

Tax Planning And Firm Value: An Empirical Analysis Of Consumer Goods Manufacturing Companies In Nigeria

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Abstract

The study determines the effect of tax planning on firm value of consumer goods manufacturing companies in Nigeria. The specific objectives are to: determine the effect of Firm size and leverage on firm value of Nigerian consumer goods manufacturing companies. Ex post facto research design was used for the study. Data were collected from annual report and accounts of the sampled consumer goods manufacturing firms in Nigeria and the formulated hypotheses were tested with multiple regression analysis. The result was found firm size and leverage influence positively on our dependent variable, firm value but this influence was not statistically significant. Based on the findings of the study recommended that since the firm size and leverage are not statistically influence, therefore, the basis of efficient use of tax planning for firm value should be encouraged.

Key words: Tax planning, Firm size, leverage and firm value

INTRODUCTION

Tax planning has been a veritable tool to reduce the influence of tax on liquidity and profitability of firms. Effective Tax Rate (ETR) measures the firm's tax burden and look through the firm performance at a particular period. The increase in the profitability level of a firm will signals investors or the shareholders that the firm value is good and will attract more investors to invest. This happen because investors might know the firm has higher profitability by paying lower tax rate and able to provide higher return for their shareholders. Tax planning represents a firm's conscious efforts geared towards reducing its tax liabilities, using a particular avenue which could either be legal or illegal (Brian-Lee, Dobiyaniski & Minton, 2015). This definition captures the very slim boundary between legal and illegal acts, which are not clear and explicit. Therefore, the legality of a firm's tax reduction decision or strategy is determined by the

authoritative bodies after the fact, that is, the tax authority relying on the Judiciary. In most cases, firm's corporate managers carried out tax planning practices. Managers, who are agents of shareholders, ought to act in the interest of the business owners (Jensen & Mechling, 1976). The burden of the tax paid by the firm borne by shareholders at the end, hence, it brings reduced the profit which form the basis for dividend payment (Amiram, Bauer, & Frank, 2013). The interest of shareholders in a firm is measured in terms of the market value of their shareholdings, which is a reflection of their stakeholders in that firm (Ilaboya, Izevbekhai, & Ohiokha, 2016).

With the distinction between the ownership of firms and their management, tax planning actions could become possible opportunities for managers to pursue self-interests (Desai & Dharmapala 2006). Would the effect of the management (agency) costs be significant enough to become disadvantageous to owners? Under the agency framework, relevant efforts must be made to control such effect of managerial diversion. Following Desai and Dharmapala (2009) submission that the benefits of tax avoidance activities in saving tax charges are possibly offset by the potential managerial rent extraction for firms with poor governance structure, the benefits and the net effect of corporate tax avoidance are likely to be greater for firms with measures in place to mitigate agency cost. Complex tax planning practices can provide management with the justifications for opportunistic managerial behaviors, such as earnings manipulations, related party transactions, and other resource-diverting activities. Thus, tax savings from tax planning may not always bring about an increase in firm value.

Firm value is generally taken to mean an economic measure reflecting the market value of a whole business. It is a summation of the claims of all contributors to the assets of a firm namely: creditors (secured and unsecured) and equity holders. In finance literature, firm value is the sum of the market value of equity and the market value of debt (Nwaobia, Kwarbai and Ajibade, 2015). Firm value is enhanced when shareholders' wealth is increased through profits and improved cash flow; hence the importance of tax planning as an integral part of the financial planning programme of any entity.

These results are similar to those reported by Chen, Chen, Cheng and Shevlin (2010). The study by Desai and Dharmapala (2007) examined the link between tax planning, corporate governance and firm performance. In their study, Firms' performance is measured using Tobin's q and governance quality is proxied by the level of institutional ownership. Tax planning is measured

by inferring the difference between the income reported to capital markets and tax authorities (the book-tax-gap). Results of analyses revealed that the average effect of tax planning on corporate performance is not significantly different from zero. In other words, there is no relationship between tax planning and firm performance. The study however reports a positive association between tax planning savings and performance for well-governed firms. The study concluded that corporate governance mediates the tax planning-firm performance relationship. Abdul-Wahab's (2010) study however indicated a negative relationship between firm value and tax planning activities. The study noted that as tax planning activities increase, the tax costs and risks outweigh the benefits.

