

**FIRM ATTRIBUTES ON TAX AGGRESSIVENESS OF QUOTED DEPOSIT  
MONEY BANKS IN NIGERIA**

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**Abstract**

The study examined the relationship between firm aggregates and tax aggressiveness of Nigeria deposit money banks. *Ex Post Facto* research design was adopted for the study. The study employed the discretionary effective tax rate (ETR) measure of tax aggressiveness which was scarcely used in related studies in this context. The purposive method of sampling was adopted in selecting the twelve (12) deposit money banks in Nigeria. The hypotheses were tested using regression analysis. It was discovered that firm size and firm age were insignificant at 5% level of significance. In view of the findings, it was recommended that the Nigerian regulatory bodies and tax authorities should focus on the tax saving strategies of all banks, regardless of size, in order to discourage aggressive tax avoidance schemes.

**Keywords: Tax aggressiveness, Firm attributes, Firm size and Firm age**

**1.0 INTRODUCTION**

Taxation is one of the main source of income for the government. To ensure that society receives enough public amenities and increase public spending, the government needs tax revenue. According to Ofoegbu, Akwu, and Oliver (2016), the most of developed nations, relied mainly on tax as a major source of government revenue. These nations have performed better because taxes provide a more stable and predictable flow of income to meet government expenditure requirements. Sadly, not every national government is successful in achieving an optimal level of tax compliance, particularly in developing nations. Companies in the formal sector attempt to avoid taxes by engaging in tax planning activities in order to minimize their tax burden (Hutchens, Rego, and Williams, 2019), whereas a large portion of the economy's informal sector escapes the tax net entirely (Oladipupo and Obazee, 2016).

Martinez, Reinoso, Antonio, and Santos (2019) define tax aggressiveness as "a wide range of operations with the sole aim of reducing the total tax debt or tax liability of an entity." Martinez and Martins (2019) say that tax aggressive businesses use effective tax avoidance strategies to lower their income tax bills. Tax avoidance increases net cash flows, which can be used to boost corporate investment, fulfil debt obligations, or be distributed to shareholders in the form of dividends or share buy-backs (Jihene and Moez, 2019). For businesses, a tax is considered a significant cost because it removes a portion of their earnings without apparent and immediate compensation (Jihene and Moez, 2019). However, due to the fact that it poses a threat to any nation's economy, the government views tax aggressive as a significant issue. As a result, academic researchers continue to have a strong interest in research on tax aggressiveness and its possible determinants.

Different countries have a number of anti-avoidance tax laws that are designed to discourage corporations from being tax aggressive. This is due to the fact that tax avoidance is a problem that is regarded as being prevalent in every society in which taxes are imposed, albeit

to varying degrees. The existing literature demonstrates that, due to the unique characteristics of each company, the degree of tax aggressiveness varies between businesses.

Consequently, the study of tax aggressiveness has been carried out mainly in foreign countries other than Nigeria, the studies were characterized with mixed reaction Ezekwesili and Ezejiofor (2022) institutional ownership has an insignificant impact on tax aggressiveness. Salaudeen and Ejeh (2018) found that managerial ownership had a significant negative impact while ownership concentration had a positive but insignificant effect on tax aggressiveness. Ryandono, Ernayani, Atmojo, Susilowati, and Indriastuty (2020) results showed that profitability had no significant effect on tax aggressiveness. Meanwhile some other studies reported significant effect between firm attributes and tax aggressiveness such like; Yahaya and Yusuf (2020) found that firm age and profitability had significant negative effects on tax aggressiveness. Chen, Ge, Louis, and Zolotoy (2019) found that stock liquidity has significant effect liquidity on tax aggressiveness.

Though there is a limited study of this nature in developing country like Nigeria, the previous studies were contradictory ranging from positive to negative significant and insignificant effect. It was yet another knowledge void that this study aimed to fill. The general objective of this study was to comparatively evaluate the effect of firm attributes on tax aggressiveness of quoted deposit money banks in Nigeria. However, the specific objectives were:

1. To ascertain the effect of firm size on tax aggressiveness of quoted deposit money banks in Nigeria.
2. To determine the effect of firm age on the tax aggressiveness of quoted deposit money banks in Nigeria.

