

## FINANCIAL PERFORMANCE AND COMPANIES INCOME TAX OF LISTED COMPANIES IN NIGERIA

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### Abstract

*Taxes are compulsory levies that are regularly imposed and as a rule, not designated for a special purpose. The study examined the effect of financial performance and companies income tax of quoted companies in Nigeria. The study adopted ex-post facto research design. The population of this study was all quoted financial and non-financial companies which as at 2019 on the Nigerian Stock Exchange (NSE) was 173 for the period 2006 – 2020 and the sample size was 30 using stratified sampling technique and quota system. Data were sourced from the annual reports of the sampled quoted companies for the study. Data were analyzed using descriptive and inferential statistics. The findings revealed that financial performance has significant effect on companies income tax of the sampled quoted companies in Nigeria (Adj.  $R^2 = 0.789$ ,  $F(4, 445) = 1594.78$ ,  $P < .05$ ). Firm size was also introduced as a moderating variable and the results also show that it has significant effect on companies income tax in Nigeria (Adj.  $R^2 = 0.36$ ,  $F(4, 445) = 50.17$ ,  $P < .05$ ). The study concludes that financial performance has a significant effect on the companies income tax of quoted financial and non-financial firms in Nigeria. The study recommends that the management should pay adequate attention and care to their earnings and net profit by improving on their capital employed to further improve the effective tax rate of their companies and Companies should maintain adequate firm size for their operations as it can enhance their performance and will drive corporate taxes.*

**Keywords:** Capital Employed, Companies Income tax, Financial Companies, Financial Performance, and Non-Financial Companies

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### 1.0 Introduction

The non-financial companies such as the manufacturing sector of any economy plays a very important role as it contributes to the growth of the economy which is reflected visibly in job creation and improved tax contribution. For a country like Nigeria to strengthen its economy and improve the standard of living of its citizen, the manufacturing sector has to be given maximum attention by the government. The drive of recent government to discourage importation of certain goods have made both local and international manufacturing companies in the country to stir up their production capacity in order to meet the demands of the public

(Junaidu & Saidu, 2018). In order to ensure rapid economic growth in Nigeria, there is need for government to encourage local manufacturers output through provisions of incentives from taxation and through increase of import duties so as to discourage importation of foreign goods which competes with local goods thereby increasing income generation from taxation which enhances economic growth. Government should continue to show fairness in fixing income tax of consumers so as to encourage consumers spending as stated in the works of (Eyisi & Agbaeze, in Andrew, 2020).

Despite the efforts by the government to revitalize the manufacturing sector, some of these companies face a lot of challenges including tax burden. According to Adebisi and Gbegi (2013), government should come up with a uniform tax policy that will favour the development of SMEs in Nigeria. In addition, government should put into consideration the size of SMEs when setting tax policies. They further stated that for Small and Medium Enterprises to get better equipped, have enough funds and survive in a competitive market, the rate of tax levied on the small businesses should be lower. The rate of tax incentives and exemptions which serve as catalysts and bait for attracting investors should be highly increased by the three tiers of government in Nigeria. Government should promulgate a policy that will help to avoid illegal taxes, such as community levy, boys, or youth levy and as well as association or union levy. Any policy that will push for enough funds and other activities that will lead to Small and Medium Enterprises growth is good for promulgation and there should be consistency in tax policy that will cushion the effects of factors that militate against the expansion of SMEs in relation to their ability to pay taxes by government (Ocheni, 2015).

However, there are certain incentives given by the government to manufacturing companies to encourage and sustain them in the economy. According to Rotimi and Henry (2017), more incentives should be given to manufacturing companies especially during this era of campaign for use of made in Nigeria goods. Government should try as much as possible to strike a balance between objective of aggressive tax mobilization and creating enabling environment for emerging businesses in Nigeria. Doing this, will quicken firms' growth and will pay higher taxes in the long run. There should be more awareness among manufacturing companies in Nigeria on the tax incentives available to them. They should also be encouraged to take advantage of the tax incentives in order to increase the number of manufacturing industries in Nigeria (Uwalomwa, Ranti, Kingsley, & Chinenye, 2016).