Corporate tax avoidance could be detrimental to firm value when the manager-shareholder goals are not aligned due to agency problem of lack of goal congruence (Desai & Dharmapala, 2006). This suggests the likely effects of agency problem on the nexus which prompts us to examine the moderating effects of corporate governance monitoring and goal congruence (all are managerial entrenchment mechanisms for mitigating agency costs associated with the separation of ownership from control.) on the effect of corporate tax avoidance practices on the firm value of non-financial quoted firms in Nigeria. In Nigeria, while Salawu, Ogundipe and Yeye (2017) reported no causality between tax planning and firm value. Nwaobia, Kwarbai, and Ogundajo (2016) report a significant positive relationship flowing from tax planning to firm value.

It has been stated that negative relationship occurs between tax planning and firm value in research of Abdul Wahab (2010) because the study found out that the risk and cost exceeds the benefit from tax planning. Tax planning in the study was measured by firm's tax saving. At times, certain firms are not good in making tax planning. Therefore, the management of the firm will then employ tax experts in handling the tax planning for that firm. This will increase the firm's cost because they need to pay them more than ordinary employee's salary. Though there is need to verify the tax planning firm value nexus using firms quoted in the Nigerian stock exchange, and possible medium for improving the impact for shareholders' benefit. It is evident from the review of the prior studies on tax planning and firm value has received too little attention in developing countries. This neglect is even more in Nigeria couple with the inconsistency in their reports and this form the significance of this study. This study determines

the effect of Tax Planning on firm value of consumer goods manufacturing companies in Nigeria. The specific objectives are to:

1. *Determine the effect of Firm size (SIZE) on firm value of Nigerian consumer goods manufacturing companies.*
2. *Examine the effect of leverage (LEV) on firm value of Nigerian consumer goods manufacturing companies.*

REVIEW OF RELATED LITERATURE

Conceptual Framework

Tax Planning

Tax planning reported as a firm's conscious efforts directed at reducing its tax liabilities by adopting a means which could either be legal or illegal (Brian-Lee, et al, 2015). The legality of a firm's tax reduction decision or strategy is being determined by the judicial interpretation of the relevant tax code as there is no clear distinction between the legal tax avoidance and the illegal tax evasion. A firm's tax avoidance strategy can be placed anywhere on the continuum depending upon the degree of aggressiveness the firm pursues in the course of reducing its tax liabilities (Hanlon & Heitzman, 2010)

This weakness of not accurately capturing non-conforming tax planning led Dyreng, Hanlon and Maydew (2008) to introduce an alternative tax planning measure, the cash Effective Tax Rate. It is the ratio of cash tax paid to adjusted pretax income, where both the numerator and denominator are summed over a multi-year time period, usually three to five years, to ensure a smooth transition shock to cash tax paid as well as pre-tax income. Badertscher, Katz, Rego and Wilson, (2015) reported that tax such as changes to tax reserve or the valuation allowance does not affect cash tax paid. Weisbach, 2002; Macgill and Outslay, (2004) on their study, reported that the permanent book tax difference is another measure which is believed to capture tax planning strategies. Meanwhile, the discretionary permanent book tax difference, which excludes permanent difference over which management has little control as used by some scholars (Frank, Lynch, & Rego, 2009). Badertscher, Katz, Rego and Wilson (2015) gave obvious reasons why researchers mainly focus on corporate tax avoidance measures that capture non-conforming tax strategies only. First, public limited companies usually prefer non-conforming tax strategies in

reducing taxable income without reducing book income. The second reason is the lack of a generally accepted measure of conforming tax planning in the accounting literature.

