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TAXATION AND FINANCING DECISION OF LISTED MANUFACTURING COMPANIES IN NIGERIA

AFOLABI ADEGBOYEGA. R[1] PHD; OLUSANJO OLUROTIMI. .R[2] PHD; OWOLU AYOMIDE J.[3]

[1]Department of Accounting, Banking and Finance, Chrisland University, Abeokuta. [2]Director, Federal Medical Centre, Abeokuta, Ogun State, Nigeria. [3]Chrisland University, Abeokuta

ABSTRACT

The strength of every business organization lies in the ability of the management to source the needed fund that will be utilized to achieve the corporate goals of the company. In doing this, it is also required that the company should adequately meet its tax obligations. In view of these facts, the study examined the effect of Taxation on Financing decisions of listed manufacturing companies in Nigeria. The population of the study consist of forty one (41) listed companies on Nigerian Exchange Group out of which the sample size is ten (10) listed companies using random sampling method. The data for the study was collected from secondary source using the audited annual reports of the companies, and regression analysis was

Introduction

Taxation is an act of imposing taxes and the fact of being taxed. National Tax Policy (2017) defined tax as any compulsory payment to government imposed by law without direct benefit or return of value or a service whether it is called a tax or not. Angahar and Sanni (2012) defined tax as money that has to be paid to the government by the people according to their profits on goods and services provided. Afuberoh and Okoye (2014) emphasized that taxation is regarded as a burden which every citizen must bear to assist and maintain his or her government because the government has certain functions to perform for the benefits of those it governs. Chris and Elizabeth (2001) defined taxes as a forced proportional contribution from persons and property levied by the State by virtue of its sovereignty for the support of government and for all public needs. Ayua (1996) opined that it is not a voluntary payment but a compulsory pecuniary burden placed on taxpayers for the benefit of the society.

Tax rate on corporate income fell drastically from 45 percent between 1970 and 1986 to 40 percent between 1987 and 1991 again it fell to 35 percent between 1992 and 1995 and finally to 30 percent from 1996 to date, which has also been divided bases on the revenue of a company. Companies in Nigeria were subjected to taxation at a rate of 30 percent on their taxable profits; however, the Finance Act 2020 introduced a progressive form of company income tax, which exempt companies with yearly turnover of less than N25m from company tax and minimum tax; and reducing the tax rate of medium sized companies (with yearly turnover of N25m to N100m) to 20 percent. Thus, only companies with annual turnover in more than N100m will pay tax at the rate of 30 percent. Nigerian companies are also subject to withholding tax on dividend, interest, or royalties collected by Nigerian companies or paid to non-Nigerian companies with economic existence in Nigeria. Though corporation tax is a source of revenue generation for development in the country, its application should not be a burden on the payers.

Every profit oriented organization is faced with three (3) major financial management decisions to make every day as far as finance is concerned. These are Financing Investment and dividend decisions. They are the major decisions firms have to tackle everyday in-order to survive. These decisions

used as a technique for data analysis using E-view 9. The data span across ten (10) years from the period of 2012-2021. Findings from the study revealed that Companies Income tax has a negative significant effect on Financing Decisions a coefficient of -0.0652, t-statistics of 2.596 and p-value 0.0394 < 0.05. Education tax has a positive significant effect with Financing decisions of listed manufacturing firms in Nigeria having t-statistic 3.0882 and p-value 0.0133 < 0.05. The overall result indicated that taxation has an F-statistics of 3.7936 with p-value 0.0091 hence we reject null hypothesis, therefore, the study concluded that taxation has significant effect on Financing Decision of Listed manufacturing companies in Nigeria. It recommended that management of companies should work on their source of finance and utilize tax advantage available in such a manner that will enhance financing decision in the manufacturing sector.

Key words: Taxation, Financing, Decision, Manufacturing, Companies.

are greatly influenced by assets, liabilities, expenditures and the capital structure of an organization. One of the most important decisions a finance manager must make is to determine the source of the funding. In making this decision the finance manager compares the advantages and disadvantages of different financial sources. A company can raise fund from various sources such as by retaining earnings, issue of shares, debentures or by taking loan and advances (Adelegan, 2006).

