EFFECT OF TAX AVOIDANCE ON FIRM VALUE OF SELECTED QUOTED COMPANIES NIGERIA

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Abstract
The effect of tax evasion on firm value was investigated in the study. 177 companies that are quoted on the Nigerian Exchange Group are included in the study. Five companies made up the sample size. The study employed secondary sources for data collection. The dependent variable is the firms' value as determined by Tobin Q, whereas the independent variable, tax avoidance was measured with deferred tax, tax credit, dividend distribution, and employee benefit. The study's hypotheses were put to the test using the correlation coefficient. The research findings indicate that there is no statistically significant effect of deferred tax on firm value, nor is there any significant effect of tax credits on firm value. Additionally, there is a statistically significant effect of employee benefits on firm value. In order to avoid penalties for not remitting tax deductions, the study suggests that, management of companies plan their tax policies so as to avoid jeopardizing the firm's ability to generate profits; that companies always make an effort to remit their tax deductions to the appropriate tax authority; that companies look for other legal ways to increase their income and profit than to use tax avoidance strategies; and that firms always work with the tax authority to reduce their tax liability through tax incentives like tax abatement, tax holidays, subsidies.
Keywords: *Deferred Tax, Dividend Payout, Employee Benefit, Firm Value, Tax Credit*

Introduction

According to Aroh and Nwadialor (2009), tax avoidance is the process by which a taxpayer arranges his financial affairs to pay the least amount of tax feasible by utilizing tax shelters and avoiding tax traps in the tax rules. Due to the fact that the tax payer only took advantage of the tax laws' loopholes, tax avoidance is not a criminal offense. Company decisions are often driven by the potential tax implications; however, minimizing company tax obligations through managerial measures is becoming a more significant aspect of corporate activity.

By capitalizing profits through the issuance of bonus shares, claiming all reliefs that are available to a taxpayer in each assessment year, and utilizing all tax incentives relevant to the firm's field of work, taxes can be avoided. There are several reasons why people avoid paying taxes, even as there abound both positive and negative effects from doing so (Desai & Dharmapala, 2009). Thus, it is crucial to look at how

the tax evasion factors included in the study affect the firm value of selected quoted companies in Nigeria.

Understanding the extent to which these companies engage in tax avoidance and how it affects their financial success is interesting, given the volume of transactions resulting from the variety of services and goods they offer. So, tax evasion may indicate a larger likelihood of agency conflicts between managers and shareholders or a managerial value-maximizing approach (Wang, 2012). Interesting insights into why certain corporations dodge more tax than others have been gained during the past 20 years by a number of research

In order to explain why certain organizations avoid more tax than others, early research has focused on firm characteristics as surrogates for opportunities, incentives, and resources for tax planning (Beng, Jimmy & Chee, 2016). This area of inquiry has been expanded by recent studies that look at the potential effect of agency conflicts on tax evasion.

Two techniques have been employed, according to different academics, to quantify tax evasion. The first technique is known as the book-tax difference (BTD), and it is the difference between taxable and financial income (Desai *et al*., 2009). In contrast to the ETR method, which only assesses tax avoidance, the BTD measures profits management in addition to tax avoidance.

The traditional view is that tax avoidance operations boost the value of the company after taxes because they save taxes or serve as a planning tool that transfers resources from the state to shareholders. Conversely, a growing body of research in financial economics highlights the agency cost consequences of tax evasion and contends that it might not necessarily increase outside shareholder value.

According to the agency theory, tax evasion does not increase an organization's worth since it can enable the extraction of management rent in a number of ways. Tax avoidance efforts have the potential to lower after-tax firm value since the total costs—which include expenses directly associated with tax planning activities, additional compliance costs, and non-tax costs (such as agency charges in particular)—may exceed the tax advantages to shareholders.

The degree of incentive pay and the degree of tax sheltering are found to be negatively correlated by Desai *et al*. (2006), which is consistent with the agency hypothesis. Generally speaking, poorly managed firms are the main cause of this negative correlation. To boost the after-tax firm value and deter managerial rent extraction, managers should be encouraged to engage in tax avoidance through high power incentives such option-based compensation that better align their interests

with shareholders'. Since lower diversion is linked to reduced sheltering, the negative correlation between powerful incentives and tax avoidance shows that, for poorly managed enterprises, the inclination toward more tax aggression is neutralized.