Manufacturing sectors in Nigeria could literally be assumed to have a vast potential for a spot for economic development due to abundant labour force coupled with the agrarian nature of the economy. However, the absorptive capacity for labour expected from agriculture and other spillover effects were soon proved mysterious. Sooner or later do import substitution industrialization and other incentives to attract foreign entrepreneurs failed, resulting in a weak and infantry manufacturing sector. This thus gives way for export promotion industrialization particularly in the early 1970s as Nigeria recorded windfall gains from crude

oil sales. Moreover, the capital intensiveness of manufacturing sector as a result of induced technological advancement cannot be overemphasized. As such, manufacturing in Nigeria is tied to foreign exchange earnings for the purchase of capital equipment. The massive inflows of foreign exchange between 1970s and 1990s through crude oil sales could not provide the necessary stimuli for development in the manufacturing sector as it failed due to over dependent on external sector for the supply of inputs in the face of fast technological driven development world. In addition, there was weak demand for the sectors products and low export market (Uwalomwa, Ranti, Kingsley, & Chinenye, 2016).

Both financial and non-financial sectors are further bogged down by internal environment constraints. Aside factors from the internal business environment such as lack of capital (inadequate capitalization), inefficient management, unprofitable expansion (premature expansion), mode of appointment of chief executives, fraud, liquidity of most companies and audit failures –internal or external may affect corporate performance. Chude and Chude (2015) added that external influences, such as corporate income tax levied on companies might affect the performance of business firms in Nigeria hence, leading to low collections of corporate taxes to meet government sovereign expenditure needs.

Performance of the firms is becoming highly exposed to scrutiny by potential investors due to the risks involved including adverse publicity brought about by collapsing of some firms and others are under receivership. Nigeria has been experiencing turbulent times with regards to its organizational practices in the last two decades. This resulted in generally low profits across the economy. Studies investigating on corporate taxes and financial performance have been limited to only two variables. The objective of the study is to examine the relationship between financial performance and companies income tax of listed companies in Nigeria.

## **2.0 Literature Review**

### **2.1 Conceptual Review**

#### ***Companies Income Tax***

Companies income tax (CIT) is charged on the profits generated by companies, public corporations and unincorporated associations such as industrial and provident societies, clubs and trade associations. CIT was created by the Companies Income Tax Act (CITA) 1979 and has its root from the Income Tax Management Act of 1961. It is one of the taxes administered and collected by the Federal Inland Revenue Service ('FIRS' or 'the Service'). CIT is currently charged at the rate of 30% for companies having more than N100 Million Naira turnover. It is also charged at the rate of 20% for companies with a turnover between N25 Million and N100 Million. The tax is assessed on a preceding year basis (i.e. tax is charged on profits for the accounting year ending in the year preceding assessment). The companies having less than N25 Million turnover are not liable to pay companies income tax in line with the Finance Act 2019. In respect of business profits, a non-resident company that has a fixed base or a permanent establishment (PE) in Nigeria is taxable on the profits attributable to that fixed base. As such, it is required to register for CIT and file its tax returns.

Companies Income Tax (CIT) is a tax chargeable on all resident and non-resident companies (other than those engaged in petroleum operations) incorporated in Nigeria (Ogudu *et al.*, 2018). Also known as corporate tax, the CIT rate is 30% of the profit earned in the year preceding assessment. Resident companies are liable to CIT on their worldwide income (profits accruing in, derived from, brought into, or received in Nigeria) while non-residents are subject to CIT on the income derived from their Nigerian operations. A non-resident company with a fixed base in Nigeria is taxable on the profits attributable to that fixed base. Any WHT deducted at source from its Nigeria- source income is available as offset against the CIT liability (Ogudu *et al.*, 2018).

