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EFFECT OF TAX PLANNING ON PERFORMANCE OF CONSUMER GOODS FIRMS LISTED ON NIGERIAN EXCHANGE GROUP

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ABSTRACT

This study ascertained the effect of tax planning on the performance of listed consumer goods firms in Nigeria. The specific objective was to determine the effect of effective tax rate, book-tax difference and cash effective tax rate on the return on assets of listed consumer goods firms in Nigeria. The ex-post facto research design was used in the study. Twenty-one listed consumer goods firms in Nigeria made up the population of the study. Purposive sampling was used to select a sample size of sixteen firms that were listed over the period of the study. Secondary data were collected from the annual reports of the sampled firms over a ten year period that spanned 2014 to 2023. In addition to the descriptive and correlational analyses conducted, the hypotheses formulated were tested using Panel Estimated Generalized Least Squares method at a 5% level of significance. The findings showed that: effective tax rate has a positive but non-significant effect on the return on assets of listed consumer goods firms in Nigeria (β = 0.00000108; p = 0.9977); book-tax difference has a significant and positive effect on the return on assets of listed consumer goods firms in Nigeria (β = 0.632595; p = 0.0000); cash effective tax rate has a significant positive effect on the return on assets of listed consumer goods firms in Nigeria (β = 0.006195; p = 0.0008). In conclusion based on findings, tax planning serves not merely as a compliance tool but as a strategic approach to enhance financial stability. The study recommends that financial managers of listed consumer goods firms should focus not only on reducing statutory tax rates but also on optimizing operational efficiency to enhance performance, tax consultants should assist firms in leveraging timing differences between accounting profits and taxable income to maximize financial outcomes without violating tax regulations, and company executives should prioritize effective cash flow management through well-planned tax payment strategies to ensure smooth operations and improved profitability.

Key words: *Book-Tax Difference, Cash Effective Tax Rate, Effective Tax Rate, Return On Assets, Tax Planning.*

INTRODUCTION

Consumer goods firms constitute a critical segment of Nigeria's economy due to their contributions to employment generation, poverty reduction, industrial development, and the

provision of essential products to domestic and international markets (Oyewobi & Gundu, 2024). The sector's strategic importance has attracted sustained scholarly attention, particularly regarding the determinants of firm performance and long-term sustainability (Adebimpe & Dahiru, 2024). Among the factors frequently identified as constraining firm performance in Nigeria is corporate income taxation, which has continued to exert pressure on firms' profitability and growth capacity (Daniya, Dandago & Muhammad, 2024; Nwaorgu & Abiahu, 2019). Nigeria's corporate tax environment is characterized by relatively high statutory tax rates, multiple tax layers, and administrative inefficiencies. Under the Company Income Tax Act (CITA), companies are subjected to a 30 percent corporate income tax on taxable profits, alongside an education tax of 2 percent under the Education Tax Act. Recent reforms introduced through the Finance Act of 2020 sought to address ambiguities and inefficiencies within the tax system to improve revenue generation (Ahmad, Noorhayati & Wan-Mohamad, 2021). Despite these reforms, concerns persist regarding excessive tax burdens, compliance costs, and financial leakages that continue to discourage corporate investment and business expansion (Abiola et al., 2022). Listed consumer goods firms in Nigeria are particularly affected by issues such as double taxation, high effective tax rates, and multiple levies imposed by different tiers of government (Akintoye et al., 2020; Ibukun, 2024). These challenges often result in a significant proportion of firms' pre-tax earnings being absorbed by taxes, thereby constraining reinvestment, innovation, and competitiveness. Consequently, firms increasingly adopt tax planning strategies as a means of mitigating tax burdens and improving after-tax earnings.

