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FIRM ATTRIBUTES EFFECT ON CORPORATE TAX PLANNING: NIGERIAN LISTED MANUFACTURING FIRMS IN PERSPECTIVE

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Abstract

The impact of business characteristics on tax planning among Nigerian listed manufacturing enterprises was examined in this study. The study used an ex-post facto approach, collecting secondary data from these firms' published annual reports from 2012 to 2021. Ordinary Least Squares (OLS) was used to test the hypotheses at the 5 percent level. The findings showed that tax planning and company profitability (FIP) had a positive and significant association (P < 0.05), whereas board independence (BOI) and tax planning had a positive and negligible link (Pi> 0.05). The study came to the conclusion that these firms' tax planning is greatly impacted by firm features. Consequently, it suggested that firms should enhance their financial management systems and maintain transparency in reporting. Additionally, enhancing the independence, diversity, and expertise of boards can create a better environment for ethical decision-making, including responsible tax planning.

Keywords: Firm profitability; Board independence; Firm growth; Capital Intensity.
JEL Codes: H26, M14

Introduction

Taxation is a fundamental aspect of public finance, shaping the economy of every nation. In Nigeria, various administrations have strategically applied fiscal policies to stimulate growth in the private enterprises domain, especially within business and industrial areas (Okerekeoti, 2022). Government utilizes tax revenue to fulfill its traditional duties, which include providing social amenities, the maintenance of law,

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defending against external attacks and threats, and regulating businesses to ensure economic and social balance (Rimamsikwe & Sule, 2022). Kportorgbi et al. (2018) observe that taxation contributes to the challenges faced by the manufacturing sector, as tax laws serve multiple purposes beyond simply generating income for the nation. It has the potential to safeguard emerging sectors as well as incentivize investors to channel their investments into them (Ogbodo & Omonigho, 2021). According to Emeka and Ngozi (2022), contributing to the advancement and prosperity of an economy is an anticipated responsibility for taxpayers.

However, many taxpayers consider paying taxes to be a hardship, therefore they take use of tax law loopholes to lower their tax costs.

Tax avoidance involves engaging in activities within the framework of tax legislation for the purpose of reducing the firm's tax expense, as indicated by the effective tax rate of the entity (Odunsi et al., 2024). It encompasses utilizing the loopholes provided by tax legislation to reduce tax liability (Yahaya & Yusuf, 2020). By adopting a tax avoidance strategy, a company can lower its tax payments, leading to an enhanced financial position (Chen et al., 2019). While the approaches might comply with the law, governments globally have consistently opposed them because they shift funds from the relevant authorities to the shareholders, limiting government's ability to meet its legal duties. The use of tax shields reduces tax payments, prompting individuals and corporations to invest significant effort in selecting deductions for their financial statements every year end. The purpose of tax avoidance is to postpone or eradicate tax obligations, thereby reducing the effective tax rate for both businesses and individuals.

Firm attributes form the foundation for achieving a company's goals, encompassing various facets of management, including internal controls, corporate disclosure, action plans and performance evaluation (Odunsi, 2024). Management bears numerous responsibilities, with a key focus on maximizing wealth for shareholders. Zemzem and Ftouhi (2013) assert that firm attributes are linked to factors such as audit committee size, board size, firm leverage, managerial ownership, firm growth, and firm liquidity. These commonly acknowledged board characteristics are essential for maintaining the integrity of the financial reporting procedure and ensuring the provision of high-quality information for tax liability calculations, which is crucial for national development and public revenue. Despite this understanding, income taxes are often seen as a significant cash outflow, necessitating substantial time, effort, and financial resources to minimize their effect on financial outcomes. The correlation between corporate attributes and tax aggressiveness can manifest in various contexts. One such scenario involves preventing boards of directors from endorsing actions that contradict the interests of shareholders.