Corporate taxation is an important source of government revenue around the world and a major consideration in planning business activities. According to business dictionary it is defined as tax levied on profits and capital gains made by companies, calculated before dividends are paid. Companies income taxes are chargeable on the income of all companies operating in Nigeria except those that are specifically exempted by the enabling act (Junaidu & Saidu, 2018). Taxation is seen as a burden which every citizen must bear to sustain his or her government because the government has certain responsibilities to perform for the benefit of those it governs (Afberoh & Okoye, 2014). Taxation is the most important source of revenue to the government. Two categories of taxpayers exist in every economy, the Individual and Corporate tax payers. According to Edam and Okoi (2014), firms in most cases finance their investment with borrowed funds, as long as the rate of return on capital i.e. the marginal efficiency of capital (MEC), is greater than the interest rate charged on borrowed funds, firms would always like to add to their existing capital being equal to that rate of discount which would make the present value of the series of annuities given by the returns expected from the capital assets during its life just equal to the supply price (Chude & Chude, 2015).

### ***Financial Performance***

The subject of financial performance has received significant attention from scholars in the various areas of business and strategic management. It has also been the primary concern of business practitioners in all types of organizations since financial performance has implications to organization's health and ultimately its survival. High performance reflects management effectiveness and efficiency in making use of company's resources and this in turn contributes to the country's economy at large (Naser & Mokhtar in Akani & Obiosa, 2020).

Financial performance is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. It is the process of measuring the results of a firm's policies and operations in monetary terms (Mwangi, 2016). It identifies the financial strengths and weaknesses of a firm by establishing relationships between the items of the financial position and income statement. The term is also used as a general measure of a firm's overall financial health over a given period of time and can be used to compare similar firms across the same industry or to compare industries or sectors in aggregation. There are many

different ways to measure firms' performance, but all measures should be taken in aggregation. Line items such as revenue from operations, operating income or cash flow from operations can be used as well as total unit sales (Njeru in Salawu, Ogundipe & Yeye, 2017).

Quantitative measures of firm performance include profitability measures such as gross margin, net margin for example return on sales, return on equity, economic value added, return on equity less cost of equity and return on capital employed. Other measures of performance include cash flow measures such as free cash flow over sales and growth measures for example historical revenue growth. Ideally, forward-looking measures such as expected profitability, cash flow and growth should be used to measure a firm's performance (Kiaritha, 2015). Management researchers prefer accounting variables as performance measures such as return on equity (ROE), return on investment (ROI), and return on assets (ROA). Other common measures of performance include Earnings per share (EPS); Price/Earning (P/E) ratio and net interest margin (NIM). The NIM variable is defined as the net interest income divided by total assets. Okelo (2015) used net interest margin and profit before tax/total assets as measures of financial performance. Earlier studies typically measure accounting rates of return. These include return on investment (ROI), return on capital (ROC), return on assets (ROA) and return on sales (ROS). The idea behind these measures is perhaps to evaluate managerial performance and how well is a firm's management using the assets to generate accounting returns per unit of investment, assets or sales (Membra in Ogbeiwi & Okoughenu, 2020).

The problem with these measures is well known. Accounting returns such as depreciation and inventory costs affect the accurate reporting of earnings. Asset values are also recorded historically. Return of total assets (ROA) is the ratio of net income after taxes divided by total assets. ROA reflects how well management uses the firms real investments resources to generate profit (Ongore & Kusa, 2013). Return on assets indicates how profitable a business is relative to its assets. Ogbeiwi and Okoughenu (2020) assert that return on assets must be positive and the standard figure for return on assets is 10% -12%. The higher the ROA, the better because the business is earning more money on the capital invested. ROA takes into consideration the return on investment (ROI) and indicates the effectiveness in generating profits with its available assets. Return on equity (ROE) is a frequently used variable in judging top management performance, and for making executive compensation decisions. ROE is defined as net income (income available to common stockholders) divided by stockholders equity. Return on equity (ROE) indicates the return on owners' equity, hence the higher the better. Earnings per share (EPS) indicate the dollar amount earned on behalf of each common share, thus the higher the better. Price/earnings (P/E) ratio is the amount investors are willing to pay for each dollar of earnings. It indicates investors' confidence. Liquidity is also a measure of financial performance. Liquidity measures the ability to meet financial obligations as they fall due without disrupting the operations of the firm (Ogbeiwi & Okoughenu, 2020).

