

Effects of Tax Planning Strategies on The Firm Value of Listed Manufacturing Firms in Nigeria: An Empirical Analysis.

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ABSTRACT

This study examined the effects of tax planning strategies on the firm value of listed manufacturing firms in Nigeria: an empirical analysis. Tax planning is a significant aspect of business strategy and a crucial exercise for effective and efficient financial planning activity which requires attention from managers of all functional areas in the firm. This study is guided by two specific objectives which include: to examine the effect of tax planning strategies on firm value of listed manufacturing firms in Nigeria and to evaluate the effect of effective tax rate on the firm value of listed manufacturing firms in Nigeria. Relevant literatures were reviewed including conceptual, theoretical and empirical literatures. Ex post facto research design was adopted. Secondary data from the audited financial statement of the listed manufacturing firms on Nigerian Exchange Group were collected. Descriptive and inferential statistics were used to analyse the data. In conclusion the result of the regression shows that tax planning strategies have demonstrated to have an insignificant relationship with firm value of listed manufacturing firms in Nigeria. Income tax rate and effective marginal tax rate have negative relationship with firm value while effective tax rate has positive relationship with firm value. The study recommends that both people and corporations be encouraged to proactively adopt a thorough tax planning policy. Taxpayers might find chances to maximize credits, deductions, and tax-exempt investments by knowing the newest tax rules and consulting a knowledgeable tax professional.

Keywords: Tax planning, Effective tax rate, Effective marginal tax rate, Income tax rate, Firm value

INTRODUCTION

In Nigeria, the complexity of tax regulations necessitates a comprehensive solution to tax payment compliance. The complexity of Nigeria's tax regulations necessitates a comprehensive response to non-compliance with tax regulations at both individual and systemic levels as several aspects of the economy and government are adversely affected as a result of non-compliance (Aondoakaa et al., 2025). As Nigeria strives for sustainable growth and development, understanding and effectively implementing tax planning strategies are crucial not only for optimizing financial outcomes but also for ensuring adherence to regulatory frameworks (Fadipe et al., 2025). Tax planning and compliance are pivotal aspects of financial management in Nigeria, integral to both individuals and businesses navigating the intricate landscape of fiscal responsibilities and economic development (Tanko, 2025). In developing countries, greater emphasis is given to the manufacturing sector to attain middle-income status through incentives geared towards encouraging investment in the sector over tax planning strategies.

Managers make corporate tax decisions with the primary aim of minimizing tax burden and avoiding penalties. Managers often devise strategies to reduce corporate tax liabilities through tax planning with the view of having tax benefits. Thus, tax planning is a significant aspect of business strategy and a crucial exercise for effective and efficient financial planning activity which requires attention from managers of all functional areas in the firm (Mammal and Ismail, 2015). Thus, it needs a broader understanding of tax laws, and their applications specifically, allowances, exemptions, policies, guidelines, incentives, and relief available to corporate taxpayers. Neifar and Utz (2018) argued that though tax planning is capable of maximizing

shareholders' wealth, in an agency setting it could decrease firm value due to information asymmetry. This implies that managers may hide under the schemes to engage in managerial rent extractions at the expense of the shareholders, which leads to a negative valuation of the schemes by the investors.

Tax Planning is considered a legitimate function as it does not contravene any provision of tax laws. The tax savings arising from tax planning represent a transfer of resources from the government to shareholders with the expectation of improved firm value. However, tax planning is associated with costs including direct costs, implementation costs, and transaction costs among others (Ftouhi et al, 2020). Therefore, there is a need to balance the benefits and associated costs of the strategy. Effective tax rate (ETR) represents firms' tax burden, lower ETR signified small tax liability and higher after-tax earnings and successful tax planning activities by the firms, whereas higher ETR indicates the inability of the firms to achieve less tax burden. Thus, effective and efficient tax management strategies are capable of increasing firms' profitability through minimum tax liabilities and freeing more funds for investments which indirectly could lead to firm value. Further, an increase in firm after-tax earnings usually signals to investors that the firm value is good (Razali et al, 2018). Therefore, tax planning activities through tax avoidance if successfully undertaken are expected to have a significant impact on firm value.