Many studies have been examined and it was discovered that many researchers have examined different areas of Taxation, but very few studies dealt with taxation in relation with financing decisions and representing taxation with Companies Income Tax and Education Tax in the listed manufacturing companies in Nigeria . Nzar (2021) investigate financing Decision influence on Investment with empirical evidence from Sri Lanka. Turakpe,, Azoroh,, Tordee,. and Effe-nnamdi evaluates the effect of Taxation on Investors' Performance with a study of Listed Firms' Shares in Nigeria. Erhirhie, Oraka and Ezejiofor (2018) examined the effects of corporate tax on financing decisions of manufacturing firms, using selected manufacturing firms listed on the Nigerian Stock Exchange (NSE). In view of the available gaps, this study emanated from the fact that few studies were conducted in developing countries in the areas identified. Therefore. this study examine the effect of taxation on financing decision.

Literature Review

Conceptual Review

Taxation

Tax is a compulsory levy charged on citizens and residents of a country which is focused on generating revenue . Nwosu, Iorwuese and Aba (2016) emphasized that taxation is a principal player in every economy and it is expected to be reviewed constantly. It is an opportunity for government to collect generate revenue needed in discharging its pressing obligations. It is the most effective means of mobilizing a nation's internal resources which lends itself to creating an environment conducive to the promotion of economic growth. According to Omokhuale (2016) taxes are the major tools required to solve problems in financing of public goods. It is also used to control other market imperfections and achieve social justice through wealth distribution. Okezie (2003) emphasized that tax is a burden which every citizen must bear in order to sustain his or her government thus enabling that government performs certain basic functions to the benefit of those it governs.

Akintoye, Olowolaju and Ajibola (2014) disclosed that tax is a major source of government revenue but not every government has been able to effectively exploit this great opportunity of revenue generation. Akintoye *et al* (2014) emphasized that taxation is a principal component of fiscal policy and is a major economic stabilization weapon that is used to measure, regulate and control the volume, cost and availability of money and its direction in an economy to achieve some specified economic policy objectives and to reduce undesirable trends in a nation's financial and economic development.

Companies income tax

Company income tax is a major sources of revenue to all governments including Nigeria. Oloidi (2014) defined companies' income tax as a charge on the income of all companies operating in the country with the exception of those specifically exempted under the tax The taxes received come back to the taxpayers in the form of various social amenities. Income tax has over the years encouraged or discouraged some actions in the private sector; though, this depends on whether the policy in the government is towards discouraging or encouraging such companies.

In Nigeria taxation predated the colonial era. During the era, tax was a concern between the local chief and his subjects and taxes were paid in kind (security and common services).During the colonial era, the poll tax was a source of income for both the local and the regional governments. The local establishment administered the evaluation and compilation of the tax. With the opening of the Raisman Commission of 1958, which forms the origin of the modern Nigerian taxation, was responsible for the gradual erosion of role of the local authorities as tax administrators.

According to Oyebanji and Oyebanji (2017) The profits of a company that are taxable are the profits accruing in, derived from, brought into, or received in Nigeria during the tax year. These include profit from any trade or business; rent or any premium from property occupation; interest, discount, charges or annuities; profits or gains from acquisition and disposal of short-term money instruments like Federal Government Securities, Treasury Bills and certificates, savings certificates; and fees, dues and allowances (whenever paid) for services rendered. If a Nigerian company (company incorporated in Nigeria) derived its profit from foreign country, such profits will be deemed to accrue in Nigeria whether or not the profit is brought into Nigeria and will be charged to tax.

Company income tax is an important system in Nigerian tax structure. Ishola (2016) emphasized that every business is required to render a return of its transactions for each year of assessment to the Tax Authority for assessment to tax. These returns are prepared purely on commercial basis and will require to be adjusted in line with the provisions of Companies Income Tax Act before an assessment is raised.

Education Tax in Nigeria

Tertiary Education Trust Fund (TETFUND) was established under the Education tax Act No.7 of 1993and amended by Education Tax (Amendment) Act No. 40 of 1998 to improve the quality of education in Nigeria. The fund administers the tax and disburses the amounts to educational institutions at Federal, State and Local Government levels. It also monitors the projects executed with the funds allocated to the beneficiaries.