Corporate tax planning involves the strategic and lawful arrangement of business activities to minimize tax liabilities through available exemptions, allowances, rebates, and incentives (Adamu & Joab, 2023). Through effective tax planning, firms can retain more earnings for operational expansion, debt servicing, and shareholder returns. In practice, tax planning and corporate tax avoidance are often used interchangeably to describe legal efforts aimed at achieving tax efficiency (Ndum, 2022). These practices may include income deferral, investment in tax-incentivized sectors, and operational restructuring to benefit from favorable tax regimes. However, while tax planning is legally permissible, excessive reliance on aggressive strategies may expose firms to reputational risks, regulatory scrutiny, and penalties, particularly where ethical considerations are undermined (Dragojlovic & Duricic, 2023). The distinction between tax planning and tax evasion remains critical, as the latter involves illegal misrepresentation or concealment of information to reduce tax liabilities

(Wibowo et al., 2022). Ultimately, firms engage in tax planning with the objective of enhancing financial performance, measured by their ability to generate profits efficiently and sustainably.

In principle, effective tax planning enables firms to manage tax obligations strategically, optimize financial performance, and enhance shareholder value (Muhammed, 2022). For consumer goods firms operating in competitive markets, efficient tax planning is essential for maintaining profitability and sustaining growth (Adebimpe & Dahiru, 2024; Daniya et al., 2024). In practice, however, many listed consumer goods firms in Nigeria face significant challenges in implementing effective tax planning strategies. These challenges stem from frequent changes in tax regulations, complexity of tax laws, limited access to specialized tax expertise, and weak financial transparency. As a result, firms often adopt suboptimal tax strategies that increase tax liabilities and reduce financial efficiency (Muhammed, 2022). Moreover, the prevalence of aggressive tax planning practices has intensified regulatory scrutiny and heightened reputational risks for firms. While aggressive strategies may reduce tax payments in the short term, they may attract penalties, audits, and loss of public trust, ultimately undermining long-term performance (Orji & John-Akamelu, 2023). These developments adversely affect profitability, investor confidence, and firms' capacity to reinvest in growth opportunities, thereby impeding overall economic development.

Although prior studies have examined aspects of tax planning, tax avoidance, and firm performance in Nigeria (e.g., Adebimpe & Dahiru, 2024; Eche et al., 2024; Oyeshile & Adegbie, 2020), empirical evidence remains fragmented. Specifically, limited attention has been given to the combined effect of effective tax rate, cash effective tax rate, and book-tax difference on the performance of listed consumer goods firms in Nigeria. This study seeks to address this gap by empirically examining how corporate tax planning influences firm performance within the Nigerian consumer goods sector. Against this backdrop, understanding how corporate tax planning influences firm performance, particularly within Nigeria's consumer goods sector, remains both relevant and necessary.

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Objectives

The main objective of this study is to examine the effect of tax planning on the financial performance of listed consumer goods firms in Nigeria. Specifically, the study seeks to:

1. evaluate the effect of effective tax rate on return on assets of listed consumer goods firms in Nigeria;
2. assess the effect of book-tax difference on return on assets of listed consumer goods firms in Nigeria; and
3. determine the effect of cash effective tax rate on return on assets of listed consumer goods firms in Nigeria.

LITERATURE REVIEW

Corporate Tax Planning

Corporate tax planning refers to deliberate and lawful strategies adopted by firms to minimize tax liabilities in order to enhance profitability and improve cash flows (Eche, Gimba & Vincent, 2024). Through efficient tax planning, firms leverage available exemptions, deductions, allowances, rebates, and concessions under applicable tax laws, particularly the Company Income Tax Act, to optimize after-tax income (Ebubechukwu & Obada, 2021). Despite its legality, corporate tax planning remains contentious due to ethical concerns surrounding revenue loss to governments, which may constrain funding for public goods and infrastructure (Ndum, 2022). Tax planning involves structuring financial transactions and operational decisions to achieve tax efficiency within the confines of statutory provisions. This may include income timing, utilization of tax losses, and capital structure adjustments prior to tax loss expiration periods.