Statement of problem

Taxes constitute a high chunk of the costs that enterprises incur and stand to reduce the profitability of firms and this need to be minimized to its barest minimum especially in the manufacturing sector of the economy. The study opined that firms which receive tax incentives pay less tax and therefore recorded a higher Return on Equity (ROE) as well as Return on Assets (ROA). Tax planning, just like any other business management activity, has the aim of contributing to the improvement of the economic and financial performance of firms thereby helping to maximize return to owner's investment. Reduction in tax liability should lead to reduction in the Effective Tax Rate (ETR) of such firms which on its own is an advantage to the firms in increasing their market value, but, as the manufacturing sector really maximized this strategy?

A substantial body of the literature has focused on the impact and effect of tax planning on firm value as well as firm performance at various levels and sectors of the economy. However, one of the main factors that these studies on tax planning have seldom considered the relationship that could exist between tax planning strategies and firm's value. While other studies had employed Effective Tax Rates (ETR), Book-Tax Difference (BTD) and Tax Savings as a proxy to tax planning to the outcome on the market value of firms, others have worked on some of these tax planning strategies and how they affect the performance of firms in Nigeria and beyond using mediating factors. Following all these mentioned above and more, this research work focused on effects of tax planning strategies on the firm value of listed manufacturing firms in Nigeria.

Research questions

The following questions will guide this study;

- i. Is there any effect of tax planning strategies on the firm value of listed manufacturing firms in Nigeria?
- ii. What are the effects of effective tax rate on the firm value of listed manufacturing firms in Nigeria??

1.3 Objectives

The specific objectives of this study are to;

- i. examine the effect of tax planning strategies on the firm value of listed manufacturing firms in Nigeria
- ii. evaluate the effect of effective tax rate on the firm value of listed manufacturing firms in Nigeria.

LITERATURE REVIEW

Previous studies have delved into the diverse array of tax incentives and credits designed to encourage manufacturing expenditures, focusing on understanding how these fiscal mechanisms influence corporate decision-making processes. Innumerable studies have been done on tax planning in different countries, like studies of Agama et al. (2024) in Nigeria, Olanda and Marietza (2024) done in Indonesia Stock Exchange (BEI) for the 2018- 2022; Garcia-Bernardo et al., (2023) carried out in multinational corporations (MNCs) used Orbis' unconsolidated data for the 2011-2015. However, there are few studies that covered manufacturing firms in Nigeria. Previous studies covered shorten period like 2011-2015; 2010-2021; 2018-2022. Hence, this study covered three principal variables of tax planning strategies which includes; effective marginal tax rates, effective tax rates, and taxable income rate for a 10 fiscal years between the periods of 2013-2023 listed consumer goods companies on the Nigeria Exchange Group (NGX) as at December, 2024.

Conceptual review

Tax Planning has been variously defined by different authors. Though these definitions may appear to differ from one another, the underlying meaning is all the same. Kaibel and Akenbor, (2024) defined tax planning as any action that must be taken by a business entity to inflate taxable income or reported earnings in a given period before tax loss expires. Another definition holds that tax planning includes not only strategies aimed at minimization of tax liability, but also considers the cash flow effect on the business in terms of when it is most advantageous for a business to settle tax liability without incurring any penalty. Adetola and Oke, (2016) also posited that, tax planning is a tool at the disposal of tax payer to reduce the burden of tax paid or payable. Tax planning is the arrangement of one's financial affairs in such a way that without violating the legal provisions, full advantage is taken to allow tax exemptions, deductions, concessions, rebates, allowances and other benefits permitted under the Income Tax Act.

Tax planning involves strategic efforts by individuals and corporations to reduce tax liabilities legally and efficiently. It includes leveraging deductions, exemptions, rebates, and allowances as allowed by law (Lakhotia, 2019). Effective Tax Rate (ETR) measures the proportion of a firm's earnings paid as tax and is calculated by dividing total tax expense by pre-tax income (Hanlon & Heitzman, 2010). A lower ETR suggests effective use of tax strategies like credits and deductions, while a higher ETR indicates limited tax-saving opportunities. Although useful for evaluating tax efficiency and profitability (Desai & Dharmapala, 2009), ETR has limitations, such as including deferred taxes, which may distort actual cash taxes paid.