## **2.2 Theoretical Review**

This study is anchored on the ability-to-pay theory. Omodero & Ogbonnaya (2018) stated that taxes should be levied on individuals and companies according to the amount of money earned. This implies that tax burden should be placed on companies and individuals with higher income. They stated that money for public expenditure should come from “him that hath” instead of “him that hath not”. This implies that more tax burden should be placed on companies and individuals with higher income. In other words, individuals and companies should pay taxes according to what they earn. Someone who earns more should pay more tax while an individual who earns less should pay less tax. For the purpose of banks’ liquidity which is the basis on which they can provide funds to private sectors for businesses, the ability to pay tax should be considered seriously to enable them have enough liquid asset to give credit facility to organizations and individuals for their operations. This is in line with progressive taxation principle, fairness and equity.

## **2.3 Empirical Literature**

Ogudu, Kingsley and Akinlosotu (2018) examined the effect of corporate income tax on the manufacturing sector performance in Nigeria using a panel data analysis from 2013 – 2017. The ex-post facto research design was adopted for this study. The population of this study covered all the 23 registered manufacturing firms dealing with consumable foods in Nigeria. The sample of five manufacturing firms, dealing with consumable foods in Nigeria which represent 35% of the quoted manufacturing firms on the Nigerian Stock Exchange (NSE) market was selected for the study. The data used for this research are secondary data obtained from various issues of Annual financial statement of five selected manufacturing firms in Nigeria namely: Dangote Sugar Refinery Plc, Cadbury Nigeria Plc, Guinness Nigeria Plc, Unilever Nigeria Plc and Nestle Nigeria Plc. This study made use of the fixed and random effect regression technique. The result showed that companies income tax had direct significant impact on net income and return on equity of manufacturing companies in Nigeria.

John, Samuel and Holy (2013) studied the effect of corporate income tax on financial performance of listed manufacturing firms in Ghana. Their study concluded that there is a significant negative relationship between corporate income tax and financial performance. The result also showed that firm’s size, age of the firm, growth of the firm shows a significant positive relationship with financial performance.

Omodero and Ogbonnaya (2018) examined the impact of corporate tax on profitability of Deposit Money Banks in Nigeria. The specific objective of this study was to investigate the extent to which companies income tax (CIT) affects the profit after tax (PAT) of Deposit Money Banks in Nigeria. The research adopted a causal research design and a sample of 12 banks were selected out of the currently existing 21. The secondary data on PAT (dependent variable) CIT (independent variable) used were collected from the published financial statements of banks via their websites. The panel data used in this study covered the period from 2006 to 2016. Multiple regression analysis and t-test were used to analyze the data with

the aid of SPSS version 20. The regression result on the data for Access Bank Plc., Diamond Bank Plc. and GTB Plc., revealed a positive significant impact of CIT on PAT and existence of a positive relationship between PAT and CIT. While the rest of the other 9 banks showed both negative and lack of impact of CIT on PAT. The findings showed improper application of ability-to-pay theory in Nigeria. The study therefore recommends a review of the Nigerian fiscal policy and introduction of tax reforms that allow adequate tax incentives for banks especially during financial crises and to cope with liquidity challenges.

Oladele and Agbaje (2017) conducted a research work on the recent developments in company's income taxation in Nigeria and analyzed the variables with the use of quantitative survey method and finds out that the Nigeria tax system is unduly complex, skewed low revenue yielding poorly administered anti-federalism largely inequitable and loaded with unduly large number of overlapping taxes which have more nuisance value than revenue value.