The Tertiary Education Trust Fund (Establishment) Act establish Education Fund Board of Trustees which according to section 4 of the Act shall consist of a Chairman; Six persons, each representing a geopolitical zone in the country; a representative each of the Federal Ministries of Finance and Education who shall not be below the rank of a Director; a representative of the University Academic community; Executive Secretary who shall be the Secretary to the Board of Trustees. The membership of the Board shall reflect the six geo-political zones of the Federation. The members of the Board shall be persons with considerate experience from both the public and private sectors to represent the business, financial and education sectors; appointed by the President on the recommendation of the Minister. Other than ex-officio members, each shall hold office for a term of four (4) years in the first instance and may be eligible for appointment for a further term of four (4) years and no more; be paid such remuneration and allowances as the President may from time to time determine. Section 4 (3) states that the Board shall meet for the conduct of its ordinary meetings four times in a calendar year. Notwithstanding subsection 3 of this section, the Board may meet to conduct such

other business as exigency demands. The tax charge was formerly 2% but currently is 2.5% based on the finance act 2021.
Somorin (2015) disclosed that tertiary education fund was established under the Education Tax Act No.7 of 1993. It became Tertiary Education Trust Fund (TETFund) when it was established as an intervention agency under the Tertiary Education Trust Fund (Establishment) Act, 2011; charged with the responsibility for managing, disbursing and monitoring the education tax to public tertiary institutions in Nigeria. The Act imposes a 2 percent (now 2.5%) Education Tax on the assessable profit of all registered companies in Nigeria (TETfund, 2018).

Financing Decision
One of the most essential decisions which a finance manager has to take is deciding on source of finance. A company can raise fund from various sources such as by retaining earnings, issue of shares, debentures or by taking loan and advances (Adelegan, 2006). Sources of finance can be divided into two: Owners fund which include Share capital and retained earnings while owners" borrowed fund cover debentures, loans and bonds. The major concern of a finance manager is to make a decision on the amount to be contributed from owners" fund and also how much is to be raised from borrowed fund.
Financing decisions are concerned with sourcing for funds that are invested in long term projects. Afolabi (2013) opined that in modern day business organizations, it is rare to find a company that can generate all the financial resources required to meet all its obligations. As there are usually funding gap. Thus it is important for management to be aware of the several avenues available to the firm to source finance. According to Adelegan (2006), tax is potentially an important consideration in a firm's financing decisions and value. When a company is been financed by debt capital, tax relief will be available on interest payments.
Financing decisions are the critical areas in which financial managers must take caution while acquiring and utilizing financial resources in order to maximise the value of company (Wagithunu, Muthee & Thinguri, 2014). These decisions involve the diverse choices made by financial managers in the acquisition and investment of financial services combined with the distribution of resources which is focused towards maximization of Shareholders wealth and value of the firm.. Beena (2012) contends that financial management decisions are the crucial roles that financial managers undertake in their day to day operations of the business in endeavors to achieve the main goals of a firm. Financial management decisions are critical in any company for its ultimate survival and maximization of the shareholder's value and as such they must be set at an optimal level (Nassab, 2016).
Afolabi (2013) posited further that the traditional avenue for new company's capital is the owner's equity. This is the initial capital that emphasizes the interest of the owners. Over subsequent years, so long as the business remains a going concern, contemplating large investments in capital equipment or considering an acquisition of another business may render its current financial resources inadequate therefore it will need to raise finance to achieve its objectives. Source of finance can be classified into three major sources: -These are Short term, Medium term and Long term Since there are various sources of finance for a business each would have its own characteristics, which would thus determine the mix of funding. It is vital to match the financing requirement with appropriate funding.

Theoretical Framework
The study is anchored on Pecking Order theory and Ability to pay theory because of their relevance to the study.