The corporate tax planning points or strategies as contained in the Nigerian tax laws include: Choice of business type, choice of area of location and operation, choice of appropriate date of commencement and cessation of business, choice of accounting date, choice of financial structure, choice of method and method of non-current assets acquisition and choice of mode of compensating suppliers of capital (Nwaobia & Jayeoba, 2016). To be more precise, tax variation refers to the wide variety of tax planning options that might be examined (Iormbagah et al, 2021) According to Hamilton et al., there are two categories of tax variation: individual tax mix and corporate tax mix. When compared to personal tax planning, which focuses minimizing taxable income by optimizing deductions and credits, corporate tax planning aims to reduce taxable income by optimizing the book tax difference and effective tax rate. The effective tax rate of a business is calculated by adding the corporate tax difference to the effective tax rate of the business and any deferred tax. In order to get started, this study may refer to Ihe (2012) comprehensive explanation of book tax difference. When asked for clarification, he said that he meant a subsidy the government provides a business in order to incentivize a certain line of work. In Nigeria, taxes come in several forms, including the pioneer law, capital allowance, and startup tax credit.

Tax planning schemes become desirable to corporate bodies when there are chances of producing fewer tax liabilities without adverse effects on accounting profits. Hoffman's PL theory assumes a positive association between Tax planning and firm performance. Among the previous studies that examine the connection between Tax planning and financial performance are Ogundajo and Onakoya (2016), who found that Tax planning activities do not influence the profitability (ROA) of the listed manufacturing companies

in Nigeria, indicating that tax planning activities are not a major determinant of profitability. In Thailand, Thanjunpong and Awirothananon (2019), using 873 firms year observations for three years(2014-2016), found that tax planning(ETR) has a positive influence on profitability (ROE) but, tax to total assets (TAX/TA) is negative and statically significant to ROE. However, the use of ROA as a control variable which is also a key financial performance metric could be misleading. In another study, Zhu et al. (2023) investigated the impact of tax avoidance activities on firm profitability, using listed firms on the Ghana Stock Exchange. They measured tax avoidance using ETR and reported a significant negative of tax avoidance on profitability.

Firm Value

The two major aims of a firm are maximization of financial performance and value enhancement. Attainment of better financial performance is a short term goal while firm value focuses more on long term sustainability of the firm (Vu & Lee, 2021). Firm value is the main indicator when it comes to the evaluation of the performance of an organization. (Ni, Cheng & Huang, 2020). Some scholars argue that firm value can be measured using accounting based measures, others are of the view that stock market measures are superior. Among the measures of firm value is the book value of the firm. However the book value of the firm suffers from different methods of accounting treatment of accounting data. (Galpin, 2020). However the value of a firm can also be measured using the market value of the firm. Market value is computed as the product of outstanding shares and market price at a point in time.

Empirical reviews

Tanko (2025) examined the impact of financial attributes on the corporate tax planning of listed manufacturing firms in Nigeria. Data for his study was sourced from the annual reports of sampled manufacturing firms. The study used the panel data methodology for analysis. The study used fixed effect estimation to interpret the parsimonious model and random effect was used to interpret the moderated model. The study documented that financial leverage has a positive significant influence on the tax planning of the sampled manufacturing firms. While firm growth has a negative significant impact on the tax planning of listed manufacturing firms in Nigeria. REM has a positive significant impact on tax planning.

Fadipe et al. (2025) evaluated the effect of tax policies on the sustainable development of Nigeria. Their study employed a survey research design. The population of the study was tax practitioners, public analysts, and FIRS staff involved in tax policy formulation, administration, and enforcement in Nigeria. Using a purposive sampling technique, 100 respondents were selected for the study. A validated and structured questionnaire was used to obtain data. One hundred copies of the questionnaire were administered. Data were analysed using descriptive and inferential (multiple regression) statistics were used to analyse the data at 0.05 level of significance. The result found that tax policy had significant effect of sustainable development (Human Development Index).

Likewise, Salawu et al. (2017) examined the Granger causality between corporate tax planning and the value of non-financial listed firms in Nigeria for a period of eleven years (2004-2014). They found that no causality exists between tax planning and firm value. Christina (2019) studied the effect of corporate tax planning on the value of 43 Indonesian-listed companies from 2014 to 2016. Tax planning was proxy using ETR, Cash ETR, and tax savings. Firm value was measured using ROA. The regression results show that cash ETR has a significant negative impact on firm value. Further, the other two proxies of tax planning have no significant influence on firm value. However, the use of ROA to measure firm value could cause statistical inference to be misleading as it is effective in measuring a firm's profitability. Khuong et al. (2020) found a positive and significant Link between tax avoidance and market-based performance (Tobins' Q).