Jens and Schweltnus (2008) examined the effects of companies income taxes on two of the main drivers of growth, profitability and investment of firms in European OECD member countries over the time period of 1996-2004, using the stratified sampling technique. The result is found to be true across firms of different size and age classes, except for young and small firms.

Rohaya, NorAzem and Bardai, (2010) conducted a study on companies income taxes and revealed an association between income tax and profitability of corporate institutions. A sample of 7,306 companies were taken from the hotels and restaurants sector. This includes 6,594 in business services and 1,484 in transport manufacturing sectors, for the accounting periods 1995 to 2000. The study concluded that companies income tax adversely affects the profitability of corporate institutions but has a positive relationship with the firm size and age of companies.

Oladele and Agbaje (2017) examined the impact of companies income tax on performance of selected companies quoted on the Nigerian Stock Exchange (NSE) in Nigeria. Secondary data obtained from the annual reports of fifteen selected manufacturing companies listed on the NSE, covering six years 2010-2015, from fact-book. Data sourced were analyzed using the correlation and regression analysis. The study confirmed the existence of significant relationship between companies income tax and performance of manufacturing companies in Nigeria.

A similar study carried out by Chude and Chude (2015) investigated the impact of companies income taxation on the profitability of companies in Nigeria using Nigerian Breweries Plc as a case study. The study used secondary sources of data and a time series econometric technique with an error correction model tested the variables most likely to impact on profitability of companies in Nigeria. The study revealed that the level of company tax has significant effect on the profitability, that companies income tax (CIT) has significant effect

on profitability and concluded that the positive and significant relation between the profitability and the taxation explanatory variables indicates that policy measures to expand tax revenue through more effective tax administration will impact positively on growing the company's profitability.

### 3.0 Methodology

This study adopted *ex-post facto* design. The population of this study was all listed companies. The number as at 2020 on the Nigerian Stock Exchange (NSE) was 173. Data for the study was for the period of 2006 – 2020. The selected sample size was 30 using stratified sampling technique and quota system. See table below for a list of these thirty (30) listed companies (see appendix 1).

#### Model Specification

The model for this study is:

$$Y = f(X, z)$$

$$CIT = f(FP)$$

Where: CIT= Companies Income Tax

FP= Financial performance

Y = Companies Income Tax (Dependent Variable)

And X = Financial Performance (Independent variable)

$$X = (x_1, x_2, x_3, x_4)$$

Where:  $x_1$  = Return on Capital employed (ROCE)

$x_2$  = Return on Equity (ROE)

$x_3$  = Earnings per share (EPS)

$x_4$  = Net Profit before tax (NPBT)

z = Firm Size (FS)

Functional Relationship

$$CIT = f(ROCE, ROE, EPS, NPBT)$$

From the above function, the following model is derived:

$$CIT_{it} = \alpha_0 + \beta_1 ROC_{it} + \beta_2 ROE_{it} + \beta_3 EPS_{it} + \beta_4 NPBT_{it} + \mu_{it}$$

$$CIT_{it} = \alpha_0 + \beta_1 ROC_{it} + \beta_2 ROE_{it} + \beta_3 EPS_{it} + \beta_4 NPBT_{it} + \mu_{it} + \beta_5 FS_{it}$$



#### 4.0 Data Presentation an analysis

**Table 4.1: Estimation Results for Model One**

Estimation Techniques	Random Effects GLS Regression with Driscoll-Kraay standard errors			
Dependent Variable: CIT	Coeff.	Std. Err	T-Stat	Prob
Constant	879.15	345.89	2.54	0.023
ROCE	17.90	24.14	0.74	0.47
ROE	0.591	0.362	1.63	0.125
EPS	6.312	6.839	0.92	0.372
NPBT	148.38	8.407	17.65	0.000
Adjusted R <sup>2</sup>				
Wald test				
Hausman Test				
BPLM Test				
Heteroskedasticity Test				
Serial Correlation Test				
Cross-Sect Dep. Test				