Pecking Order Theory
Pecking order theory was suggested first by Donaldson in the year 1961 and the theory was made popular by Stewart Myers and Nicolas Majluf in 1984, the theory states that managers follow a hierarchy when

considering sources of financing. Pecking Order Theory in its different forms is associated with Donaldson (1961), Myers (1984, 1993) and Baskin (1989). The Pecking Order Theory from Donaldson's perspective does not agree with the idea of optimal debt- equity ratio that minimizes the cost of capital. Rather, the theory asserts that firms wishing to finance viable investment opportunities have well defined order of preference with respect to the source of finance they use. Firms will usually prefer the use of retained earnings first, followed by debt when retained earnings are insufficient to finance all viable projects and finally external equity. Where firms are constrained to acquire external financing, they will choose external source in such a way as to minimize additional costs of information asymmetry.

Ability Theory

The ability-to-pay theory is one of the main theories of taxation. According to the theory, taxes should be based upon the amount of money people earn. For example, those who earn more money are expected to pay a higher rate of taxes, which means a higher portion of their income, than people who earn less money. Remember, governments impose taxes to pay for services, like public schools, roads, police, and governance (Richardson, 2008). Governments impose taxes to pay for their operations and state services. But how do governments decide how to use a system of taxation to charge taxpayers for those services? One of the most common theories of how people should pay taxes is the ability-to-pay theory of taxation (Terkper, 2007).

Empirical Review

Erhirhie, Oraka and Ezejiofor (2018) examined the effects of corporate tax on financing decisions of manufacturing firms, using selected manufacturing firms listed on the Nigerian Stock Exchange (NSE). Ex post facto research design was employed and data were extracted from the annual reports and accounts of three selected manufacturing firms and data were analyzed using the linear regression model. The results of our findings showed that there is no significant relationship between corporate tax and dividend paid by Nigerian Breweries Plc, Dangote Cement Plc and PZ Cussons Plc and issuance of new ordinary shares, retained earnings and long term debt.

Nazar, (2021) investigated the impact of financing decision on investment decision of 198 non-financial companies listed on the Colombo Stock Exchange of Sri Lanka, eight years period from 2011 to 2018. This study employed the Generalized Method of Moments (GMM) model to estimate the regression models on panel data study. The major contribution of this study shows that the impact of financing on investment decisions of listed companies. The results of the study revealed that, the impact of total debt on changes in total asset and Tobin's Q was insignificant negative and significant negative respectively. However, the impact of long term debt on changes in total asset and Tobin's Q was significant negative and insignificant negative respectively. Therefore, the impact of financing decision is significantly negative on investment decision.

Iormbagah, Abiahu and Oti (2021) examined the effect of corporate tax mix on the financial performance of listed manufacturing firms in Nigeria. Data were collected from 10 listed manufacturing firms across sectors listed on the Nigerian Stock Exchange for the period of 2014 to 2018 based on firms with complete information for the years under review. The study adopts ex post facto research design and the use of both the Pearson correlation and multiple linear regressions in analyzing the data. Findings revealed that tax mix has a positive insignificant effect on the net income of listed manufacturing firms in Nigeria while deferred tax has a negative insignificant effect on the net income of listed firms in Nigeria. Further, findings revealed that company income tax has a positive and significant effect on net income of listed manufacturing firms in Nigeria. The study implication is that the tax incentives available for manufacturing firms is not enough to boost manufacturing activities for business growth, and this compels the firms to defer their tax payment which ends up becoming deferred tax liabilities.

Ibrahim, Lawal and Adamu (2018) assessed the impact of corporate taxation on financing decisions of listed conglomerates in Nigerian over the periods 2006 to 2015. Data for the study was collected from the annual reports and accounts of the companies. A panel data methodology was employed specifically using Pooled OLS, Fixed Effect and Random Effect Regression methods in analyzing the data. The paper demonstrated that corporate taxation, profitability and age are positively related to financing decisions of listed conglomerates in Nigerian, while tangibility and size are negatively related to financing decision of listed conglomerates in Nigerian. The study recommends that there is need for government to reduce the level of company income tax further to encourage firms to plough back their profits into profitable investment opportunities.

Oyekezie and Abiahu (2020) examined the effect of corporate tax on the sustainable financial performance of listed firms in Nigeria, specifically the listed manufacturing firms. The study employed ex post facto research design using data from 10 listed manufacturing firms. The data span across 5 years ranging from 2013-2017 and were analyzed using simple linear regression. Findings from the study revealed that corporate tax payment has no significant effect on the return on equity of firms. Further findings revealed a positive and significant effect of corporate tax payment on the debt to equity ratio of the listed firms.