Similarly, Fagbemi et al. (2019) studied the influence of corporate TPL on the financial performance of systematically important banks in Nigeria. Eight banks were selected out of fifteen (15) listed commercial banks in Nigeria. Their findings indicate that tax planning activities proxied by ETR have a negative and significant impact on return on equity (ROE). Further, Adejumo and Sanyaolu (2020) studied the impact of

TPL activities on the profitability of banks in Nigeria using a dynamic panel model. They utilized nine (9) sample banks for a period of seven years (2012-2018). The empirical results from GMM reveal that ETR has a positive and significant impact on profitability (ROA). However, a different result could be obtained if a similar study were carried out in non-financial service firms. Similarly, Oyeshile and Adegbe (2020) examined the influence of corporate tax planning on the financial performance of quoted food and beverage firms in Nigeria. They found out that ETR as a measure of tax planning has a positive and significant influence on ROA.

Kayode and Folajinmi (2020) examined the influence of tax planning on the financial performance of Quoted food and beverages firms in Nigeria. They found that TPL practices proxied by ETR and thin capitalization (TCA) have no significant influence on earnings per share (EPS). On the other hand, Khuong et al. (2020) using Vietnam data found that tax avoidance activities proxied by current ETR, cash ETR & modified BTD have a significant negative impact on accounting-based measures of performance (ROE & ROA). Also, Timothy et al. (2021) found a significant positive influence of cash ETR (CETR) on value proxy by ROA using board compensation as a moderating variable in their study on seventy-one listed non-financial firms in Nigeria for eight years. The use of ROA to measure firm value could lead to an invalid conclusion as it measures firm profitability, not firm value. Based on the preceding discussion we hypothesize the following hypothesis.

Among the studies that examined the mediating effect of profitability on the Link between tax planning and firm value is Chen et al. (2016) studied the mediating role of profitability on the Link between tax avoidance and the value of listed Chinese companies for a period of nine years (2004-2012). Using structural equation modeling (SEM) they found tax avoidance (ETR) has a direct negative significant impact on market value. This suggests that profitability explains the Link between tax avoidance and firm value of listed Chinese firms. However, similar research in Nigeria could produce different results. Similarly, Maharani et al (2018) investigated the effect of tax planning on company value with financial performance as an intervening variable of Indonesian listed manufacturing firms. The empirical analysis using SEM shows that tax planning has a significant negative direct effect on financial performance. Further, the results reveal that financial performance has no significant mediating effect on the Link between tax planning and companies value of Indonesian manufacturing firms.

In another study, Izeybekhai and Odion (2018) studied the moderating effect of corporate governance on the Link between tax planning and firm value of listed firms in Nigeria between 2010 to 2016. The results from panel data regression show that ETR has a negative and significant influence on firm value (Tobin's Q) but is statistically insignificant to share price. In addition, they also found that tax savings have a positive and significant influence on both share price and Tobin's Q. Furthermore, the results show that Tobin's Q is a better measurement of value against share price in terms of identifying tax planning activities. Based on the foregoing discussion, we hypothesize the following hypothesis

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

Williams (2024) investigated tax planning and financial performance of firms in Ghana from the period of 2012-2017. The result showed a negative relationship between effective tax rate and financial performance. Putri et al., (2024) examined a study on the intricate interplay between strategic tax planning, Research and Development (R&D) expenditures, and firm performance. A meticulous synthesis of diverse scholarly contributions highlights the significant impact of tax incentives, such as R&D tax credits and accelerated depreciation, in fostering innovation. The exploration extends to the determinants of R&D spending,

encompassing industry characteristics, firm size, and technological intensity, and offering a nuanced understanding of the multifaceted nature of corporate decision-making. Furthermore, the review underscores the dynamic evolution of tax policies and their implications for corporate behavior, emphasizing the need for adaptability in strategic tax planning.

