -0.28 | 0.026 | -76.8467 73.53908 |
| | **Constant** | 70103.6 | 126383.7 | 0.55 | 0.678 | -1535754 1675961 |
| **R-squared = 0.9888 Adj. R-squared = 0.9441 P≤0.05 F (4,4)= 22.12** | | | | | | |

**Source: Researcher's computation, 2022.**

**6.3 Relationship between corporate tax management and the performance of non-financial firms in Nigeria**

Furthermore, the correlation matrices (Pearson correlation coefficient) of the variables included in equation 4.2 are shown in table 4.2.3 below to identify the possible multicollinearity of the variables in the models. It can be seen in the table that the variable TAS exhibits a significant relationship with NP with correlation coefficient of 0.9714. PTI is strongly correlated with NP given a correlation coefficient of 0.7649. The correlation between EQT and NP is insignificant with a negative coefficient of 0.4853, while variable DRT and NP shows weak positive correlation coefficient of 0.2945.

**Table 3 Result of a Pairwise Correlation on the relationship between corporate tax management and the performance of non-financial firms in Nigeria.**

| | NP | TAS | PTI | EQT | DRT |
|---|---|---|---|---|---|
| **NP** | 1.0000 | | | | |
| **TAS** | 0.9714* | 1.0000 | | | |
| **PTI** | 0.7649* | 0.7786* | 1.0000 | | |
| **EQT** | -0.4853 | -0.4817 | -0.1634 | 1.0000 | |
| **DRT** | 0.2945 | 0.4186 | 0.4526 | 0.2104 | 1.0000 |

**Source: Researcher's computation, 2022.**

## 7. Conclusion

It is now concluded that taxation has positive significant corporate tax management and performance of Non-financial firms in Nigeria. From the results obtained, there is no doubt that tax is a key indicator to consider when discussing the economic development of Nigeria. It is a major source of revenue for the Federal Government to meet their statutory obligations for the wellbeing of the citizens.

However, non-provision of corporate social responsibilities in the oil producing region has met with stiff opposition from the various oil- rich communities .With the extraction of crude from these regions, their means of livelihood have been degraded and land depleted. The restive youths and members of the communities disrupt production installations and in effect this has been affecting the level of production of oil, the quantum of revenue generated and the amount realized from petroleum profit tax. There is poor tax administration in the entire system which has given encouragement to tax evasion and avoidance. The effect of this is reduced revenue for the Federal Government, and their inability to meet their budgetary level. Tax evasion and tax avoidance are unnecessary evils being practiced by the oil exploring and extraction companies.

They do these to their own benefits, but to the detriment of the development of the economy of Nigeria. There is the urgent need to implement tax reforms in the system, because there is a significant relationship between petroleum profit tax and economic development of Nigerian economy. Therefore it is recommended that:-

1. Provision of corporate social responsibilities by the oil exploring and extraction companies in their areas of operations should be effected in order to cater for the wellbeing of the citizens.
2. Professional training for the tax inspectors and officials to improve the tax administration system. Many tax officials are corrupt, ineffective and inefficient because of poor professional training. Good professional training and good remuneration will encourage good and effective tax administration which will enhance tax income generation.
3. Review of tax laws and regulations for effectiveness and effectiveness. The present tax laws have loopholes which the review will block and discourage tax avoidance. There should be review of the law to give special treatment to the problem of tax evasion, as this is an evil that had been negating the income tax generated. Stiffer penalty should be introduced in the law to discourage tax evasion. Economic and Financial Crime Commission should be incorporated into tax recovery mechanism that will discourage tax avoidance and evasion. Eradication of tax avoidance and evasion will enhance the revenue generated through petroleum profit tax.
4. With the integration of technology in the global economy, the assessment and payment of tax liability should be fully computerized. All companies should be link to wide area network of Federal Board of Inland Revenue and Federal Inland Revenue Service for assessment, tax payment monitoring and back-duty audit. This will bring efficiency to our tax system, improve tax administration and eradicate tax evasion and reduce tax avoidance.
5. Government should transparently and judiciously account for the revenue it generates through tax by investing in the provision of infrastructure and public goods and services. It is expected that the more effectively and efficiently revenue is utilized by Government to create growth, employment opportunities and wealth in the economy, the more willing taxpayers would be to meet their obligations to the Government and discharge their duties in the overriding goal of achieving National Development.

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