Source: Author's Computation (2022)

@Chosen Significant level of 5%

$$CIT_{it} = 879.15 + 17.90ROCE_{it} + 0.591ROE_{it} + 6.312EPS_{it} + 148.38NPBT_{it} + \mu_{it}$$

Table 4.1 examined the effect of financial performance on companies income tax of listed companies in Nigeria. The regression estimates results revealed that: returns on capital employed (ROCE) has a positive and insignificant effect on companies income tax of financial and non-financial companies quoted in Nigeria (CIT) ( $\beta = 17.90$ ). This implies that a percent increase in ROCE will lead to 17.9 percent increase in CIT. This is similar to earnings per share (EPS), as it has a positive but not significant effect on companies income tax of listed companies in Nigeria (CIT) ( $\beta = 6.312$ ). This implies that a percent increase in EPS will lead to 6.3 percent increase in CIT.

Table 4.1 also revealed that net profit before tax (NPBT) has a positive and significant effect on companies income tax of listed companies in Nigeria (CIT) ( $\beta = 148.38$ ,  $p = 0.00$ ). This implies that a percent increase in NPBT will lead to 148 percent increase in CIT. However, returns on equity (ROE) has a positive but not significant effect on companies income tax of listed companies in Nigeria (CIT) ( $\beta = 0.591$ ). This implies that a percent increase in ROE will lead to 59 percent increase in CIT.

The R-square of the model showed 79%, this shows the variations in companies income tax of listed companies in Nigeria can be attributed to all the independent variables put together, while the remaining 21% variations in CIT of listed companies in Nigeria are caused by other factors not included in this model.

Based on the probability of F-statistics of 0.00 being less than the 5% chosen significant level of the study, this study thus decide that the null hypothesis for model two which states that financial performance does not have a significant effect on companies income tax of listed companies in Nigeria should be rejected while the alternate hypothesis that financial performance have a significant effect on companies income tax of listed companies in Nigeria should be accepted.

**Table 4.2: Estimation Results for Model Two with control variable**

Estimation Techniques	Linear Regression with Robust Estimates			
Dependent Variable: COT	Coeff.	Std. Err	T-Stat	Prob
Constant	-18900.6	3048.54	-6.20	0.00
ROCE	183.61	45.58	4.03	0.00
ROE	1.628	1.142	1.42	0.15
EPS	46.38	37.56	1.23	0.21
NPBT	40.76	5.03	8.10	0.00
FS	752.90	111.46	6.75	0.00
R <sup>2</sup>				
F-Stat				
Hausman Test				
Testparm				
Heteroskedasticity Test				
Serial Correlation Test				

**Source: Author’s Computation (2022) @ Chosen Significant level of 5%**

$$CIT_{it} = -18900.6 + 183.61ROCE_{it} + 1.628ROE_{it} + 46.38EPS_{it} + 40.76NPBT_{it} + 752.90FS + \mu_{it}$$

Table 4.2 examined the effect of financial performance on companies income tax of listed companies in Nigeria moderated with firm size. The regression estimates results revealed that: returns on capital employed (ROCE) has a positive and significant effect on CIT of listed companies in Nigeria (COT) ( $\beta = 183.61, p = 0.00$ ). This implies that a percent increase in ROCE will lead to 183 percent increase in CIT. This is similar to earnings per share (EPS), as it has a positive but not significant effect on CIT of listed companies in Nigeria (CIT) ( $\beta = 46.38$ ). This implies that a percent increase in EPS will lead to 46 percent increase in CIT.