The decision to enter into an aggressive tax planning scheme involves balancing the costs and benefits involved. The main benefits of corporate tax aggressiveness are increased cash and liquidity, increased after-tax profits represented in a firm's performance metrics such as earnings per share, a reduced tax liability, a reduced effective tax rate that can send a positive signal to investors, thereby reducing the cost of equity capital (Hanlon & Slemrod, 2009)

Firm Value

Modigliani and Miller (1961) opined that firm value is determined by company's asset earnings power. It implies therefore that, when the impact of asset earnings power is positive, the company is doing well, and its asset turnover will be more efficient, and this results in high profit. Firm value may be measured from two perspectives: from the point of view of accounting measure of profitability: return on assets (ROA), return on equity (ROE), Tobin's Q, net profit margin; and from the stock market perspective, using the share prices from the Stock Exchange market.

Firm value Scholars have widely employed Tobins Q as a proxy for firm value, particularly in valuing publicly traded companies (Nwaobia, Kwarbai & Ajibade, 2015; Tahir and Razali, 2011; & Smithson & Simkins 2005). This study used approximate Tobin's Q as introduced by Chung and Pruitt (1994) and used in Nwaobia, Kwarbai & Ajibade, (2015). It is calculated thus:
Approximate Tobins Q = $MVE+PS+DEBT/TA$

Where: MVE: market value of equity PS: The liquidating value of the firm's outstanding preferred stock DEBT: The value of firms' short term liabilities net of its short term asset, PLUS the book value of the firm's long term debt TA: The book value of the total assets of the firm

Price Book Value (PBV) is ratio showing whether stock price is above or below book value price of the shares. The higher this ratio is, the higher market trust towards prospect of the company is.

Dividend Yield Ratio is ratio that shows the current rate of income earned from stock Investments Dividend Payout Ratio (DPR) is ratio that shows the amount of profit paid to shareholders in the form of dividends.

Company value in this study will be measured by (PBV) to show the company's ability to create a relative value of capital. Price book value (PBV) is a ratio that indicates whether the stock price

(market price) is traded above or below the book value of the shares (Brigham, 2012). The ratio of stock price to the book value of the company or PBV shows the level of ability of the company creates a value relative to the amount of capital invested. Harmono (2009) explains that high PBV reflects the high stock price compared to the book value of the stock. The higher the stock price, the more successful the company creates value for shareholders. The success of the company creates that value of course gives hope to shareholders in the form of bigger profit. Simply stated that price book value (PBV) is the market ratio used to measure the performance of the stock market price against the value of the book. The higher the PBV means the market believes in the prospect of the company. The researchers use PBV as a measure of the company value with the following reasons:

Leverage

Leverage is the result of using borrowed capital as a source of funding when investing to expand the firm's asset base and generate returns on risk capital. Leverage is an investment strategy of using borrowed money: specifically, the use of various financial instruments or borrowed capital to increase the potential return of an investment. Leverage can also refer to the amount of debt used to finance assets. When one refers to something (a company, a property or an investment) as "highly leveraged," it means that, the item has more debt than equity (Towery (2012).

In finance, leverage (sometimes referred to, as gearing in the United Kingdom and Australia) is any technique involving the use of borrowed funds in the purchase of an asset, with the expectation that the after tax income from the asset and asset price appreciation will exceed the borrowing cost. Leveraging enables gains and losses to be multiplied. On the other hand, there is a risk that leveraging will result in a loss — i.e., when actually it turns out that financing costs exceed the income from the asset, or because the value of the asset has fallen.

While leverage magnifies profits when the returns from the asset is more to offset the costs of borrowing, leverage may also magnify losses. A corporation that borrows too much money might face bankruptcy or default during a business downturn, while a less-leveraged corporation might survive (Leory & Babra 2008).