Firms employ several tax planning mechanisms such as transfer pricing, thin capitalization, and offshore incorporation. Transfer pricing enables multinational firms to allocate profits across jurisdictions with varying tax rates, while offshore tax havens offer reduced tax burdens on international income (Wibowo et al., 2022). Although these strategies are legally permissible, they often provoke public scrutiny regarding equity, fairness, and corporate social responsibility (Okerekeoti, 2022). Increasing regulatory oversight and global initiatives aimed at curbing aggressive tax practices reflect heightened expectations for transparency and ethical compliance (Ahmad et al., 2021). Consequently, corporate tax planning has evolved into a complex strategic function that balances financial optimization with reputational and regulatory risks.

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Effective Tax Rate

The Effective Tax Rate (ETR) measures the proportion of a firm's pre-tax income paid as tax and is computed as total tax expense divided by pre-tax income (Richardson, Taylor & Lanis, 2013). ETR serves as a critical indicator of tax burden, tax efficiency, and overall financial performance (Oyeshile & Adegbie, 2020). A high ETR indicates substantial tax obligations that may constrain profitability and liquidity, whereas a low ETR often signals the use of tax incentives or effective tax planning strategies. However, ETR fluctuates across periods due to changes in tax legislation, accounting policies, and firm-specific circumstances. As such, longitudinal analysis and peer comparison are essential for meaningful interpretation. Investors and analysts frequently assess ETR alongside profitability, revenue growth, and cash flow indicators to gain a holistic view of firm performance. Differences in ETR across firms within the same industry may reflect variations in tax planning efficiency or access to tax incentives.

H_{01}: *Effective tax rate has no significant effect on return on assets of listed consumer goods firms in Nigeria.*

Book-Tax Difference

Book-Tax Difference (BTD) represents the disparity between accounting income reported in financial statements and taxable income reported to tax authorities (Orji & John-Akamelu, 2023). These differences arise due to divergent accounting standards and tax regulations governing revenue recognition, expense deductibility, and asset valuation (Wahab, 2016). BTD serves as an important indicator of tax planning behavior and financial reporting quality (Ofor & Akaegbobi, 2022). Large BTDs are often associated with aggressive tax planning or earnings management practices, while smaller BTDs suggest conservative reporting and tax compliance (Ebimobowei, 2022). Beyond signaling tax strategy, BTD influences cash flow and financial stability. Significant discrepancies may result in unexpected tax liabilities, limiting reinvestment capacity and dividend payouts. Conversely, minimal BTD enhances predictability in tax obligations and cash flow management. Given industry and country-specific accounting frameworks, BTD must be interpreted within appropriate contextual boundaries.

H_{02}: *Book-tax difference does not significantly affect return on assets of listed consumer goods firms in Nigeria.*

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Cash Effective Tax Rate

The Cash Effective Tax Rate (CETR) measures the proportion of pre-tax income paid as cash taxes and is calculated using cash tax payments reported in the cash flow statement divided by pre-tax income (Salihu, Annuar & Obid, 2014). Unlike ETR, CETR captures actual cash outflows, offering a more accurate reflection of firms' cash tax burdens. CETR is particularly useful in identifying discrepancies between reported tax expenses and actual tax payments, especially where deferred tax assets or liabilities distort income statement figures. A higher CETR relative to ETR may indicate that firms are paying more taxes in cash than reported, highlighting liquidity implications. As with ETR, CETR varies across periods due to tax reforms, settlement of tax disputes, and timing differences. Trend analysis and industry benchmarking are therefore critical for effective evaluation. CETR provides valuable insight into firms' cash flow sustainability and tax payment discipline.

H_{03}: *Cash effective tax rate has no significant effect on return on assets of listed consumer goods firms in Nigeria.*

Firm Performance

Firm financial performance reflects the efficiency and effectiveness with which an organization utilizes its resources to achieve profitability and long-term sustainability (Ebubechukwu & Obada, 2021). It encompasses profitability, liquidity, solvency, and operational efficiency, offering stakeholders insights into a firm's financial health (Olaoye & Bamisaye, 2018). Profitability indicators such as net income, operating profit, and return measures are central to evaluating financial performance. However, profitability alone is insufficient; firms must also maintain adequate liquidity and solvency to meet obligations and sustain operations. Firms that consistently generate profits are better positioned to withstand economic shocks, invest in growth opportunities, and deliver shareholder value.