Junaidu and Hauwa (2018) assessed the effect of company income tax on the financial performance of listed consumer goods companies in Nigeria from 2006-2016. Data for the study was collected from the annual reports and accounts of the companies and regression analysis was used as a technique for data analysis. The study finds that there is an insignificant negative relationship between corporate tax and financial performance using return on assets as a measure. The study recommends that to improve the financial performance of listed Nigerian consumer goods, services of tax experts are needed to engage in legal tax planning like transfer pricing or structuring intra-company debt in order to reduce the net tax payment. By doing so, the net income after tax will increase which in turn increases financial performance.

Nwaorgu, Oyekezie and Abiahu (2020) examined the effect of corporate tax on the sustainable financial performance of listed firms in Nigeria, specifically the listed manufacturing firms. The study employed ex post facto research design using data from 10 listed manufacturing firms. The data span across 5 years ranging from 2013-2017 and were analyzed using simple linear regression. Findings from the study revealed that corporate tax payment has no significant effect on the return on equity of firms. Further findings revealed a positive and significant effect of corporate tax payment on the debt to equity ratio of the listed firms. Hence, based on the results obtained from this study it is recommended that Investors in the manufacturing sector should use their tax pay-out policy as a tool for financing decision as it greatly affects the firm's debt to equity ratio (Capital combination) decision making. Also, they should encourage the prompt payment of tax as it has no significant effect on their returns but in turn, increases the market value of the firms.

Olaoye, Olatunji and Alade, (2019) examined the effect of corporate taxation on the profitability of some selected firms in Nigeria from 2007 to 2016 using secondary data which was sourced from various publications of the firms' financial report. The study employed pooled ordinary least square as the estimation technique. The study concluded that corporate tax rate and education tax as the major taxes paid by companies have positive and significant effects to influence profit after tax. It is also clinched that value-added tax rate and withholding tax being used as other variables that could have effects on profit after tax equally revealed positive and significant effects on profit after tax. Therefore, the study recommended that the government and relevant tax authorities should improve in the administration of corporate taxes to avoid non-compliance.

In the study of Gatsi, Gadzo, and Kportorgbi (2013) on the effect of corporate income tax on the financial performance of manufacturing firms in Ghana, it was revealed that there is a significant negative relationship between corporate income tax and financial performance. It also disclosed that firms' size, age of the firm and growth of the firm show a significant positive relationship with financial performance.

Adelegan (2006) evaluated the effect of taxes on corporate financing decisions and firm value in Nigeria. The study mainly analyzed the effect of tax changes on corporate financing decisions and assessed how the differential tax treatment of dividends and debt affects both the cost of capital and the value of a firm. Data used in this study were mainly sourced from the publications of the Nigerian Stock Exchange fact books, as well as annual reports of companies. The variables considered appropriate for the study included VCA (spread

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of value over cost) as the dependent variable, and the independent variables as ETA (current earnings), INTA (interest expense for a fiscal year) and DIV (dividend pay-out ratio). The Ordinary Least Square (OLS) method of data analysis was used in analyzing data for the above variables. The results of the study showed that dividend is positively related to a firm's value, while debt is negatively related to a firm's value. The study also identified both earnings and investment as key determinants of a firm's value in Nigeria.

Chude and Chude (2015) ascertained the impact of taxation on the profitability of companies in Nigeria. 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 company income tax (CIT) has significant effect on profitability.

Ezejiofor et al. (2015) seek to assess whether tax as a fiscal tool affect the performance of the selected manufacturing companies in Nigeria. Descriptive method was adopted and data were collected through the use of six years financial accounts of the selected companies. The hypothesis formulated for the study was tested with the ANOVA using the Statistical Package for Social Sciences (SPSS) version 20.0. It was found that Taxation as a fiscal policy instrument has a significant effect on the performance of Nigeria manufacturing companies.