Risk may be attributed to a loss in value of collateral assets. Brokers may require the addition of funds when the value of securities holds declines. Banks may fail to renew mortgages when the

value of real estate declines below the debt's principal. Even if cash flows and profits are sufficient to maintain the ongoing borrowing costs, loans may be called. This may happen exactly when there is little market liquidity and sales by others at depressing prices. It means that as things get bad, leverage goes up, multiplying losses as things continue to go down. This can lead to rapid ruin, even if the underlying asset value decline is mild or temporary. Leory and Babra (2008) noted that the risk can be mitigated by negotiating the terms of leverage, by maintaining unused room for additional borrowing, and by leveraging only liquid assets Heitzman,(2010).

Firm size (SIZE)

Corporate tax planning is a professional activity that demands the requisite resources and skills for its effective execution. It follows therefore that Firm size and capacity in terms of resources available to the firm is believed to directly correlate with the extent of a firm's tax planning activities (Nwaobia, 2013). To design and execute a robust tax planning scheme requires the employment of tax experts to man the tax department. Where the company decides to outsource, enormous outflow of resources goes with the payment of the attendant professional fees. Based on this reality, Md Noor, Fadzillah and Mastuki (2010) submit that not all companies have the same opportunities to carry out tax planning. It is therefore imperative to control for the effect of the size of the firm on tax planning studies. Khaoula, Amor & Ayed (2013) and Rego (2003) observe that larger firms can achieve economies of scale via tax planning and have the resources and incentives to decrease group tax. Large firms are reported to have sufficient resources and better opportunities to undertake tax planning strategies, for example, by utilizing the tax incentives provided to them.

Review of Empirical Studies

So many studies have investigated the relationship between tax planning and firm value. However, their reports from these studies were mix. For examble, Lev and Nissim (2004) examined the relationship between temporary book-tax differences and earnings growth. In this perspective, the authors find that temporary book-tax differences and earnings growth are not related. Hanlon (2005) assessed the relationship between temporary book-tax differences and earnings growth, and found a negative relationship between book-tax differences and earnings growth. The study found that firms with large temporary book-tax differences shows less

earnings persistence. Dhaliwal, Gleason and Mills (2004) investigated whether income tax expense is regularly used to achieve earnings targets and reported that aggressive tax expense provides a final opportunity to meet earnings targets after the firm has agreed to any pre-tax adjusting entries required by the independent auditors. Desai and Dharmapala (2007) in their study determined the link between tax planning, corporate governance and firm performance. They measured firms' performance using Tobin's q and governance quality is proxied by the level of institutional ownership. The study reported that there is no relationship between tax planning and firm performance. The study however found a positive association between tax planning savings and performance for well-governed firms. Abdul-Wahab's (2010) reported a negative relationship between firm value and tax planning activities. The study observed that as tax planning activities increase, the tax costs and risks outweigh the benefits. The study of Desai and Dharmapala (2009) ascertained the relationship between tax planning, corporate governance and firm's performance. They used Tobin's Q, governance quality and book tax gap as their proxy. It was reported that there is a positive relationship between tax planning, savings and firm's value. So, in the end they conclude it as corporate governance is needed to assist the performance of firm that adopts tax planning. Guenther, Matsunaga and Williams (2013) distinguished between the concepts of tax avoidance, tax aggressiveness, and tax risk and examine which, if any, of those concepts is related to overall firm risk. Prior research has argued that aggressive corporate tax avoidance, as measured by low cash effective tax rates or high reserves for unrecognized tax benefits, increases firm risk, thereby requiring firms to provide risk-taking incentives to managers.