Another aspect is guaranteeing the excellence of management choices and openness in tax management. Specifically, it is crucial to ensure that the board, shareholders, and other stakeholders are well-informed about the factors influencing tax management (Nwezoku & Egbunike, 2020).

The manufacturing companies in Nigeria operate within a unique environment marked by regulatory complexities, economic instability, and diverse governance practices. Yet, there is a notable lack of context-specific analysis that considers these factors in tax planning behavior. This highlights the need for a study to address this gap by investigating how firm attributes interact with corporate tax planning in Nigeria's business industry. The study observed at how secure attributes affected the tax preparation of Nigerian listed industrial firms in order to close this gap. The research is broken up into five units: the introduction comes first, then the literature review comes next, then the research methods are described, the results are presented, and the study ends with suggestions.

The following query comes up in this research:

(i) What effect does firm profitability have on tax planning in Nigerian listed manufacturing firms?

(ii) What impact does board independence have on tax planning in Nigerian listed manufacturing firms?

The research is to investigate the impact of business attributes on tax planning in Nigerian listed industrial firms in order to answer this question. The null version of the following hypothesis is developed for testing:

$H0_1$: The effect of firm profitability on tax planning in Nigerian listed manufacturing firms is insignificant

$H0_2$: The impact of board independence on tax planning in Nigerian listed manufacturing firms is insignificant

Literature Review

Stakeholders' Theory

The stakeholder theory, which was initially presented by R. Edward Freeman in his 1984 book Planned Administration: A Stakeholder Method, serves as the basis for this investigation. According to this theory, instead of concentrating only on shareholders, firms ought to consider the welfares of all investors—individuals or organizations that have an impact on or are wedged by the firm's movements—when making choices. The goal of the firm is to create wealth or value for stakeholders by converting their investments into goods and services. Jiraporn et al. (2008) further suggest that

stakeholder theory seeks to determine which stakeholder groups merit and need management's attention. According to Odunsi (2024), tax avoidance involves strategies aimed at reducing tax liabilities in a calculated manner. This practice often undermines the interests of stakeholders, as firms become tax aggressive. Organizations that engage in such behavior frequently disregard best practice codes, which advocate for ethical and moral responsibility toward stakeholders. Consequently, these organizations may fail to fulfill their social responsibilities by minimizing their tax obligations. In essence, the agency relationship between the providers of corporate finances and those managing the firm's affairs is disrupted by conflict. This issue arises from the principal agents' goal of maximizing shareholders' wealth, while self-interested agents attempt to appropriate funds for themselves.

This study's theoretical framework is highly relevant to stakeholder theory, as it illustrates the relationship between firm attributes (such as profitability and board independence) and stakeholder expectations. Firms with high profits may take part in additional tax planning to control their tax burdens, aligning with shareholder interests but potentially conflicting with societal expectations. In addition to that, Stakeholder theory introduces an ethical dimension to tax planning. While tax minimization is legal and desirable for shareholders, overly aggressive tax planning might harm relationships with governments, communities, and other stakeholders. This ethical balance is crucial in the Nigerian manufacturing sector, given the socio-economic implications of corporate tax behavior.

Firm attributes are the particular traits or qualities of a business that can affect its performance, strategy, and place in the market, claim Yahaya & Yusuf (2020). These attributes can vary widely and provide insights into how a firm operates, competes, and succeeds. Firm attributes are important for understanding the overall profile of a company, its strengths and weaknesses, and the factors that might impact its growth or sustainability. Corporate characteristics aim to promote accountability, transparency, and fairness within a corporation (Effiong et al., 2019). Corporate governance involves all processes associated with defining and achieving a company's objectives. Firm attributes describe the relations among a firm's management, board of directors, shareholders, and stakeholders, highlighting how directors and auditors fulfill their responsibilities to these parties within the organization.