Return on Assets

Return on Assets (ROA) measures how efficiently a firm generates earnings from its total assets and is calculated as net income after tax divided by total assets (Oyeshile & Adegbie, 2020). ROA is a key indicator of managerial efficiency in asset utilization and is widely used by investors for performance comparison within industries (Akintoye et al., 2020). Variations in ROA may result from differences in asset structure, business models, and accounting

policies. Consequently, trend analysis over time and comparison with industry benchmarks enhance its interpretative value.

Theoretical Review

Hoffman's Tax Planning Theory

Hoffman's Tax Planning Theory explains taxpayer behavior by asserting that firms engage in rational tax planning to maximize after-tax income within legal boundaries (Osegbue et al., 2018). Rooted in agency theory, the framework assumes that economic agents pursue self-interest by exploiting available tax planning opportunities while considering risk tolerance and compliance costs (Peter et al., 2020). The theory emphasizes that tax complexity incentivizes strategic tax behavior, as taxpayers navigate multiple alternatives with varying costs and benefits. Simplified tax systems reduce planning incentives, while effective enforcement increases compliance by raising the cost of noncompliance (Sani et al., 2022). This theory is relevant to the present study as it provides a foundation for understanding how corporate tax planning strategies influence financial performance through reduced tax burdens and enhanced after-tax returns.

Empirical Review

Empirical evidence reveals mixed findings on the relationship between tax planning and firm performance across sectors and jurisdictions. Studies such as Adebimpe and Dahiru (2024), Eche et al. (2024), and Oyeshile and Adegbie (2020) document significant relationships between tax planning proxies and financial performance indicators, while others report insignificant or non-linear effects (Akintoye et al., 2020; Tackie et al., 2022). Sector-specific analyses in banking, manufacturing, oil and gas, and consumer goods industries suggest that the effectiveness of tax planning depends on firm characteristics, regulatory environments, and governance structures. Evidence also indicates that aggressive tax strategies may enhance firm value but raise concerns about sustainability, earnings management, and ethical compliance (Obiora et al., 2022; Ahmad et al., 2021). Overall, the empirical literature underscores the complexity of corporate tax planning and highlights the need for balanced strategies that enhance financial performance while maintaining transparency and regulatory compliance.

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MATERIALS AND METHODS

This study adopts an ex post facto research design, which is appropriate where variables have already occurred and cannot be manipulated by the researcher. The design allows for empirical examination of relationships between corporate tax planning measures and firm financial performance using historical data. This approach is particularly suitable for financial and accounting studies that rely on secondary data to establish causal inferences among variables. The population of the study comprises all consumer goods firms listed on the Nigerian Exchange Group (NGX) as at 31 December 2023. At this date, the consumer goods sector consisted of twenty-one (21) listed firms. A purposive sampling technique was employed to select firms with complete and accessible annual reports over the study period. Due to the unavailability of consistent financial statements for five firms between 2014 and 2023, a final sample of sixteen (16) listed consumer goods firms was retained for analysis. The selected firms consistently published audited financial statements throughout the study period, thereby ensuring data reliability and continuity. The study relies exclusively on secondary data obtained from the audited annual financial statements of the sampled consumer goods firms. Data cover a ten-year period from 2014 to 2023. The choice of this period aligns with regulatory developments in Nigeria's tax administration and ensures sufficient observations for panel data analysis. Financial statements were considered reliable research instruments because they are subject to statutory audit requirements and regulatory oversight by the Nigerian Exchange Group and relevant authorities.

Firm performance is proxied by Return on Assets (ROA), while corporate tax planning is measured using Effective Tax Rate (ETR), Book-Tax Difference (BTD), and Cash Effective Tax Rate (CETR). Table 1 presents the operational definitions and measurement of variables.