Antonio and Giliard (2014) studied whether family firms are more aggressive in terms of tax planning than non-family firms in Brazil, based on a sample of firms listed on the BMF and Bovespa from 2001 to 2012. They observed a significant relationship between classification as a family firm and tax aggressiveness, based on two metrics. The family firms in the sample were more tax aggressive than that of non-family firms. But the variable BTM, family firms presented a positive sign, indicating a tendency for higher BTM. Ohnuma (2014) evaluated corporate tax avoidance as a determinant of executive compensation based on equity risk incentives using correlation and a multivariate regression analyses and found a negative association between tax aggressiveness and the adoption of stock options. Saidu, and Ibrahim (2015) on the effect of corporate taxation on dividend policy of listed consumer goods companies in Nigeria over the

periods 2009 to 2013, collected data from the annual reports and accounts of the companies. The study employed pooled OLS and found that corporate taxation and board structure have no effect on dividend policy of firms. Galica (2015) examined the complexities of corporate tax planning, with a focus on tax deferral strategies employed by United States multinational corporations, providing a financial and ethical analysis of corporate tax entities. The study reported that foundational background on corporate tax havens, the benefits of deferred taxation, and an outsider's perspective on the subject matter – namely, the difference in perception of the general public versus that of a shareholder. Antônio and Tatiana (2015) provided evidence regarding the relationship between book-tax differences (BTD), persistence of earnings and accruals and tax planning in the Brazilian scenario. The sample corresponds to all industrial and commercial firms listed on the BMF & Bovespa that disclosed consolidated financial statements between 2003 and 2012, obtained from the Economática database. The sample period was chosen to straddle the year when the use of International Financial Reporting Standards (IFRS) became mandatory in Brazil (2009). The study found that there are impacts of temporary large positive BTDs on the persistence of earnings through aggressive tax planning, before and after adoption of international financial reporting standards in Brazil.

Maria, Ina and Katharina (2016) conducted a meta-analysis aimed at identifying the sources of heterogeneity in primary studies and at providing a consensus estimate with respect to the sign and the statistical significance level for the examined association. Their meta-regression results show that BTD are indeed indicative of opportunistic reporting behavior, and even more so of EM. Salawu, Ogundipe and Yeye (2017) examined the causal relationship between corporate tax planning and firm value of non-financial quoted companies in Nigeria between 2004 and 2014. A panel data of financial characteristic of 50 non-financial quoted firms spreading over ten sectors were obtained from the audited annual financial reports of the sampled firms. The result shows that causality do not runs in any direction between Tax Planning (ETR) to Firm Value (Tobin Q). Sathaya and Thatphong (2019) assessed the association between tax planning and financial performance in the Stock Exchange of Thailand for the periods, 2014 to-2016. The sample size, consists of 873 firm-years. This study found that the TP has both effects on the FP. The effect is positive when measured by ETR, while it is negative if measurement is TAX/ASSET. Regarding to control variables, the BIG4 auditors have positive effects on the FP.

The results further indicate that the relationship between the FP and TP (measured by TAX/ASSET) is significantly negative for non-BIG4 auditors.

It is evident from the review of the prior studies on tax planning and firm value has received too little attention in developing countries. This neglect is even more in Nigeria couple with the inconsistency in their reports and this form the significance of this study.

METHODOLOGY

Research Design

This study adopted an *ex post-facto* research design within a panel data framework. It is a combination of both time series and cross sectional properties. This is appropriate because the study aims at measuring the effect between one variable and another, in which the variables involved are not manipulated by the researcher.

Population and Sample of the Study

The population of the study comprised quoted consumer goods manufacturing firms on the Nigerian Stock Exchange (NSE) as at end of 2018 financial year. The population included firms. This quoted consumer goods manufacturing firms are twenty one (21).

Method of Data Analyses

Being a panel data study, the study involved a series of analyses like the descriptive statistics, Serial Correlation test. However multiple regression analysis was used in testing the formulated hypotheses using E-View 9.0 statistical software.