## **2.0 REVIEW OF RELATED LITERATURE**

### **2.1 Tax aggressiveness**

According to Desai and Dharmapala (2009), tax aggressiveness is typically the legal exploitation of the tax system to one's advantage in an effort to reduce the amount of tax that is payable while fully disclosing material information to the tax authorities. Tax aggressiveness was also defined by Desai and Dharmapala (2009) as the transfer of value from the state to shareholders. They went on to say that in order to avoid detection by tax authorities, tax avoidance strategies were created by creating information asymmetry between the company and tax authorities. Further, Wang (2010) defined tax aggressiveness as a continuum of tax planning strategies that includes perfectly legal activities as well as more aggressive transactions that fall into the gray area (such as abusive tax shelters). Tax aggressiveness, according to Pasternak and Rico (2008), is defined as the legal use of the tax system to one's own advantage to reduce one's tax liability through legal means. Corporate tax aggressiveness was simply defined by Annuar, Salihu, and Sheikh Obid (2014) as a decrease in the explicit corporate tax liabilities.

Guo (2014) defined tax aggressiveness as any behaviour that lowers the amount of tax paid in relation to earnings. Any transaction that has any effect on the company's tax burden is considered tax avoidance. This includes actual activities that have a positive impact on taxes, lobbying efforts to lessen a company's tax burden, and actions taken solely for the purpose

of avoiding taxes. According to Mughal and Akram (2012), tax avoidance can also be defined as the behaviour of tax payers in which they attempt to reduce or eliminate their tax obligation by concealing their legal income.

In a nutshell, tax aggressiveness is simply referred to as taking place within the legal framework of the tax system. In other words, individuals or businesses exploit tax code loopholes and engage in activities that are legal but conflict with the purpose of the tax law. Most of the time, tax avoidance involves doing special things just to lower tax bills. Strategic tax planning, in which financial affairs are arranged in such a way as to minimize tax liabilities, such as by utilizing tax deductions and tax credits, is an illustration of tax aggressiveness.

Tax aggressiveness is very hard to measure because of its nature (Desai and Dharmapala, 2009). The prior research utilized a number of different measures of corporate tax aggressiveness. There were three groups of measures, most of which were based on estimates from the financial statements. These include the accounting effective tax rate, the current effective tax rate, the cash effective tax rate, the long-run cash effective tax rate, the ETR differential, the ratio of income tax expense to operating cash flow, and the ratio of cash taxes paid to operating cash flow, among others. Based on the accounting and tax literature (Dyreg, Hanlon, and Maydew, 2008;) the third group includes additional measures like discretionary permanent differences Effective tax rate (ETR). Taylor, Richardson, and Lanis, (2013), the effective tax rate, or "ETR," can be used to identify tax aggressiveness. According to Ayers, Jiang, and Laplante (2009), a number of authors considered the metric "ETR" to be the most pertinent indicator of a company's capacity to minimize its tax burden. Minnik and Noga (2010) found that the average ETR was appropriate for measuring cash flows and the distributional tax burden when measuring tax burden by using average ETR. According to Rego (2003), the average ETR can be used as a proxy for measuring a company's tax burden and can also be used to interpret a tax system's efficiency and equity.

## **2.2 Firm size**

The natural log of total assets is used to calculate a company's size. According to Fischer, Heinkel, and Zechner (1989), the size of a company is a good indicator of the degree of friction in the capital market because larger businesses have lower transaction costs. In tax reform debates and discussions about corporate tax provisions, interest groups and policymakers have long relied on average effective tax rates (ETRs) to conveniently support their arguments (Callihan, 1994). Since corporate size was the topic of discussion, a lot of research was done to see if there was a consistent link between firm size and annual average ETRs.

Larger businesses are reluctant to lower their effective tax rates as a result of the tax authorities' increased scrutiny. Since taxes paid represent political costs that are borne by firms, larger businesses are anticipated to have a higher tax burden compared to smaller businesses. According to a different theory, larger businesses are expected to have lower ETRs because they have more power and resources to manage taxes. Wilson (2009) found a positive relationship between tax shelter participation (as a proxy for particularly aggressive tax planning) and firm size using a non-ETR measure of tax avoidance