Matundura (2009) assessed the impact of taxes on financing decisions and firm value in Nigerian companies quoted on the NSE. The study employed correlation and linear regression analysis and revealed that the relationship between dividend and value is positive conveying the message that future dividends have an impact on the value of a firm

Junaidu and Hauwa (2018) assessed the effect of company income tax on the financial performance of listed consumer goods companies in Nigeria from 2006- 2016 using regression analysis. They found out that there is an insignificant negative relationship between corporate tax and financial performance using the return on assets as a measure.

Ilaboya, Izevbekhai and Ohiokha (2016) assess the impact of tax planning on firm value with a view to identifying gaps for further extensive empirical consideration. Companies are always looking for means to reduce their corporate tax liability, and this has led to some high level corporate fraud involving tax evasion in both developed and developing countries. The researchers, therefore, present a review of extant literature on tax planning and firm value. Content analysis was used and the review also revealed a general absence of theory in explaining the issue of tax planning. Also, the bulk of empirical studies existing on the dynamics of tax planning and firm value are from developed economies leaving out developing countries

Otwani, Simiyu, and Makokha, (2017) made it known in their study that corporate income tax has a significant effect on the financial performance of listed companies on the Nairobi Stock Exchange in Kenya.

Iormbagah (2020) examined the effect of corporate tax on the sustainable financial performance of listed firms in Nigeria, specifically the listed manufacturing firms. The study data were analyzed using simple linear regression. Findings from the study revealed that corporate tax payment has no significant effect on the return on equity of firms. Further findings revealed a positive and significant effect of corporate tax payment on the debt to equity ratio of the listed firms.

Research Methods and Procedure

Ex-post facto research design used for the study for the fact that the data available for the work were gathered through the secondary data using the audited published financial statements for 2012 to 2021. The research design method is also relevant to this study because it investigate possible cause and effect relationships by observing an existing condition or state of affairs and searching back in time for plausible casual factors. The sample size for the study was ten (10) listed manufacturing companies selected out of a population of forty-one (41) listed manufacturing companies in Nigeria Exchange as at June 2022. Random sampling technique was used in selecting the companies for the study. The companies was grouped into three namely the

Industrial Goods, Healthcare, and Consumer Goods The sample size was chosen between each group in the proportion that each group has to the total population. This is calculated thus:
Consumer Goods = 21/41 * 10 = 5
Health Care = 7/41 * 10 = 2
Industrial Goods = 13/41 * 10 = 3

Research Hypothesis
The following is the Hypothesis for the study:

H_0: Taxation has no significant effect on Financing Decision of listed Manufacturing companies in Nigeria

H_a: Taxation has significant effect on Financing Decision of listed Manufacturing companies in Nigeria