Waluyo (2020) asserts that the primary focus of strong company qualities is associated with accountability, responsibility, and a dedication to fulfilling tax duties for business owners. A company's ownership structure has a big impact on tax planning. Yuniarsih (2018) highlighted that firm attributes serve as criteria for evaluating corporate

tax planning, further noting that tax planning influences the speed of corporate assessment.

From 2010 to 2018, Ezekwesili and Ezejiofor (2022) looked into how business financial characteristics affected tax evasion in Nigeria's listed food and beverage industries. Data collected from the annual reports and financial statements of 17 selected organizations were evaluated using regression analysis. Company size (FS), leverage (LEV), profitability (PRF), and tax avoidance, indicated by the effective tax rate (ETR), were found to have an insignificantly negative association in the study. Nonetheless, there was a noteworthy positive correlation between ETR and firm age (FAGE) and liquidity (LIQ).

Abdulkadir et al. (2020) assessed the impact of firm specific attributes on corporate tax aggressiveness of listed manufacturing firms in Nigeria. The research assessed corporate tax aggressiveness through the lens of the effective tax rate (ETR) and focused on business factors such as profitability, leverage, capital intensity, growth, and size. The research was based on data from the annual reports of 48 manufacturing firms listed on the Nigerian Stock Exchange, covering the years 2015 to 2019. Utilizing political cost theory and agency theory, the research employed various diagnostic assessments, including Hausman, Wooldridge, multicollinearity, and heteroskedasticity tests for autocorrelation. The findings, which were derived from a strong fixed-effect regression model, demonstrated that corporate tax aggression was strongly impacted negatively by profitability and significantly favorably by leverage and capital intensity. On the other hand, there was no discernible correlation between corporate tax aggression and business size or growth.

The link between aggressive tax evasion and corporate characteristics in insurance companies listed in Nigeria was examined by Yahaya and Yusuf (2020). Their study evaluated how aggressive tax evasion was affected by business age, size, profitability, and leverage. Using an ex-post facto research method, they analyzed data from the audited annual reports of 20 randomly selected listed insurance companies from 2010 to 2018. The model was estimated using a two-step system GMM panel estimator. The results showed that aggressive tax avoidance is positively and significantly influenced by firm size (coefficient: 0.628) and leverage (coefficient: 0.549) at the 1% significance level, whereas profitability (coefficient: -0.843) and firm age (coefficient: -0.056) have a negative and significant impact.

Methodology

The study employed a research design that was ex post facto. Purposive sampling was used to select eleven (11) manufacturing companies from the Nigeria Stock Exchange group. The firms' audited financial statements for the years 2012–2021 served as the basis of the panel data. These businesses are Nigeria Breweries Plc, UAC of Nigeria Plc, Unilever Nigeria Plc, Flour Mills of Nig Plc, Guinness Nig Plc, Lafarge African Plc, Nestle Nig Plc, BUA Cement Plc, Cadbury Nig Plc, Dangote Cement Plc, and Fidson Healthcare Plc.

Model Specification

Model 1

The first objective aims to investigate how firm profitability influences tax planning among Nigerian listed manufacturing firms. The model was set up in the following way to do this.

$ETR = f(FIP, FIG, CAI)$

Where:

ETR = Effective Tax Rate

FIP = Firm Profitability

FIG = Firm Growth

CAI = Capital Intensity

In econometric form, the model is specified below:

$ETR_{it} = \beta_0 + \beta_1 FIP + \beta_2 FIG_{it} + \beta_3 CAI_{it} + \varepsilon_{it}.$

In this case, β_0 stays constant, i stands for individual firms (from 1 to 11), t for time (from 2012 to 2021), β_1, β_2, and β_3 for the parameters of the explanatory variables, and εit for the stochastic term.