## **2.3 Firm age**

Most of the time, a theory says that old and young businesses have different chances of changing accounting-based contractual outcomes. The relationship between a company's age and tax evasion can be explained using political cost theory. According to Scott (2003), a company's reputational risk increases with its age and the scope of its business. Risks will typically be minimized and actions chosen by businesses that do not raise risks. To the best of my knowledge, no previous research in the field of tax aggressiveness practices in Nigeria and South Africa included age as one of the company's characteristics. The purpose of this study was to investigate the variable's impact. However, Pratama (2017) discovered that firm age had a positive relationship with tax aggressiveness as a proxy for ETR from the available research that the researcher reviewed in relation to other nations. In Indonesia, this meant that the ETR was higher for older businesses. Firm age was viewed as an attribute that determined the tax burden of private ownership firms in Spain in another study by Fernández-Rodríguez, Garca-Fernández, and Martínez-Arias (2019).

## **2.4 Theoretical Framework**

For the purpose of this study, two fundamental theories (agency theory and political economy theory) are adopted in explaining the firm attributes and tax aggressiveness among deposit money banks in Nigeria and South Africa.

### **2.4.1. Agency theory**

Slemrod (2004) was one of the first papers to highlight the agency problems inherent in corporate tax avoidance decision. Desai, Dyck and Zingales (2007), along that line, built a model that contributed to the growing literature on the cross-sectional variation in corporate tax avoidance. They however, went further to state that tax avoidance was a three-party game involving the shareholders, insiders/manager and the State, therefore, there was bound to be a conflict of interest between those three parties. According to the agency-view of tax avoidance, conflicts between a firm's owners and its management may arise because managers who are generally expected to make tax-effective decisions may, in fact, behave opportunistically and divert corporate wealth for their private benefit (Jensen and Meckling, 1998; Desai and Dharmapala, 2006).

Slemrod (2004); Chen and Chu (2005) were among the first to view corporate tax avoidance within an agency framework. Tax avoidance is related to agency problem, that is, tax avoidance is perceived as a tool for the creation of a shield for managerial opportunism and diversion of rents. According to this view, theoretically, corporate tax avoidance can create a shield for expedient activities of managers and diversion of rents (Desai and Dharmapala, 2006). An emerging literature in financial economics, however, emphasizes agency cost implications of tax avoidance and suggests that tax avoidance may not always increase the wealth of outside shareholders. In accordance with this alternative view, tax aggressiveness may contribute to managerial rent extraction, which ranges from theft of corporate earnings and earnings manipulation to excessive executive compensation in various forms. Tax aggressiveness may potentially reduce the after-tax value of the firm since the combined costs of a company which include costs directly related to tax planning activities, additional compliance costs and non-tax costs; for example, agency costs may surpass the tax benefits for shareholders (Wang, 2012). Desai and Dharmapala (2006) suggested an agency-view on tax avoidance by stating that agency costs in the form of managerial rent extraction could result from a complementary relationship between tax avoidance and managerial diversion. Self-interested managers might

use tax avoidance strategies to mask the opportunistic extraction of rents (Desai, Dyck and Zingales, 2007).

#### **2.4.2 Political economy theory:**

This study was anchored on the political economy theory as propounded by Karl Marx in 1867. The political economy theory posits that accounting systems act as mechanisms used to create, distribute and mystify power (Buhr, 1998). This theory is based on economic theories of self-interest. The emergence of pressure groups creates a threat to companies which may face increased government interventions in the form of regulatory actions which then create political costs (Uwuigbe, 2011). Companies are therefore, predicted to counter possible political costs by resorting to government lobbying and providing social responsibility disclosures (Watts and Zimmerman, 1978). Deegan (2002) described the classical political economy theory as that which tended to perceive accounting reports and disclosures as a means of maintaining the favoured position of those who controlled scarce resources (capital), and as a means of undermining the position of those without scarce capital. It focuses on the structural conflicts within society.

The usefulness of political economy theories is that they do not focus solely on the economic self-interest and wealth-maximization of the individual or corporation, instead, they consider the political, social and institutional framework within which the economic activities take place (Gray, Kouhy and Lavers, 1995).

#### **2.4.3 Justification of the theory**

The political economy theory is relevant to this study because firms (especially banks) being regulated by government on tax issues face the dilemma of compliance with stiff tax regulations imposed on them not without a cost and meeting the economic bottom line of firms which is the primary objective of corporate firms with a view to maximizing shareholders' wealth. The economic self-interest of managers of firms is perceived as the reason they engage in tax aggressiveness in order to achieve the firm's underlining economic goals.