Table 1: Measurement of Study Variables

Variable	Measurement	Source
Return on Assets (ROA)	Earnings after tax divided by total assets	Oyeshile & Adegbie (2020)
Effective Tax Rate (ETR)	Tax expense divided by profit before tax	Richardson, Taylor & Lanis (2013)
Book-Tax Difference (BTD)	(Profit before tax – current tax expense) scaled by statutory tax rate and total assets	Orji & John-Akamelu (2023)
Cash Effective Tax Rate (CETR)	Cash tax paid divided by profit before tax	Salihu, Annuar & Obid (2014)

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To examine the effect of corporate tax planning on firm financial performance, a panel regression model adapted from Adebimpe and Dahiru (2024) was employed with necessary modifications. The functional model is specified as:

ROAit=β0+β1ETRit+β2BTDit+β3CETRit+εitROA_{it} = \beta_0 + \beta_1 ETR_{it} + \beta_2 BTD_{it} + \beta_3 CETR_{it} + \varepsilon_{it}ROAit=β0+β1ETRit+β2BTDit +β3CETRit+εit …….. Eqn 1

Where:

- ROAitROA_{it}ROAit represents return on assets of firm *i* in year *t*;
- ETRitETR_{it}ETRit denotes effective tax rate of firm *i* in year *t*;
- BTDitBTD_{it}BTDit represents book-tax difference of firm *i* in year *t*;
- CETRitCETR_{it}CETRit denotes cash effective tax rate of firm *i* in year *t*;
- β0\beta_0β0 is the intercept;
- β1–β3\beta_1 – \beta_3β1–β3 are the coefficients of the explanatory variables; and
- εit\varepsilon_{it}εit is the stochastic error term.

Data analysis was conducted in two stages. First, descriptive statistics, including mean, standard deviation, minimum, and maximum values were employed to summarize the characteristics of the study variables. Second, inferential analysis was performed using Panel Estimated Generalized Least Squares (EGLS) regression technique. Panel EGLS was preferred over ordinary least squares due to its robustness in addressing heteroskedasticity and autocorrelation common in panel datasets. The analysis was executed using E-Views version 11, with statistical significance evaluated at the 5 percent level. The null hypotheses were tested based on the probability (p-value) associated with the regression coefficients. The decision rule states that the null hypothesis is rejected when the p-value is less than 0.05 and accepted when the p-value is equal to or greater than 0.05.

RESULTS AND DISCUSSIONS

This section presents the empirical results on the effect of corporate tax planning on the financial performance of listed consumer goods firms in Nigeria. The analysis focuses on the impact of effective tax rate (ETR), book-tax difference (BTD), and cash effective tax rate (CETR) on return on assets (ROA). Secondary data were extracted from the audited annual reports of sixteen listed consumer goods firms over a ten-year period spanning 2014–2023, yielding a balanced panel of 160 firm-year observations.

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Descriptive Statistics

Table 2 reports the descriptive statistics for the study variables.

Table 2 Descriptive Statistics

Statistic	ROA	EFTX	BTDI	CEFTX
Mean	0.031979	0.540940	0.035185	0.071670
Median	0.033089	0.302248	-0.005434	0.119187
Maximum	5.816481	41.08395	5.775043	6.977778
Minimum	-3.012121	-4.715152	-0.995839	-15.34028
Std. Dev.	0.571177	3.332477	0.522832	1.383881
Skewness	5.073280	11.43159	9.188937	-7.966307
Kurtosis	73.74951	138.9423	97.05564	101.3719
Jarque-Bera (Prob.)	0.0000	0.0000	0.0000	0.0000
Observations	160	160	160	160

The mean ROA of 3.2 percent suggests that, on average, listed consumer goods firms generate modest returns on assets. However, the wide range between the maximum and minimum values indicates substantial performance disparities across firms. The high skewness and kurtosis values reveal extreme outliers and non-normal distributions, a common feature in firm-level financial data. The average effective tax rate of 54 percent reflects a relatively high tax burden among sampled firms, although extreme values suggest the presence of tax rebates, deferred tax adjustments, or reporting inconsistencies. Similarly, the descriptive statistics for BTD and CETR reveal significant variability, indicating heterogeneous tax planning behavior across firms. The Jarque-Bera statistics confirm non-normality across all variables, justifying the use of robust panel estimation techniques.