Equation 3.2 is then reformulated in its logarithmic form as follows:

$LogETR_{it} = \beta_0 + \beta_1 LogFIP_{it} + \beta_2 LogFIG_{it} + \beta_3 LogCAI_{it} + \varepsilon_{it}.$

On apriori, we expect $\beta_1 > 0$; $\beta_2 > 0$ and $\beta_3 > 0$

Model 2

Determining the connection between tax planning and board independence in Nigerian listed industrial businesses is the study's second goal. The model utilized to accomplish this goal has the following functional form:

$ETR = f(BOI, FIG, CAI)$

Where:

ETR = Effective Tax Rate

FIP = Firm Profitability

FIG = Firm Growth

CAI = Capital Intensity

In econometric form, the model is specified below:

$ETR_{it} = \beta_0 + \beta_1 BOI_{it} + \beta_2 FIG_{it} + \beta_3 CAI_{it} + \varepsilon_{it}.$

Where i represents individual companies (1…, 11), t represents the time (2012…,2021), β_0 = constant, β_1, β_2, $and\ \beta_3$ are coefficient of the independent variables and ε_{it} is the error term.

In order to diminish the error, equation 3.14 is reformulated in its logarithmic form as

$LogETR_{it} = \beta_0 + \beta_1 LogBOI_{it} + \beta_2 LogFIG_{it} + \beta_3 LogCAI_{it} + \varepsilon_{it}.$

On apriori, we expect $\beta_1 > 0$; $\beta_2 > 0$ and $\beta_3 > 0$

Results and Discussions

The findings are shown after the section gives the descriptive statistics of the variables employed.

Table no. 1. Descriptive analysis of variables

Company	Mean	Min	Max	Std. Dev
Effective Tax Rate				
BUA Cement Plc	20.538	8.278	27.964	7.818
Nestle Nig. Plc	28.389	9.042	63.222	15.564
Guinness Nig.	35.740	-26.326	81.369	32.086
Fidson Healthcare Plc	42.347	11.176	159.954	43.623
Flour Mills of Nig. Plc	23.669	5.323	34.685	9.635
Unilever Nig. Plc	31.285	16.041	57.763	10.488
UAC of Nig. Plc	18.389	8.576	30.000	6.145
Nig. Breweries Plc	61.944	28.332	308.184	86.744
Lafarge Africa Plc	13.179	2.110	30.962	11.056
Dangote Cement Plc	36.680	12.780	155.124	42.144
Cadbury Nig. Plc	17.794	-47.341	32.690	24.185
Firm Profitability				
BUA Cement Plc	7.758	2.183	13.079	4.013
Nestle Nig. Plc	19.180	4.673	26.493	6.452
Guinness Nig.	3.647	-8.726	13.409	6.211
Fidson Healthcare Plc	3.493	0.476	11.237	3.044
Flour Mills of Nig. Plc	11.226	2.858	62.611	18.413
Unilever Nig. Plc	4.402	-7.156	15.328	6.626
UAC of Nig. Plc	9.138	-5.431	20.189	7.196
Nig. Breweries Plc	8.097	1.693	17.044	5.375
Lafarge Africa Plc	5.723	-2.455	17.528	5.877
Dangote Cement Plc	37.655	14.328	131.751	41.291
Cadbury Nig. Plc	4.675	-1.043	13.951	4.684
Board Independence				
BUA Cement Plc	44.530	35.714	53.333	6.492