3.8 Model Specification

In testing for the value relevance of corporate tax avoidance and in testing for the moderating effect of agency cost mitigating variables on the nexus, we adapt a firm-value model originally derived from Ohlson (1995) and have been widely used in value relevance studies including those that relates to tax avoidance as used by Abdul Wahab and Holland (2012). Their model centered on Tax Planning, is given as:

The study modifies the above model to reveal moderating effects of corporate governance on the impact of tax planning on firm value.

$$FMV = \beta_0 + \beta_1 BVE_{it} + \beta_2 CTA_{it-1} + \beta_3 COG_{it} + \beta_4 PFT_{it} + \beta_5 CAPINT_{it} + \beta_6 LEV_{it} + \beta_7 EXG_{it} + \beta_8 CTA_{it-1} * COG_{it} + \beta_8 MVE_{it} DIV + AGE + \epsilon_{it}$$

The model was modified thus:

$$TOBINS Q_{it} = \beta_0 + \beta_1 FRMSIZ_{it} + \beta_2 LEV_{it} + \mu_{it} \quad - \quad -H_{03}$$

$$TOBINS Q_{it} = \beta_0 + \beta_1 LEV_{it} + \beta_2 LEV_{it} + \mu_{it} \quad - \quad -H_{04}$$

Where:

TOBINS Q = proxied for Firm Value

SIZE is Firm size

LEV is leverage

Tobins Q

E is error term.

DATA PRESENTATION AND ANALYSIS

Data analysis

Table 1: Descriptive statistics of the sampled companies

	TOBINS	FRMSIZ	LEV
Mean	9.003000	1985414.	0.675000
Median	8.845000	1978403.	0.595000
Maximum	10.45000	3531654.	1.210000
Minimum	7.250000	700992.0	0.160000
Std. Dev.	0.982073	997311.0	0.349770
Skewness	-0.027449	0.103440	0.245419
Kurtosis	2.342903	1.666202	1.810452
Jarque-Bera	0.181163	0.759090	0.689978
Probability	0.913400	0.684173	0.708228
Sum	90.03000	19854135	6.750000
Sum Sq. Dev.	8.680210	8.95E+12	1.101050
Observations	10	10	10

Source: Researcher's computation (2019)

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 consumer goods companies that were used in this study.

Firstly, it was observed that on the average over the ten (10) years periods (2009-2018), the sampled quoted consumer goods companies in Nigeria were characterized by positive Firm value (TOBINS'Q = 9.003000).

Lastly, in table 1, 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. This also implies that the least square estimate can be used to estimate the pooled regression model.

Correlation Analysis

In examining the association among the variables, we employed the Pearson correlation coefficient (correlation matrix)

Table 2: Correlation Analysis Matrix

	TOBINS	FRMSIZ	LEV
TOBINS	1	0.83478652665	0.20428623420
FRMSIZ	0.83478652665	1	0.00033926979
LEV	0.20428623420	0.00033926979	1

Source: researcher's computation (2019)

The use of correlation matrix in most regression analysis is to check for multi-collinearity and to explore the association between each explanatory variable (FRMSIZ and LEV) and the dependent variable (Firm Value) proxy as TOBINS Q). Table 2 focused on the correlation between Firm Value measured as Tobins Q and the independent variables (FRMSIZ and LEV). Finding from the correlation matrix table shows that all our independent variables, (FRMSIZ =0.83 and LEV= 0.20) were observed to be positively associated with Firm Value. In checking for multi-collinearity, we noticed that no two explanatory variables were perfectly correlated. This means that there is no problem of multi-collinearity between the explanatory variables. Multi-collinearity may result to wrong signs or implausible magnitudes in the estimated model coefficients, and the bias of the standard errors of the coefficients.

Testing of Hypotheses formulated

In other to examine the impact relationships between the dependent variable TOBINS Q and the independent variables (FRMSIZ and LEV) and to also test our formulated hypotheses, we used a pooled multiple regression analysis since the data had both time series (2009-2018) and cross sectional properties (21 consumer goods quoted companies). The pooled interaction based multiple regression results are presented and discussed in Table 3 below.