Theoretical review

This study reviews the following two theories Hoffman's tax planning theory and tax minimization theory. This study is hinged on Hoffman's tax planning theory. This theory is relevant to this study because firms exploit tax legislation loopholes while maintaining a reasonable degree of influence to minimize tax burden and boost firm profits after tax

Hoffman Tax Planning Theory

Hoffman's tax planning theory examined the nexus between tax planning and firm value (1961). Fagbemi, et al. (2019) demonstrates that this tax planning approach is appropriate to adopt. Hoffman noted some complexities and loopholes in tax laws as a result of concealed goals and concluded that good tax schemes are carried out with specific legal conceptions, and business entities' compliance with these rules results in tax savings. Akintoye, et al., (2020) established four principles of tax planning, which include the complexity of planning, multiplicity of benefits, holistic application, and ignorance of tax planning strategy. Tax planning practices are not tactics, because they cannot be maintained for a long time. Consequently, tax planning strategy promotes and enhances companies' performance if they are allowed to operate freely within applicable tax legislation (Akintoye et al., 2020).

Tax Minimization Theory

This theory posits that the primary goal of tax planning is to minimize the amount of tax paid by taking advantage of all available statutory deductions, credits, exemptions, and structures. Boukobza, (1995), tax optimisation is a tax choice that aims to take advantage of the disparities in the various local and international tax laws, on condition that the tax choice adopted is neither artificial nor abusive, in order to avoid moving towards tax avoidance or evasion practices. Strategies in this theory focus on optimizing financial decisions to reduce taxable income or lower the applicable tax rate where taxpayers identify and utilize all applicable deductions (such as expenses related to business, investments, or charitable contributions) and tax credits (which directly reduce tax liability) to reduce taxable income and overall taxes owed (Bazart, et al., 2020). Strategic income deferral and acceleration because taxpayers can defer income to future years or accelerate deductions into the current year to manage taxable income effectively (Adetola & Oke (2016). For example, delaying the receipt of income until a lower tax year or prepaying deductible expenses can reduce current tax liabilities. Firms disclose information including disclosure of information related to tax lies somewhere between no disclosure and full disclosure, depending on motivations (Thu Anh & Vinh, 2021). This theory assumes that motivations differ and have a significant effect on the level of disclosure among the firms and also vary between countries. Firms were mandatory to publish information regarding their business forecast to signal good investment opportunities.

METHODOLOGY

This study employed ex post facto research design. The choice of the design was because the data needed is readily available in the audited financial statement of the sampled listed manufacturing firms. The data used were collected from secondary source through the audited financial statement of the 10 selected listed manufacturing firms for a period of 2015 to 2024. The study adopted the model of Owusu and Weir (2017) to meet the specific objectives of the study. The model of the study is specified in functional and linear forms as follows:

$$MV = f (ITR, EMTR, ETR) \dots\dots\dots(i)$$

$$MV = \beta_0 + \beta_1ITR_{it} + \beta_2EMTR_{it} + \beta_3ETR_{it} + \epsilon_{it} \dots\dots\dots (ii)$$

Where:

MV = Number of shares multiply by Market price per share

ETR = effective tax rate

EMTR= effective marginal tax rate

ITR = income tax rate

The independent variable for this study is tax planning strategies which were proxy by effective tax rate, effective marginal tax rate, and income tax rate. The dependent variable is the firm value, this was proxy by the Market value

Table 4.0: Measurement of variables

Variable	abbreviation	Measurement
independent variable		
tax planning strategies	TPS	effective tax rate, effective marginal tax rate, and tax rates
effective tax rate	ETR	cash effective tax (%) = tax paid/ profit before tax
effective marginal tax rate	EMTR	change in tax/change in taxable income
income tax rate	ITR	income effective tax(%) = tax expenses/profit before tax
dependent variable		
firm value	MV	Number of shares multiply by Market price per share

Source: authors' computation (2025)

RESULTS AND DISCUSSION OF FINDINGS

Analysis of Descriptive Statistics

Table 4.1 shows that mean and median values of market value (MV) are 1121.323 and 24.81500 respectively. The reported maximum and minimum values of MV are 16281.00 and 0.500000 respectively. The standard deviation and skewness values of MV are 2585.756 and 3.421059 respectively. This result established that MV is positively skewed toward the right tail. Table 4.1 indicates that kurtosis value of MV (16.47318) is greater than normal kurtosis (3). This means that MV is leptokurtic which does not mirror normal distribution.

Table 4.1 indicates that average and middle values of income tax rate (ITR) are 0.285128 and 0.289792 respectively. The reported maximum and minimum values of ITR are 1.283526 and 0.000000 respectively. The result further shows that standard deviation and skewness values of ITR are 0.205712 and 1.462234 respectively. This result indicates that data distribution of ITR is positively skewed toward the right tail. The result shows that kurtosis value of ITR (8.174860) is greater than normal kurtosis value (3). Hence, it is affirmed that data distribution of ITR is leptokurtic which does not mirror normal distribution.