Nestle Nig. Plc	25.043	10.000	37.500	8.874
Guinness Nig.	41.245	35.714	50.000	4.087
Fidson Healthcare Plc	33.519	30.000	37.500	2.661
Flour Mills of Nig. Plc	30.516	21.429	38.462	5.077
Unilever Nig. Plc	20.309	11.111	33.333	8.263
UAC of Nig. Plc	23.535	18.182	30.000	5.594
Nig. Breweries Plc	28.566	23.077	33.333	3.860
Lafarge Africa Plc	15.472	9.091	28.571	7.606
Dangote Cement Plc	21.008	14.286	29.412	7.972
Cadbury Nig. Plc	31.425	22.222	42.857	6.779
Firm Growth				
BUA Cement Plc	6.187	-97.107	29.923	37.118
Nestle Nig. Plc	6.779	1.914	12.769	3.968
Guinness Nig.	8.443	-11.115	61.554	19.997
Fidson Healthcare Plc	14.080	-3.369	48.769	16.067
Flour Mills of Nig. Plc	13.015	-26.999	49.991	25.244
Unilever Nig. Plc	4.731	-18.730	39.028	16.049
UAC of Nig. Plc	22.177	-29.749	103.870	39.277
Nig. Breweries Plc	17.712	-2.054	107.676	33.981
Lafarge Africa Plc	19.088	-18.427	158.428	55.366
Dangote Cement Plc	3.487	-99.877	32.179	38.147
Cadbury Nig. Plc	-8.036	-88.538	16.516	29.409
Capital Intensity				
BUA Cement Plc	63.198	50.001	83.603	11.171
Nestle Nig. Plc	50.412	31.899	69.871	12.499
Guinness Nig.	50.412	31.899	69.871	12.499
Fidson Healthcare Plc	53.446	9.446	73.236	18.497
Flour Mills of Nig. Plc	36.123	23.467	73.054	16.218
Unilever Nig. Plc	28.022	2.329	53.081	17.589
UAC of Nig. Plc	2.438	0.775	4.661	1.177
Nig. Breweries Plc	629.970	62.219	1,194.355	404.270
Lafarge Africa Plc	53.087	24.728	83.924	20.124
Dangote Cement Plc	40.309	21.488	60.555	13.944
Cadbury Nig. Plc	37.029	0.828	49.908	14.603

Source: Researcher's computation. (2024).

All of the variables are described in Table 1 Lafarge Cement Plc had a lower mean value of 13.179%, indicating a more traditional tax planning strategy, whereas Nigeria Breweries had the highest mean effective tax rate among the listed firms from 2012 to 2021, at 61.944%. The fact that Cadbury Nig. Plc. and Guinness Nig. had exceptionally low minimum effective tax rates during this time (-47.342% and -26.326%, respectively) suggests that both businesses used tax reduction techniques to drastically reduce their tax obligations.

The annual mean profitability index for the 11 manufacturing companies in Nigeria ranges from 3.493% to 37.655%. Dangote Cement Plc emerges as the most profitable company, boasting an average annual profitability index of 37.655%, followed closely by Nestle Nig. Plc with an average of 19.18%. Flour Mills of Nig. Plc and UAC of Nig. Plc exhibit average annual profitability of 11.226% and 9.138%, respectively. Conversely, BUA Cement Plc, Nig. Breweries Plc, Lafarge Africa Plc, Unilever Nig. Plc, Cadbury Nig. Plc, Fidson Healthcare Plc, and Guinness Nig. demonstrate annual average profitability indices ranging between 3.647% and 8.097%, indicating comparatively lower levels of profitability compared to Dangote Cement and Nestle Nig. Plc. An examination of the minimum profitability during the period reveals significant losses for Guinness Nig., Unilever Nig. Plc, UAC of Nig. Plc, Lafarge Africa Plc, and Cadbury Nig. Plc, with recorded minimum profitability indices of -8.726%, -7.156%, -5.431%, -2.455%, and -1.043%, respectively. However, other companies show relatively low but positive profitability, with annual minimum profitability indices ranging from 1.693% to 4.673%, except for Dangote Cement Plc, which has a minimum annual profitability of 14.328%. The highest annual profitability during the period is achieved by Dangote Cement Plc, standing at an impressive 131.751%, followed by Flour Mills of Nig. Plc with a maximum profitability of 62.611%, demonstrating a relatively high level of profitability. Nestle Nig. Plc, Nig. Breweries Plc, and Lafarge Africa Plc exhibit maximum profitability values ranging from 17.044% to 17.528%, showcasing varying degrees of high profitability. BUA Cement Plc, Cadbury Nig. Plc, and Guinness Nig. follow with maximum profitability values ranging from 13.079% to 13.951%, indicating relatively lower but positive levels of profitability. UAC of Nig. Plc reflects a moderate level of profitability with a maximum profitability of 20.189%. Unilever Nig. Plc and Fidson Healthcare Plc have the lowest maximum profitability values among the companies, at 15.328% and 11.237%, respectively, suggesting comparatively lower levels of profitability.