Correlation Analysis

Pearson correlation analysis was conducted to examine preliminary relationships among the variables. The results are presented in Table 3.

Table 3: Correlation Matrix

Variables	ROA	EFTX	BTDI	CEFTX
ROA	1.000			
EFTX	-0.003 (0.9673)	1.000		
BTDI	0.580 (0.0000)	-0.012 (0.8771)	1.000	
CEFTX	0.014 (0.8642)	0.208 (0.0083)	-0.008 (0.9216)	1.000

The results indicate that effective tax rate exhibits a weak and statistically insignificant negative relationship with ROA, suggesting limited association between ETR and firm performance. In contrast, book-tax difference shows a strong positive and statistically

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significant relationship with ROA, implying that firms with larger book-tax gaps tend to exhibit superior performance. Cash effective tax rate shows a weak and insignificant positive association with ROA. Overall, the correlation results suggest that BTD is the most relevant tax planning proxy influencing firm performance, while multicollinearity concerns are minimal

Hypotheses Testing

Panel Estimated Generalized Least Squares (EGLS) regression was employed to test the study hypotheses. The results are presented in Table 4.

Table 4 Test of Hypotheses

Dependent Variable: ROA
Method: Panel EGLS (Period SUR)
Date: 10/11/24 Time: 03:17
Sample: 2014 2023
Periods included: 10
Cross-sections included: 16
Total panel (balanced) observations: 160
Linear estimation after one-step weighting matrix
White period standard errors & covariance (d.f. corrected)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
EFTX	0.00000108	0.000366	0.002948	0.9977
BTDI	0.632595	0.000574	1101.565	0.0000
CEFTX	0.006195	0.001804	3.434545	0.0008
C	0.031088	0.008382	3.709084	0.0003

Weighted Statistics

R-squared	0.991678	Mean dependent var	0.451531
Adjusted R-squared	0.991518	S.D. dependent var	10.84566
S.E. of regression	0.994444	Sum squared resid	154.2715
F-statistic	6196.237	Durbin-Watson stat	2.015718
Prob(F-statistic)	0.000000		

Source: E-views 10 Output (2024)

The results in Table 4 examine the effect of effective tax rate (EFTX), book-tax difference (BTDI), and cash effective tax rate (CEFTX) on the return on assets (ROA) of listed consumer goods firms in Nigeria using a panel EGLS model. The adjusted R-squared value of 0.991518 indicates that 99.15% of the variability in ROA is explained by the combined effect of EFTX, BTDI, and CEFTX. This suggests that the independent variables have substantial explanatory power over firm performance. The Prob(F-statistic) is 0.000000, meaning that the overall model is highly significant at the 5% level, confirming that at least one of the explanatory

variables significantly affects ROA. Additionally, the Durbin-Watson statistic of 2.015718 is close to the ideal value of 2, indicating that the model does not suffer from serious autocorrelation issues

Hypothesis One

H_{01}: Effective tax rate has no significant effect on the return on assets of listed consumer goods firms in Nigeria.

H_{i1}: Effective tax rate has significant effect on the return on assets of listed consumer goods firms in Nigeria.

Deducing from Table 4, the coefficient for EFTX is 0.00000108, which implies that for every unit increase in the effective tax rate, the return on assets will increase by a marginal amount of 0.00000108, a nearly negligible change. The p-value associated with EFTX is 0.9977, which is much higher than the 5% significance level, indicating that this effect is statistically insignificant. Thus, the null hypothesis was accepted. In other words, effective tax rate has a positive but non-significant effect on the return on assets of listed consumer goods firms in Nigeria ($\beta = 0.00000108$; $p = 0.9977$). This finding aligns with Madugba et al. (2020) and Eche et al. (2024), who reported insignificant relationships between ETR and firm performance, indicating that firms may neutralize tax rate effects through alternative planning mechanisms.