Table 4.2 also revealed that net profit before tax (NPBT) has a positive and significant effect on companies income tax of listed companies in Nigeria (COT) ( $\beta = 40.76, p = 0.02$ ). This implies that a percent increase in NPBT will lead to 41percent increase in CIT. However, returns on equity (ROE) has a positive and insignificant effect on companies income tax of listed companies in Nigeria (CIT) ( $\beta = 1.628$ ). This implies that a percent increase in ROE will lead to 16.28 percent increase in VAT. Firm size exerted a positive and significant effect on companies income tax.

The R-square of the model showed 36%, this shows the variations in companies income tax of listed companies in Nigeria can be attributed to all the independent variables put together, while the remaining 64% variations in CIT of listed companies in Nigeria are caused by other factors not included in this model.

Based on the probability of F-statistics of 0.00 being less than the 5% chosen significant level of the study, this study thus decide that the null hypothesis for model six which states that financial performance does not have a significant effect on companies income tax of listed companies in Nigeria should be rejected while the alternate hypothesis that financial performance have a significant effect on companies income tax of listed companies in Nigeria should be accepted.

#### 4.1 Discussion of Findings

The findings from the results of model two that tested the relationship between financial performance and companies income tax of listed companies in Nigeria showed that financial performance as measured with return on capital employed, return on equity, earnings per Share and Net Profit before tax is influenced by companies income tax. The results also show that return on capital employed and return on equity has a significant relationship with companies income tax. However, the results of the study is in tandem with the studies of Ogudu, Kingsley and Akinlosotu (2018) who also affirmed that financial performance will also enhance companies income tax over time and a major determinant of this is the Return on capital employed and Return on equity as well as earnings per share and net profit before tax. Also, Omodero and Ogbonnaya (2018) and Chude and Chude (2015) in their study also aligned their results with that of Ogudu *et al* (2018) which is also in agreement with the results of this study which states that financial performance will affect companies income tax. These results were also in agreement with the *a priori* expectation of the study that there will be a positive significant relationship between financial performance and companies income tax of listed companies in Nigeria.

Nonetheless, the results of this study were not in line with the study of Rohaya, NorAzem and Bardi (2010) who reported that financial performance had a negative relationship with companies income tax. Return on capital employed, return on equity, earnings per share and net profit before tax had negative relationship with effective tax rate. The reasons for this disagreement could be adduced to the fact of the economic policies and dynamics of the environment in which the listed companies operate carrying on business which has brought about the negative results. The tax laws and regulations as well can also be a determinant factor towards the results not in consonance with the results of the study.

#### 5.0 Conclusion and Recommendation

The study concludes that financial performance such as return on capital employed, return on equity, earnings per share and net profit before tax has a significant effect on companies income tax of listed companies in Nigeria. It was however recommended that policy makers should

ensure that performance is sustained into the future by considering key indicators which will assist them in their companies income tax payment and companies should maintain adequate firm size for their operations as it can enhance their performance and will drive corporate taxes.

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**Appendix 1: List of the Selected Companies for the Study**

S/No	Companies
1	First Bank Holdings PLC
2	UBA PLC
3	Access Bank PLC
4	Zenith Bank PLC
5	GTB PLC
6	Nestle Nigeria PLC
7	Guinness Nigeria PLC
8	Nigerian Brewery PLC
9	Cadbury PLC
10	Unilever Nigeria PLC
11	Nigerian Enamelware
12	UAC of Nigeria Plc
13	Julius Berger
14	Flour Mills of Nigeria
15	NASCON Allied Industries Plc
16	PZ Cussons Nigeria Ltd
17	AIICO Insurance
18	Cornerstone Insurance
19	First City Monumental Bank
20	Fidelity Bank Plc
21	Stanbic IBTC Holding
22	Glaxosmithkline Nigeria
23	Berger Paints Nigeria
24	Cutix Plc
25	Lafarge Cement Wapco Nig
26	Ardova Plc (Forte Oil)
27	Conoil
28	MRS Oil Nigeria Plc
29	Vitafoam Nigeria
30	C & I Leasing Plc