The mean board independence values range from 15.472% to 44.530% among the companies studied. BUA Cement Plc stands out with the highest annual average board independence of 44.530%, indicating a relatively higher proportion of independent executives on their board. Following closely are Guinness Nig., Fidson Healthcare Plc, Cadbury Nig. Plc, and Flour Mills of Nig. Plc with mean board independence values of 41.245%, 33.519%, 31.425%, and 30.516% respectively. On the other hand, Nigeria Breweries Plc, Nestle Nig. Plc, UAC of Nig. Plc, Dangote Cement Plc, Unilever Nig. Plc, and Lafarge Africa Plc demonstrate mean board independence values ranging from 28.566% to 15.472%, indicating moderate levels of independence compared to the other

companies. Regarding the lowest annual proportion of independent executives on their board, Lafarge Africa Plc had the least representation of independent executives at 9.091% during the period. Nestle Nig. Plc, Unilever Nig. Plc, Dangote Cement Plc, and UAC of Nig. Plc followed with 10%, 11.111%, 14.286%, and 18.18% respectively. Flour Mills of Nig. Plc (21.429%), Cadbury Nig. Plc (22.222%), and Nigeria Breweries Plc (23.077%) had relatively higher proportions of independent executives on their board during the period. However, both BUA Cement Plc and Guinness Nigeria recorded a minimum of 35.714% independent executive directors on their board. The highest percentage of independent directors represented on company boards were credited to BUA Cement Plc (53.333%) and Guinness Nig. (50%). Nestle Nig. Plc and Fidson Healthcare Plc had as high as 37.5% of independent directors as members of their board. Unilever Nig., Nigeria Breweries Plc, UAC of Nig., Dangote Cement Plc, and Lafarge Africa Plc had the maximum percentage of independent executive directors on their board, ranging from 33.333% to 28.571%.

With an average growth rate of 22.177% during the period, UAC of Nigeria Plc is in the lead. With respective mean growth rates of 19.088% and 17.712%, Lafarge Africa Plc and Nigeria Breweries Plc trail closely behind and exhibit robust growth trends. While Fidson Healthcare Plc [14.08%], Flour Mills of Nigeria Plc [13.015%], Guinness Nigeria [8.443%], and Nestle Nigeria Plc [6.779%] have comparatively lower annual average growth rates than the other firms, Dangote Cement Plc and Cadbury Nigeria Plc grow more slowly. Dangote Cement Plc has the lowest annual minimum growth rates, with a growth rating of -99.877%, indicating a significant contraction or decline within a given year. Cadbury Nigeria Plc has a minimum growth rate of -88.538%, which indicates a substantial negative growth pattern. The range of the greatest growth figures is 16.516% to 158.428%. During this period, Lafarge Africa Plc has had the most growth, with a maximum growth rate of 158.428%. Nigeria Breweries Plc follows closely after, exhibiting the same trend of fast expansion with the greatest growth rate of 107.676%.

With an annual mean capital intensity of 629.970%, Nigeria Breweries Plc leads the sector in capital intensity, demonstrating that significant capital investment is necessary for effective revenue creation. With a mean score of 63.198%, BUA Cement Plc occupies the second position, reflecting a fairly high degree of capital intensity. Having the lowest capital intensity (annual mean) of 2.438%, UAC of Nig. Plc indicates that minimal capital is required to produce income. Both Nestle Nig. Plc. and Guinness Nig. have comparable mean values of 50.412%, which show substantial capital investment in their respective companies.