Descriptive result on Table 4.1 demonstrates that mean and median values of effective tax rate (ETR) are 0.234271 and 0.145498 respectively. The result indicates that maximum and minimum values of ETR are 2.080375 and 0.000000 respectively. Descriptive result shows that standard deviation and skewness values of ETR are 0.306668 and 3.163958 respectively. This means that data distribution of ETR is positively skewed. Table 4.1 indicates that kurtosis value of ETR is 3.163958 which means that data distribution is leptokurtic.

Table 4.1 indicates that average and median values of effective marginal tax rate (EMTR) are 2.485022 and 0.000000 respectively. The reported maximum and minimum values of EMTR are 162.7412 and -1.000000 respectively. Descriptive result on table 4.1 shows that standard deviation and skewness values of EMTR are 16.50416 and 9.312664 respectively. This means that data distribution of EMTR is positively skewed. The result on table 4.3 demonstrates that kurtosis value of EMTR (90.72558) is greater than normal kurtosis (3).

Table 4.1: Descriptive Statistics

	MV	ITR	ETR	EMTR
Mean	1121.323	0.285128	0.234271	2.485022
Median	24.81500	0.289792	0.145498	0.000000
Maximum	16281.00	1.283526	2.080375	162.7412
Minimum	0.500000	0.000000	0.000000	-1.000000
Std. Dev.	2585.756	0.205712	0.306668	16.50416
Skewness	3.421059	1.462234	3.163958	9.312664
Kurtosis	16.47318	8.174860	16.62707	90.72558

Source: Author’s Computation (2025)

To test for normality, the study employed the normality test. According to this test, the null hypothesis is that the residual are normally distributed, while the alternative hypothesis is that the residual are not normally distributed. Thus, if the probability value of the Jarque-Bera statistics is greater than 0.05 (5%), then we accept the null hypothesis that the residual is normally distributed; but if the probability value of the Jarque-Bera statistics is less than 0.05 (5%), then we reject the null hypothesis that the residual is not normally distributed.

Table 4.2 shows that Jarque-bera and prob. value are 944.5596 and 0.00000 respectively. It could be seen that prob. value (0.00000) is less than significance value (0.05). Therefore, the result implies that data distribution of proxies for tax planning strategies and firm value is not normally distributed.

Table 4.2: Normality Test

	Reported Values
Jarque-bera	944.5596
Prob. Value	0.0000

Source: Author’s Computation (2025)

Hausman test is employed in order to compare the results of the fixed effect and random effect models so as to decide on the one to choose. The assumption for Hausman test is that fixed effect or random effect has no relationship with other regressors and there is consistent in the random effect than the fixed effect. If this

assumption is rejected, the random effect, Gauss-Markov theorem is being violated and the estimates will be seen to be biased and inconsistent while the fixed effect model is seen to be consistent and unbiased. In a nutshell, when the assumption is rejected, fixed effect model should be used and vice-versa. The table 4.3 shows that prob. value of Hausman test (0.5494) is greater than significance value (0.05). In line with this result, null hypothesis is accepted which means that random effect estimate is the most suitable to examine how tax planning affects the firm value of manufacturing companies in Nigeria.

Table 4.3 shows that random effect estimate have R^2 and Adjusted R^2 are 0.002862 and -0.028299 respectively. It could be seen that effective tax rate (ETR), income tax rate (ITR) and effective marginal tax rate (EMTR) do not account for any variation in the level of firm value. Hence, there are numerous factors that determine the extent of firm value.

$$MV = f(ITR, EMTR, ETR) \dots\dots\dots(i)$$

$$MV = \beta_0 + \beta_1 ITR_{it} + \beta_2 EMTR_{it} + \beta_3 ETR_{it} + \varepsilon_{it} \dots\dots\dots(ii)$$

$$MV = 1162.672 - 0.182033(ITR) - 0.473448(EMTR) + 5.995043(ETR) \dots\dots(iii)$$

The mathematical expression indicates that decrease in income tax rate will lead to increase in the market value (MV). It could be seen that both variables are moving in the opposite direction. Hence, there is negative relationship between income tax rate and firm value of listed manufacturing companies in Nigeria.