On the other hand, the agency theory is equally relevant to the study because, in the first place, the opportunity for management to engage in tax planning activities on behalf of the shareholders (business owners) is embedded in the concept of the agency relationship. Thus, based on the agency-view of tax avoidance, conflicts between a firm's owners and its management may arise because managers who are generally expected to make tax-effective decisions may, in fact, behave opportunistically and divert corporate wealth for their private benefit. The conjecturing of the framework of the study's analysis is that the degree of tax management may likely be influenced by the size of the firm, profitability level, the size of institutional investors and other firm-specific characteristics.

#### **2.5 Empirical Review**

Ezekwesili and Ezejiofor (2022) investigated how firm characteristics influenced industrial good firms in Nigeria's tax aggressiveness. The Ex-Post Facto research design was used in the study, with firm size and institutional ownership serving as proxies for firm characteristics and the effective tax rate for tax aggressiveness. For a period of nine years, from 2012 to 2020, data were taken from the annual reports and accounts of the sampled businesses. Descriptive statistics were used to analyze the panel data, and multiple regression analysis was

used to test the hypotheses. According to the outcome model, institutional ownership has a negligible impact on tax aggressiveness; Tax aggressiveness is positively influenced by firm size. Mihaela, Sergiu Bogdan, and Vasile (2021) looked at the factors that lead to tax avoidance using data on profit

making Romanian businesses from 2013 to 2017. The results showed that larger companies with lower financial performance and a lower leverage ratio were more likely to avoid taxes. They were based on a sample of 236 privately owned limited liability and stock companies that had their financial statements published by the Romanian Ministry of Public Finance. In their study, Martinez, Brito, and Chiachio (2020) confirmed the effect of aggressive corporate taxation on the replacement of CEOs of companies listed on the Brazilian Stock Exchange B3 between 2010 and 2016. Using intermediaries: -Their findings for tax aggressiveness—the Cash Effective Tax Rate and the Long-Run Effective Tax Rate—showed a significant low level of tax aggressiveness. CEOs who were less tax-aggressive were more likely to be replaced as a result. As a result, the findings affirmed the importance of tax planning for maintaining the position.

From 2008 to 2017, the profit performance of listed manufacturing companies in Nigeria was examined by Akintoye, Adegbe, and Onyeka-Iheme (2020). When analyzing the secondary data, they made use of regression analysis. Their findings demonstrated that tax planning had no significant impact on Nigerian manufacturing firms. To balance manufacturing firms' income sources, they suggested that tax managers and finance officers reduce capital intensity and thin capitalization. In their study from Yahaya and Yusuf (2020), looked at how firm characteristics influenced insurance companies that were listed in Nigeria. Twenty (20) insurance companies that traded on the Nigerian Stock Exchange between 2010 and 2018 made up their sample. Using the two-step system GMM panel regression model, they found that firm age and profitability had significant negative effects on tax aggressiveness, while firm size and leverage had positive effects. For the period of 2014 to 2016, Ryandono, Ernayani, Atmojo, Susilowati, and Indriastuty (2020) investigated the various factors that influenced tax evasion in food and beverage companies listed on the Indonesian Stock Exchange. The results showed that profitability had no effect on tax aggressiveness size had an effect on tax avoidance, leverage had no effect on tax avoidance, and capital intensity had no effect on tax avoidance when used as a proxy for ETR as factors influencing tax avoidance. Martinez and Rodrigues (2020) checked to see if businesses that operated in multiple business sectors were more tax-aggressive than businesses that only operated in a few or a single segment. ETR (effective rate of taxation) and ETR long (long-run effective tax rates) as measures of tax aggressiveness were subjected to a panel regression model with a fixed effect of company year and the logit model, and the results showed that the more diversified a company was, the less likely it was to have low tax aggressiveness or that more diversified companies were more likely to be more aggressive than companies with only one segment. This was observed using the financial information of companies listed on the Brazilian Stock Exchange B3 Chen, Ge, Louis, and Zolotoy (2019) looked into how liquidity affected corporate tax avoidance in China. They demonstrated that firms with greater liquidity avoided taxes in less extreme (overly aggressive or conservative) ways. Across various alternative measures of tax aggressiveness and stock liquidity, the effect of liquidity on tax aggressiveness was robust and significant. They also documented that firms with a high proportion of activist shareholders had a stronger effect of liquidity on tax avoidance than firms with high levels of stock price informativeness. The overall interpretation of the findings was in line with the hypothesis that increased shareholder control over company management and stock liquidity reduced extreme tax avoidance. According to Ugbogbo, Omoregie, and Eguavoen (2018), the dimension of