Test of Hypothesis

The Impact of Firm Profitability on Tax Planning in Nigerian Listed Manufacturing Companies

Table no. 2. The regression analysis of FIP, FIG, CAI, and ETR

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.586585	0.145806	10.88149	0.0000
FIP	0.133650	0.072367	1.846830	0.0676
FIG	0.049507	0.050764	0.975245	0.3317
CAI	0.014326	0.032775	0.437095	0.6629
Weighted Statistics				
Root MSE	0.178320	R-squared		0.320340
Mean dependent var	1.607922	Adjusted R-squared		0.273180
S.D. dependent var	0.182863	S.E. of regression		0.181653
Sum squared resid	3.497786	F-statistic		1.485274
Durbin-Watson stat	2.124596	Prob(F-statistic)		0.002766

Source: Researcher's computation. (2024).

This study's primary goal is to look at how tax planning among listed manufacturing businesses in Nigeria is affected by firm profitability. The group-specific outcomes for the chosen manufacturing companies are shown in Table 2. The results show that tax aggression and corporate profitability are positively correlated. In particular, ETR increases by 0.134 percent for every 1% increase in FIP. The finding is equally noteworthy at 10%, indicating that the degree of tax aggression in Nigerian listed manufacturing businesses is determined by company profitability. Although the outcome does not align with the findings of Jananto & Firmansyah (2019) and Nwezoku & Egbunike (2020), it does support apriori and the findings of Marsuni et al. (2023). Therefore, this research aligns with the stakeholders' theory, which proposed that rather than concentrating only on shareholders, decision-making processes should consider the interests of all stakeholders (individuals or groups) that influence or are impacted by a company's actions.

Likewise, the growth of a firm positively influences tax aggressiveness; specifically, a 1 percent rise in FIG results in a 0.050 percent increase in tax ETR; the coefficient for FIG, however, is not statistically significant ($p > 0.05$), indicating that firm growth does not significantly affect tax aggressiveness among the companies studied. This finding aligns with apriori expectations and corroborates the findings of Tanko (2023) and Yahaya & Yusuf (2020), but it contradicts the results of Zubairu et al. (2022) and Ezekwesili & Ezejiofor (2022). Moreover, capital intensity positively influences tax aggressiveness; according to the result, a 1 percent increase in CAI raises ETR by 0.014 percent.

However, like with FIG, the CAI coefficient was likewise not significant ($p > 0.05$). This implies that the degree of tax evasion in Nigerian listed manufacturing firms is not substantially impacted by capital intensity. The outcome aligns with the a priori expectation and supports the findings of Prawati & Hutagalung (2020) and Sadjiarto et al. (2020), while it does not support the findings of Abdulkadir et al. (2020) and Omesi & Appah (2021). The outcome shows an R-squared value of 0.320, indicating that the explanatory variables included—firm profitability, firm growth, and capital intensity—can explain nearly 32% of the variation in ETR. The F-statistic of 0.000 indicates that the model is significant overall, while the Durbin-Watson statistic of 2.132 suggests that there is no serial correlation in the model. The findings demonstrate a positive correlation between tax evasion and corporate profitability among manufacturing firms listed in Nigeria.

The Impact of Board Independence on Tax Planning in Nigerian Listed Manufacturing Companies

Table no. 3. The regression analysis of BOI, FIG, CAI, and ETR

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.733010	0.186393	9.297609	0.0000
BOI	0.015520	0.108357	0.143233	0.8864
FIG	0.046835	0.052057	0.899700	0.3703
CAI	0.015463	0.034896	0.443119	0.6586
Weighted Statistics				
Root MSE	0.180305	R-squared		0.009471
Mean dependent var	1.528375	Adjusted R-squared		-0.018563
S.D. dependent var	0.181994	S.E. of regression		0.183676
Sum squared resid	3.576097	F-statistic		0.337831
Durbin-Watson stat	2.161488	Prob(F-statistic)		0.798006

Source: Researcher's computation (2024).