Hypothesis Two

H_{02}: Book-tax difference does not significantly affect the return on assets of listed consumer goods firms in Nigeria.

H_{i2}: Book-tax difference does significantly affect the return on assets of listed consumer goods firms in Nigeria.

Table 4 reveals that, the coefficient for BTDI is 0.632595, meaning that for every unit increase in the book-tax difference, the ROA increases by 0.63 units. This significant positive marginal effect suggests that firms with higher book-tax differences tend to report improved performance. The p-value of 0.0000 confirms that the effect is statistically significant at the 5% level. Therefore, the alternate hypothesis was accepted. In other words, book-tax difference has a significant and positive effect on the return on assets of listed consumer goods firms in Nigeria ($\beta = 0.632595$; $p = 0.0000$). This result supports the findings of Sani et al.

(2024) and Ebimobowei (2022), who observed that higher book-tax differences reflect effective tax management and income-shifting strategies that improve firm outcomes.

Hypothesis Three

H_{03}: The effect of cash effective tax rate on the return on assets of listed consumer goods firms in Nigeria is not statistically significant.

H_{i3}: The effect of cash effective tax rate on the return on assets of listed consumer goods firms in Nigeria is statistically significant.

The coefficient in Table 4 for CEFTX is 0.006195, meaning that for every unit increase in the cash effective tax rate, the ROA increases by 0.0062 units. Although this is a small marginal effect, the p-value of 0.0008 indicates that the effect is statistically significant at the 5% level. This implies that firms with higher cash tax payments relative to pre-tax income tend to experience slightly better performance. Therefore, the alternate hypothesis was accepted. In other words, the cash effective tax rate has a significant positive effect on the return on assets of listed consumer goods firms in Nigeria ($\beta = 0.006195$; $p = 0.0008$). This finding is consistent with Eche et al. (2024) and Muhammed (2022), who emphasized the role of cash-flow-oriented tax strategies in improving firm performance, though it contrasts with Olaoye and Bamisaye (2018), who reported adverse effects of deferred tax positions.

CONCLUSION AND RECOMMENDATIONS

The findings provide strong evidence that tax planning is a strategic determinant of firm performance among listed consumer goods firms in Nigeria. Rather than serving merely as a compliance obligation, tax planning functions as a financial management tool capable of improving profitability and enhancing shareholder value. The insignificant effect of effective tax rate suggests that reliance on statutory tax reductions alone is insufficient to drive performance improvements. In contrast, the significant roles of book-tax difference and cash effective tax rate underscore the importance of sophisticated tax planning strategies, particularly those related to timing differences, cash-flow management, and financial structuring. These results indicate that firms that integrate tax planning into broader operational and financial strategies are better positioned to sustain profitability in a challenging fiscal environment. Overall, the study concludes that while tax planning can enhance firm performance, its effectiveness depends on how well tax strategies are aligned with long-term business objectives and ethical compliance standards.

Based on the empirical findings, the following implications are drawn:

1. **Corporate Management**: Managers of listed consumer goods firms should move beyond narrow tax-rate minimization strategies and focus on comprehensive tax planning approaches that integrate operational efficiency, financial reporting, and cash-flow management to enhance performance.
2. **Tax Advisory Practice**: Professional tax consultants should assist firms in legally leveraging book-tax differences and timing strategies to optimize tax outcomes while maintaining compliance with tax regulations and minimizing reputational risks.
3. **Cash Flow Planning**: Firm executives should prioritize cash-based tax management strategies that smooth tax payments over time, thereby improving liquidity, operational stability, and overall profitability.
4. **Regulatory Oversight**: Tax authorities may consider refining tax policies to reduce ambiguities that encourage aggressive tax planning while still allowing firms to benefit from legitimate incentives that support growth and investment.

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