firm-specific attributes was used to evaluate the corporate determinants of aggressive tax avoidance in Nigeria. From 2013 to 2017, they used secondary data from the annual reports of 40 Nigerian listed companies. They discovered empirical evidence using the OLS multiple regression method that while profitability and leverage had significant negative relationships with corporate tax aggressive avoidance, firm size had a positive relationship with it. When considering the factors that influence tax aggressiveness by various stakeholders, particularly in Nigeria, they suggested that profitability, firm size, and leverage should receive greater consideration. Using a sample of 30 manufacturing businesses, in their study, Salaudeen and Ejeh (2018) looked at how ownership structure affected corporate

tax aggressive activities in 40 listed non-financial companies in Nigeria between 2010 and 2014. The study found that managerial ownership had a significant negative impact while ownership concentration had a positive but insignificant effect on tax aggressiveness. Leverage was found to be negatively correlated with tax aggressiveness, whereas return on assets was found to be positively correlated. Tax aggressiveness did not significantly correlate with size.

Anouar and Houria (2017) investigated the significant connection between firm size and tax aggressiveness from 2010 to 2014. 57 publicly traded Moroccan corporate groups were used in the study. Using multiple regression models, the study found that firms with a lot of debt were more likely to take advantage of the main features of debt-capital to avoid paying a lot in corporate taxes. In addition, debt financing had become the preferred method of financing in regions with high tax rates due to tax considerations. Another study by Seong (2017) sought to examine auditors' perceptions of corporate tax avoidance as a risk factor by examining the effect of CTA on actual and abnormal audit hours. Using 2,588 firm-year observations from the Korean Stock Exchange Market from 2001 to 2010, the findings showed that auditors increased the number of actual audit hours or devoted more audit hours than usual to achieve a given level of audit risk in response to increased audit risks from CTA. He said that one of the audit risk factors that affected audit planning was CTA behaviour. According to a study that Kim and Im (2017) carried out on the businesses that are listed on the Korean Stock Exchange, the size had a negative impact on tax evasion. Tax evasion was lessened by factors such as profitability, leverage, operating cash flow, capital intensity, R&D intensity, and growth rate.

### **3.0 METHODOLOGY**

#### **3.1 Research Design**

Because it involves evaluating the behaviour of the same variables over a long period of time, the study uses a longitudinal research design. The panel nature of the data suggests that the cross sectional research design is also utilized in order to ascertain the relationships between the variables and how significant one variable affects another.

The population of the study were all of Nigeria's deposit money banks. Twenty-two deposit money banks were quoted on the Nigeria Exchange Group (NGX) as part of the financial sector at the end of the year in December 2020.

#### **3.2 Sample Size and Sampling Method**

The twelve (12) Nigerian deposit money banks were chosen as the benchmark sample size using the purposive sampling method, which was matched with an equal number of twelve (12) deposit money banks chosen intentionally, as depicted in the Appendix.

### **3.3 Methods and Sources of Data**

The study made use of secondary data which were sourced from the various annual reports of the sampled Deposit money banks deposited in the libraries and website of the NGX. The research covered a period of nine (9) financial years (2012-2020). The nine-year period was used for the estimations in order to use information from the same accounting reporting regime (that is, IFRS) – especially since Nigeria adopted IFRS in 2012.

### **3.4 Model Specification**

The econometric models of the study were adopted from the studies by Ilaboya *et al.* (2017), Ogbuide (2017) and Atu *et al.* (2018). The above models were thus modified with the introduction of firm complexity and auditor type as earlier justified in the first chapter. The model was functionally expressed as:

The general econometric model for the study was specified thus;

$$ETR_{it} = \alpha + \beta_1 FSZ_{it} + \beta_2 AGE_{it} + \varepsilon_{it}$$

.....i Where;

ETR = Effective tax rate, proxy for tax aggressiveness.

AGE = Firm age measured as current year less year of incorporation.