3.2 Researchers Conceptual Model

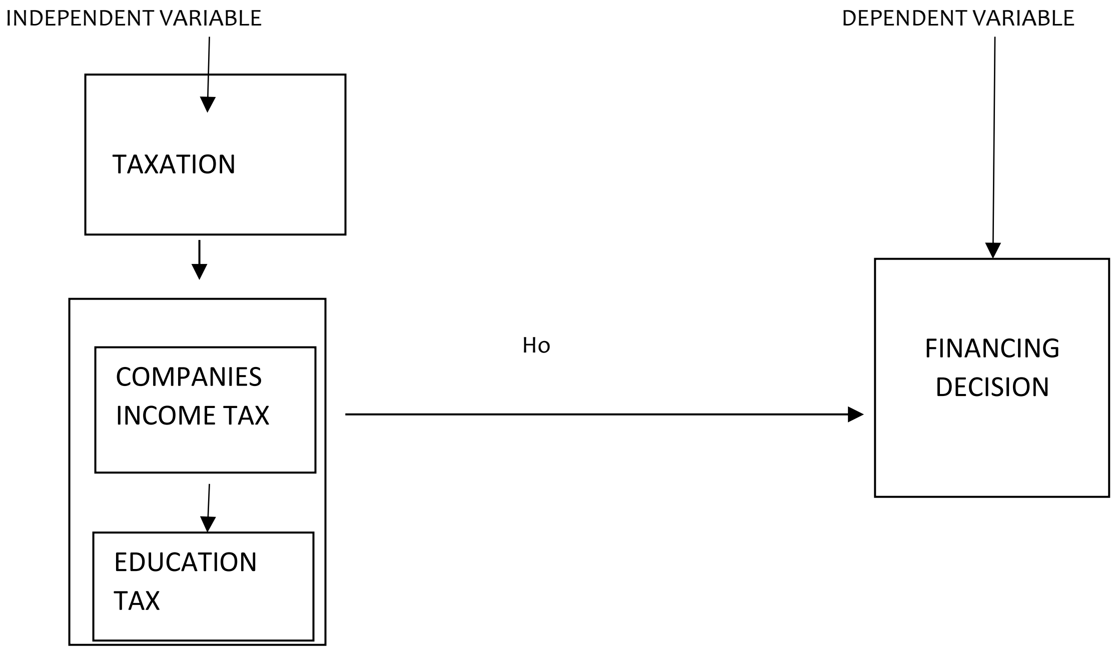

Fig 1: Researcher Conceptual Model, (2022).

Table 1 Apriori Expectation

S/N	Model	Apriori Expectation	Expected Sign
1	$FD_{it}=\beta_0 + \beta_1 ET_{It} + \beta_2 CIT_{it} + E_{it}$	B_1- $\beta_2 > 0$	Positive +

Source: Researcher's Compilation, 2022

Research Findings and Results
Descriptive statistics and multiple regression were adopted to analyse the data collected for the study. Hausman test, random and Fixed effect were used and the result indicated that Hausman test is statistically significant hence fixed effect regression is considered to be appropriate.

Descriptive Statistics
The descriptive statistics of the study variables are presented in Table 2. It showed that the minimum of 0.0100, maximum value of 3.0200, Mean of 0.9513 and Standard Deviation of 0.6187 for Financing Decision

(FD). Minimum of 6.6264, mean of 9.9750, maximum of 14.1808 and Standard Deviation of 1.6976 for Education tax. While Companies Income Tax (CIT) range from minimum of 10.0669 to maximum of 16.0882, mean of 12.2617 and standard deviation of 1.5160. All the results supported rejection of the null hypothesis because all the variables FD, ET and CIT follow a normal distribution. The kurtosis value signifies a moderate altitude amongst the variables of interest. The non-significance of the Jarque-Bera coefficient indicates the normality of data used.

Table 2: Descriptive Statistics

	Financial Decision	Education Tax	Company Income Tax
Mean	0.951300	9.975041	12.26170
Median	0.655000	9.530649	11.80877
Maximum	3.020000	14.18184	16.08824
Minimum	0.010000	6.626444	10.06697
Std. Dev.	0.618727	1.697633	1.515996
Skewness	1.277895	0.526215	0.551648
Kurtosis	4.614533	3.011114	2.573587
Jarque-Bera	19.03912	2.307780	2.914773
Probability	0.000073	0.315408	0.232844
Sum	47.56500	498.7521	613.0848
Sum Sq. Dev.	18.75833	141.2160	112.6139
Observations	50	50	50

Source: E-views 9.0

Regression Analysis

Test of Hypothesis

H_0: Taxation has no significant effect on financing decision of listed Manufacturing industries in Nigeria

Fixed Effect Regression

Dependent Variable: Financing Decision				
Method: Panel Least Squares				
Date: 08/17/22 Time: 18:01				
Sample: 2017 2021				
Periods included: 5				
Cross-sections included: 10				
Total panel (balanced) observations: 50 **Table 3 Fixed Effect Regression Result**				
Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
LET	0.080863	0.074307	3.088232	0.0133
LCIT	-0.065292	0.123276	2.529641	0.0394
C	0.945276	1.572139	0.601267	0.5512
	Effects Specification			
Cross-section fixed (dummy variables)				
R-squared	0.447111	Mean dependent var		0.951300
Adjusted R-squared	0.287064	S.D. dependent var		0.618727
S.E. of regression	0.522425	Akaike info criterion		1.744894
Sum squared resid	10.37127	Schwarz criterion		2.203780

Log likelihood	-31.62235	Hannan-Quinn criter.		1.919640
F-statistic	3.793627	Durbin-Watson stat		2.371014
Prob(F-statistic)	0.009160			