The econometric model shows that decrease in the effective marginal tax rate (EMTR) will lead to increase in the market value. Hence, it is established that effective marginal tax rate has negative relationship with market value of listed manufacturing firms in Nigeria.

The substituted equation demonstrates that increase in the income tax rate (ITR) will consequently will lead to increase in the market value. Therefore, it is deduced that there is positive relationship between income tax rate and firm value of listed manufacturing firms in Nigeria.

F-statistics is a test of determine the overall significance value of independent variables on dependent variable. The random effect on Table 4.3 shows that f-stat and prob. value are 0.091836 and 0.964378 respectively. The prob. value (0.964378) is greater than significance value (0.05). Hence, the result demonstrates that econometric model is not good fit.

Examine the Effect of Tax Planning Strategies On The Firm Value Of Listed Non-Financial Firms in Nigeria

The random effect on table 4.3 shows that prob. value of ITR, ETR and EMTR are 0.8559, 0.9891 and 0.6370 respectively. The result shows that all reported prob. value for measures of tax planning are less than significant value (0.05). Therefore, the statistical result depicts that tax planning strategies have insignificant effect on the firm value of listed manufacturing firm.

Evaluate the effect of effective tax rate on the firm value of listed non-financial firms in Nigeria.

The random effect estimate on table 4.3 shows that t-stat and prob. value of ETR and MV are 0.013659 and 0.9891 respectively. The result affirms that prob. value (0.9891) is greater than significant value (0.05). Hence, it is deduced that effective tax rate has insignificant and positive effect on firm value of listed manufacturing firms in Nigeria.

Table 4.3: Panel Least Square

Variable	Fixed Effect			Random Effect		
	Coefficient	t-Statistic	Prob.	Coefficient	t-Statistic	Prob.

C	1150.989	4.946469	0.0000	1162.672	1.401448	0.1643
ITR	-74.42782	-0.115499	0.9083	-117.1574	-0.182033	0.8559
ETR	7.083709	0.016113	0.9872	5.995043	0.013659	0.9891
EMTR	-4.065894	-0.511077	0.6106	-3.762019	-0.473448	0.6370
R-squared	0.795725			0.002862		
Adj. R²	0.767549			-0.028299		
F-statistic	28.24140			0.091836		
Prob(F-stat)	0.000000			0.964378		
Durbin Watson stat	0.710843			0.649391		
P. value Hausman			0.5494			

Source: Author’s Computation (2025)

DISCUSSION OF FINDINGS

The study found that there is negative relationship between income tax rate and firm value of listed manufacturing firms in Nigeria. This finding implies that reduction in statutory tax burden increases firm’s value.

Also, it was discovered that effective marginal tax rate has negative effect on firm value of listed manufacturing firms in Nigeria. This finding explained that reduction in the tax rates on incremental incomes will serves as incentive for firm expansion and improved firm’s valuation in the stock market.

Finally, it was revealed that effective tax rate has positive relationship with firm value of listed manufacturing firms in Nigeria. This finding indicates that firms with higher effective annual tax payments are more profitable, compliant, and transparent which enhances investor confidence and improved market valuation

CONCLUSIONS AND RECOMMENDATIONS

In conclusion, effective tax planning strategies lead to optimal financial outcomes, compliance with tax regulations, and savings. Implementing well-considered tax planning strategies not only reduces the tax burden for individuals and businesses but also promotes financial stability and growth. By applying the various exemptions, deductions, and legal provisions at their disposal, taxpayers can enhance their overall financial stability and safeguard their assets. Continually reviewing and adapting these strategies as tax laws and economic conditions change is critical to maintaining optimal tax efficiency and achieving long-term financial success.

The study recommends that both people and corporations be encouraged to proactively adopt a thorough tax planning policy. Taxpayers might find chances to maximize credits, deductions, and tax-exempt investments by knowing the newest tax rules and consulting a knowledgeable tax professional. To maintain continuous compliance and financial efficiency, strategies can be adjusted with the support of regular reviews of financial objectives and tax responsibilities. In the long run, proactive tax preparation not only reduces risks but also

boosts wealth and firm value.

This study is not without limitations though secondary data was collected from the audited financial statement of the sampled listed manufacturing firms in Nigeria, there are some missing data for some listed manufacturing firms for some years. Also sample taken was only from listed manufacturing firms, the result may not be generalized on other firms that are not manufacturing firms.

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