FSZ = Firm size measured as natural log of total asset.

$\alpha$  = constant.

$\beta_1$  to  $\beta_8$  = the coefficient of the parameter estimate.

$\varepsilon$  = the error term or residual.

i = ith firm for cross-section

t = time period

### **3.5 Method of Data Analysis**

Simple regression analysis was used to test the relationship between the independent variables and the dependent variable. This was done with aid of e-view version 9.0 at 95% confidence at five degree of freedom (df).

### **3.6 Decision Rule**

Reject  $H_0$  if the P-value of the test is less than  $\alpha$ -value (level of significance) at 5%, otherwise accept  $H_1$ .



#### 4.0 RESULTS AND DISCUSSION

##### Descriptive analysis

	ETR	FSZ	AGE
Mean	0.004101	4.07E+09	27.00000
Median	0.002031	3.48E+09	27.00000
Maximum	0.016430	8.68E+09	31.00000
Minimum	-0.002040	1.75E+09	23.00000
Std. Dev.	0.006054	2.46E+09	2.738613
Skewness	0.982139	0.829749	0.000000
Kurtosis	2.814479	2.374386	1.770000
Jarque-Bera	1.459802	1.179496	0.567338
Probability	0.481957	0.554467	0.753016
Sum	0.036906	3.66E+10	243.0000
Sum Sq. Dev.	0.000293	4.83E+19	60.00000
Observations	9	9	9

Table 1 shows the mean (average) for each of the variables, their maximum values, minimum values, standard deviation and Jarque-Bera (JB) Statistics (normality test). The results in table 1 provided some insight into the nature of the selected Nigerian quoted banks that were used in this study.

Firstly, it was observed that on the average over the nine (9) years (2012-2020), the sampled quoted banks in Nigeria were characterized by positive effects. Also, the large difference between the maximum and minimum value of the effective tax rate; firm size (FSZ), and firm age (AGE) and show that the sampled quoted banks in this study are not dominated by companies with large tax aggressive.

The Jarque-Bera (JB) which test for normality or the existence of outliers or extreme values among the variables shows that most of the variables are normally distributed at 5% level of significance. This means that any variables with outlier are not likely to distort our conclusion and are therefore reliable for drawing generalization.

**Table 2: Correlation Analysis Matrix**

	ETR	FSZ	AGE
ETR	1		
FSZ	-0.36620	1	
AGE	-0.45329	0.94528	1

The use of correlation matrix in most regression analysis is to check for multi-collinearity and to explore the association between each explanatory variable (FSZ, and AGE) and the dependent variable as effective tax rate (ETR). Table.2 focused on the correlation between effective tax rate and the independent variables (FSZ, and AGE).

Finding from the correlation matrix table shows that our independent variables were observed to be negative (FSZ = -0.366, and AGE = -0.453) associated with tax aggressiveness. In checking for multi-collinearity, it was notice that no two explanatory variables were perfectly correlated.

This means that there is no problem of multi-colinearity between the explanatory variables. Multi-colinearity may result to wrong signs or implausible magnitudes in the estimated model coefficients, and the bias of the standard errors of the coefficients.

#### 4.1 Test of Hypotheses

##### Hypothesis One

H<sub>01</sub>: Firm size has no significant relationship with effective tax rate of quoted Nigerian deposit money banks.

H<sub>11</sub>: Firm size has significant relationship with effective tax rate of quoted Nigerian deposit money banks

**Table 3: Regression analysis between firm size and effective tax rate**

Dependent Variable: ETR

Method: Least Squares

Date: 10/23/22 Time: 21:37

Sample: 2012 2020

Included observations: 9

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.007775	0.004060	1.915081	0.0970
FSZ	-9.02E-13	8.67E-13	-1.041198	0.3324
R-squared	0.134102	Mean dependent var		0.004101
Adjusted R-squared	0.010402	S.D. dependent var		0.006054
S.E. of regression	0.006022	Akaike info criterion		-7.193507
Sum squared resid	0.000254	Schwarz criterion		-7.149680
Log likelihood	34.37078	Hannan-Quinn criter.		-7.288087
F-statistic	1.084094	Durbin-Watson stat		1.953063
Prob(F-statistic)	0.332403			

In Table 3, R-squared and adjusted Squared values were (0.134) and (0.010) respectively. The indicates that the independent variable jointly explain about 13% of the systematic variations in (FSZ) of our samples banks over the nine years' periods (2012-2020). The F-statistics (1.084) and its P-value (0.332) show that the board size regression model is well specified.