Table 3: TOBINS Q Pooled Regression Results

Dependent Variable: TOBINS

Method: Least Squares
Date: 11/15/19 Time: 08:38
Sample: 2009 2018
Included observations: 10

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	8.950282	0.890992	10.04530	0.0002
FRMSIZ	1.32E-07	3.18E-07	0.416042	0.6946
LEV	0.948093	0.606771	1.562523	0.1789
R-squared	0.885524	Mean dependent var		9.003000
Adjusted R-squared	0.793944	S.D. dependent var		0.982073
S.E. of regression	0.445796	Akaike info criterion		1.528944
Sum squared resid	0.993672	Schwarz criterion		1.680237
Log likelihood	-2.644721	Hannan-Quinn criter.		1.362977
F-statistic	9.669356	Durbin-Watson stat		2.350885
Prob(F-statistic)	0.014250			

Source: Researcher's computation through E-view 9.0 statistical package

In Table 3, R-squared and adjusted Squared values were (0.88) and (0.79) respectively. The indicates that all the independent variables jointly explain about 88% of the systematic variations in Firm Value (TOBINS Q) of our samples companies over the ten years periods (2009-2018). The F-statistics (9.67) and its P-value (0.01) show that the firm value regression model is well specified.

Test of Autocorrelation: using Durbin-Waston (DW) statistics which we obtained from our regression result in table 4.3, it is observed that DW statistics is 1.86 and an Akika Info Criterion and Schwarz Criterion which are 1.52 and 1.68 respectively also further confirms that our model is well specified. In addition to the above, the specific findings from each explanatory variable are provided as follows:

Hypothesis One

H0₃: Firm size (SIZE) has no significant effect on affect firm value of Nigerian consumer goods manufacturing companies.

Firm Size (FRMSIZ), based on the t-value of 0.42 and p-value of 0.70 was found to have a positive influence on our sampled quoted company's firm value and this influence is not statistically significant at 5% level since its p-value is higher than 0.05 values. This result therefore suggests that we should reject our alternative hypothesis three (Ho₃) which states that

Firm size (SIZE) has no significant effect on affect firm value of Nigerian consumer goods manufacturing companies.

Hypothesis Two

H₀₃: Leverage (LEV) has no significant effect on affect firm value of Nigerian consumer goods manufacturing companies.

Leverage (LEV), based on the t-value of 1.56 and p-value of 0.18 was found to have a positive influence on our sampled quoted company's firm value and this influence is not statistically significant at 5% level since its p-value is higher than 0.05 alpha value. This result therefore suggests that we should reject our alternative hypothesis three (H₀₃) which states that Leverage (LEV) has no significant effect on affect firm value of Nigerian consumer goods manufacturing companies.

Discussion of Findings

Firm Size (FRMSIZ) based on findings, was found to influence positively on our dependent variable, Firm value. This impact was not statistically significant. This finding therefore supports our aprori expectation and the findings of Desai and Dharmapala 2007; Audrey (2012) Mosota (2014) and negates the view of Ohnuma (2014).

Leverage (LEV) based on findings, was found to influence positive on our dependent variable, Firm Value, but this influence was not statistically significant. This finding therefore supports the finding of Razali, Ghazali, Lunyai and Tan Hwang (2018) and negates our aprori expectation and the view of Maria, Ina and Katharina (2016).

CONCLUSISON AND RECOMMENDATION

This study found that leverage and firm size impact positively on firm value, but this impact was not statistically significant. In order to maximize the value of the firm, company's owners would like to minimize corporate tax payments net of the private costs of doing so; in other words they want the company to be optimally plan diligently. There has been little rigorous empirical analysis of the benefits and costs to corporations of being tax planning. In this study, we attempted to fill this void, at least in part, by investigating the market reaction to an initial press mention that a firm was involved in a corporate tax shelter.

As discussed in the result obtained from the regression reflects that tax planning or firm size and leverage has positive relationship with firm value. Based on the results, firms with less tax planning may signal to investors a better corporate governance compare than firms that engage aggressive tax planning. It recommended that since the influence of firm size and leverage are not statistically significant and so, the basis of efficient use of tax planning for firm value should be encouraged.

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