Examining the impact of board independence on the tax planning of Nigerian listed manufacturing companies is the study's second goal. The regression results for the chosen manufacturing enterprises are shown in Table 3. Tax planning and board independence are positively correlated. According to the outcome, ETR increases by 0.016 percent for every 1% increase in BOI. Nevertheless, the lack of significance ($p > 0.05$) suggests that among Nigerian listed manufacturing enterprises, independence is not a decisive factor for tax planning. While the outcome does not support the findings of Yee et al. (2018) and Nebie & Cheng (2023), it is consistent with apriori expectations and highlights the findings of Alkurdi & Mardini (2020), Onatuyeh & Ukolobi (2020), and Wen et al. (2020). Therefore, this study supports the stakeholders' theory, which contends that rather

than concentrating only on shareholders, firms should consider the interests of all stakeholders who influence or are impacted by a company's decisions.

In a similar vein, tax aggression is favorably impacted by corporate growth. In particular, ETR increases by 0.047 percent for every 1 percent increase in FIG. Nonetheless, the outcome was not significant ($p > 0.05$), suggesting that among the enterprises under study, company expansion is not a crucial component of tax planning. Although the outcome does not support the results of Tanko (2023) or Ezekwesili & Ezejiofor (2022), it does conform to apriori expectations and the findings of Saragih, Raya & Hendrawan (2021). Additionally, tax aggression is positively impacted by capital intensity. According to the outcome, ETR increases by 0.014 percent for every 1% increase in CAI. Similar to FIG, however, the coefficient for CAI was also not significant ($p > 0.05$), indicating that the degree of tax planning in Nigerian listed manufacturing businesses is not significantly impacted by capital intensity. The outcome is consistent with the apriori expectation and supports the findings of Olaniyi & Okerekeoti (2022), however it contradicts the conclusions of Omesi & Appah (2021) and Abdulkadir et al. (2020). The included explanatory variables—firm profitability, firm growth, and capital intensity—can account for around 22% of the variance in ETR, according to the result's R-squared value of 0.320. The F-statistic of 0.000 suggests that the model as a whole is significant, however the Durbin-Watson statistic of 2.161 shows that there is no serial correlation in the model. According to the findings, tax evasion in Nigerian listed manufacturing firms is positively correlated with board independence.

Conclusion and Recommendations

This study investigated how the characteristics of businesses affect tax planning in industrial companies listed in Nigeria. The eleven manufacturing companies listed on the Nigerian Exchange Group were selected using purposive sampling. In the study, ETR served as a symbol for tax preparation. Though board independence does not seem to affect the tax planning practices of listed manufacturing companies, company profitability significantly influences these practices, resulting in more proactive tax planning strategies. The research generated the following recommendations based on its findings.

Firms should enhance their financial management systems and maintain transparency in reporting. Proper financial record-keeping ensures that tax planning strategies are based on accurate financial data, reducing the risk of penalties and fostering long-term profitability. In addition to that, while board independence may not have shown a significant impact on assertive tax planning approaches, enhancing the independence, diversity, and expertise of boards can create a better environment for

ethical decision-making, including responsible tax planning. The limitation of the study is that External factors such as fluctuating oil prices, exchange rates, inflation, and political instability, which are common in Nigeria, might influence both firm performance and tax planning strategies, which are not fully accounted for in the study. This study has investigated how much the characteristics of businesses influence tax planning among Nigeria's listed manufacturing firms. Further research should concentrate on how a business's stage in its lifecycle (e.g., startup, growth, maturity, decline) influences its tax planning behavior, as the study solely examined the firm features of mentioned manufacturing companies in Nigeria. Firms at different stages may have varying incentives and opportunities for tax minimization.

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