**Test of Autocorrelation:** using Durbin-Waston (DW) statistics which we obtained from our regression result in table 3, it is observed that DW statistics is 1.3953 and an Akika Info Criterion and Schwarz Criterion which are -7.194 and -7.150 respectively also further confirmed that our model is well specified. In addition to the above, the specific finding from the explanatory variable is provided below.

Based on the t-value of -1.041198 and p-value of 0.332, was found to have a negative effect on our sampled quoted banks and this effect was not statistically significant as its p-value is higher than 0.05 values. This result, therefore suggests that we should accept our null hypothesis one

which states that firm size has a negative and insignificant relationship with effective tax rate of quoted Nigerian deposit money banks.

**Hypothesis Two**

H<sub>01</sub>: Firm age has no significant relationship with effective tax rate of quoted Nigerian deposit money banks.

H<sub>11</sub>: Firm age has significant relationship with effective tax rate of quoted Nigerian deposit money banks

**Table 4: Regression analysis between firm age and effective tax rate**

Dependent Variable: ETR

Method: Least Squares

Date: 10/23/22 Time: 21:38

Sample: 2012 2020

Included observations: 9

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.031156	0.020200	1.542341	0.1669
AGE	-0.001002	0.000745	-1.345452	0.2204
R-squared	0.205470	Mean dependent var		0.004101
Adjusted R-squared	0.091966	S.D. dependent var		0.006054
S.E. of regression	0.005769	Akaike info criterion		-7.279524
Sum squared resid	0.000233	Schwarz criterion		-7.235696
Log likelihood	34.75786	Hannan-Quinn criter.		-7.374104
F-statistic	1.810242	Durbin-Watson stat		2.119914
Prob(F-statistic)	0.220429			

In Table 4, R-squared and adjusted Squared values were (0.205) and (0.092) respectively. The indicates that the independent variable jointly explain about 20% of the systematic variations in (FSZ) of our samples banks over the nine years' periods (2012-2020). The F-statistics (1.8102) and its P-value (0.220) show that the board size regression model is well specified.

**Test of Autocorrelation:** using Durbin-Waston (DW) statistics which we obtained from our regression result in table 4, it is observed that DW statistics is 1.3953 and an Akika Info Criterion and Schwarz Criterion which are -7.280 and -7.236 respectively also further confirmed that our model is well specified. In addition to the above, the specific finding from the explanatory variable is provided below.

Based on the t-value of -1.345452 and p-value of 0.220, was found to have a negative effect on our sampled quoted banks and this effect was not statistically significant as its p-value is higher than 0.05 values. This result, therefore suggests that we should accept our null hypothesis one which states that firm age has a negative and insignificant relationship with effective tax rate of quoted Nigerian deposit money banks.

## **5.0 CONCLUSION AND RECOMMENDATIONS**

### **5.1 Conclusion**

In a bid to contribute to the existing literature, the study embarked on the relationship of firm attributes on the corporate tax aggressiveness of deposit money banks in Nigeria. The study specifically examined how firm size and age related with tax aggressiveness of Nigeria deposit money banks. The study employed the discretionary effective tax rate (ETR) measure of tax aggressiveness which was scarcely used in related studies in this context. The purposive method of sampling was adopted in selecting the twelve (12) deposit money banks in Nigeria.

Based on the analysis, it could be summarised that within the context of this study, firm size and firm age which were the major firm-specific determinants of tax aggressiveness banking sectors were insignificant in varying degrees.

### **5.2 Recommendations**

The following recommendations were made in light of the findings and conclusions that were drawn from the study's findings:

- i. The fact that large deposit money banks in Nigeria were significantly less tax aggressive suggests that Nigeria's regulatory bodies and tax authorities should focus on the tax saving strategies of all banks, regardless of size, in order to discourage aggressive tax avoidance schemes.
- ii. Regulators should increase their monitoring of the older deposit money banks because they had all the connections necessary to conceal sophisticated tax planning activities. This would reduce the possibility of tax evasion, encourage appropriate tax saving strategies, and increase tax compliance.

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