Source: E-views 9.0

The fixed effect regression above shows that the adjusted R- square which measures the goodness of fit of the model indicates that on the average 28 percent changes in financing decision of listed manufacturing firm is explained by corporation tax. Education tax has a t-statistics of 3.0882 and p-value of $0.0133 < 0.05$ hence Education has a positive significant effect on financing decision of listed manufacturing firms in Nigeria. 1 percent increase in Education tax of listed manufacturing firms in Nigeria on the average leads to 0.08 percent increase in financing decision of listed manufacturing firms in Nigeria. . Companies Income tax has a negative co-efficient of -0.0653 and t-statistic of 2.5296 with p-value of $0.0394 < 0.05$ therefore companies income tax has negative significant effect on financing decision of listed manufacturing firms in Nigeria. 1 percent increase in company income tax of listed manufacturing firms in Nigeria on the average leads to 0.06 percent decrease in financing decision of listed manufacturing firms in Nigeria. The overall result indicated that Taxation has an F-statistic of 3.79 with p-value of $0.0092 < 0.05$ therefore we reject the null hypothesis, and conclude that corporation tax has a significant effect on financing decision of listed manufacturing firms in Nigeria. Also the significance of the F- statistic p-value (0.0092) indicates that education tax company income tax used as proxies for Taxation are jointly significant in explaining financing decision of listed manufacturing firm in Nigeria.

Discussion of Findings

The study found out that taxation is statistically significant in explaining Financing decision. Taxation is represented with Companies Income Tax and Education Tax with the result . Using the individual components, Companies Incme Tax has a negative significant effect on Financing Decision because it has a negative co-efficient of -0.0653 and a p-value of $0.0394 < 0.05$ while education tax with a p-value of 0.0133 has a positive significant effect on financing decisions of listed manufacturing firms in Nigeria. This is in agreement with the a priori expectation and the study of Ibrahim, Lawal and Adamu 2018 on the impact of corporate taxation on financing decisions of listed conglomerates in Nigerian over the periods 2006 to 2015. It was discovered that corporate taxation, profitability and age are positively related to financing decisions of listed conglomerates in Nigerian.

However it is not in line with Erhirhie, Oraka and Ezejiofor (2018) which examined the effects of corporate tax on financing decisions of manufacturing firms, using selected manufacturing firms listed on the Nigerian Stock Exchange (NSE). The results of the findings showed that there is no significant relationship between corporate tax and issuance of new ordinary shares, retained earnings and long term debt and dividend paid by Nigerian Breweries Plc, Dangote Cement Plc and PZ Cussons Plc.

Conclusion and Recommendations

This study examined the possible effects of taxation on financing decisions of listed manufacturing companies in Nigeria. The work used descriptive statistics and multiple regression techniques to analyze the study. Based on the findings of the study from the hypothesis which sought to determine whether taxation has a significant effect on financing decisions of manufacturing companies in Nigeria. It indicated that Companies income tax has a t-statistics of 2.5296 with p-value of $0.0394 < 0.05$ and coefficient of -0.06529 hence Companies Income Tax has a negative significant effect on financing decision. Education tax has a t-statistics of 3.0882 and p-value of $0.0394 < 0.05$, this is an indication has Education Tax has positive significant effect on financing decision of listed manufacturing firms in Nigeria. The overall result showed that Taxation has an F-statistics of

3.7036 with a p-value of 0.0092 < 0.05. Therefore study concluded that Taxation has a positive significant effect on Financing Decision of listed manufacturing companies in Nigeria.

Based on the findings, the following recommendations were suggested:

(a) To encourage companies to work on their source of finance and utilize tax advantage available in such a manner that will enhance financing decision in the manufacturing sector.

a) The Nigerian government should offer more tax incentives to lower tax payments and promote tax deferral to boost financial decisions and encourage investments in manufacturing companies so that the listed manufacturing businesses have enough net revenue to expand their range of manufacturing operations and also prompt dividend payout.

b) All financing decisions made by the management of all manufacturing companies should take into consideration the current tax rates in the country which the company is expected to pay.

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