There is conflicting information regarding how tax avoidance affects a firm's worth, even while tax avoidance activities save a lot of money on taxes (Robinson & Schmidt, 2012). (Koester, 2011). For instance, the expanded potential for rent extraction linked to tax avoidance may be the reason for the firm's increase in after-tax value. Because of the intricacy of their firm practices and propensity to devise intricate strategies for evading taxes, companies listed on the Nigerian Exchange Group (NGX) have recently attracted the attention of the Federal Inland Revenue Service (FIRS).

The transfer pricing techniques used when working with firms that have operations in Nigeria and other nations have further complicated this. It's clear that several large, multinational corporations have been very profitable throughout the years because of their effective tax evasion strategies (Dischinger & Riedel, 2010). Thus, it's critical to comprehend tax evasion tactics as well as the relationship between tax evasion and these companies' worth. Better tax evasion techniques can thus be obtained by the companies quoted on the Nigerian Exchange Group.

According to Desai *et al*. (2009), these advantages can subsequently be translated into improved profitability or firm value in their financial performance. Every firm strives to better plan for taxes in order to manage its tax obligations; as a result, tax savings should increase the value of the company.

Therefore, this tax management idea is important for companies listed on the Nigerian Exchange Group, as they may want to maximize all of their tax savings. For example, Desai *et al*. (2009) discovered that tax evasion had no discernible effect on a firm's worth. However, Wang (2012) also discovered that tax evasion raises a company's value. Furthermore, tax evasion was found to be negatively correlated with future profitability in the study conducted by Katz, Khan, and Schmidt (2013).

It turns out that no research has been done expressly on quoted companies in Nigeria when looking into the effects of tax avoidance on firm value. This scenario thus leads to the conclusion that Nigerian scholars have not given this concept the attention it deserves. Thus, this serves as the foundation for this study. This study aims to assess the effect of tax evasion on firm value of selected quoted companies in Nigeria.

The research objectives of the present study aims to ascertain the effect of deferred tax, tax credit, dividend payout, and employee benefit on firm value of selected quoted companies in Nigeria.

The research objective above leads to the formulation of the following hypotheses: deferred tax, tax credit, dividend payout, and employee benefit has no significant effect on firm value of selected quoted companies in Nigeria.

Review of Related Literature

Conceptual Framework

According to Hanlon and Heitzman (2009), the amount of explicit taxes avoided for every dollar of pre-tax accounting earnings is the definition of tax avoidance. Nonetheless, the accounting literature lacks a consensus definition of tax avoidance. According to this wide definition, tax avoidance refers to a range of tax planning techniques, including more aggressive transactions that fall into the gray area (such as treaty shopping, transfer pricing, abusive tax shelters, and bond investments), as well as perfectly legal activities (like capital allowances, debt financing, and bond investments).

When people or firms take advantage of tax laws and "loopholes," or engage in legal but unlawful acts, it is known as tax avoidance within the legal framework of the tax system. Generally speaking, specific actions taken only to lower tax obligations are included in tax avoidance. The arrangement of financial affairs to minimize tax liabilities, such as by utilizing tax deductions and tax credit use, is an example of strategic tax planning.

The tax payer is only required to abide by the text of the law; they are not required to obey the spirit or the underlying goals of the tax code. However, in actuality, this line is frequently hazy. Tax planning can uncover loopholes that are sometimes obvious and unmistakable, but other times they are not. As a result, tax evasion frequently occurs at the edges of the tax code, in places where it is unclear and requires interpretation. The line between avoidance and evasion becomes more hazy in areas where the tax administration has some discretionary power to make decisions. This becomes much more important if nations modify their tax laws to close tax loopholes in the past.

Financial performance has been assessed in a variety of ways in the literature on tax evasion. For example, firm value—defined as the market value of assets divided by the book value of all assets—was used by Wang (2012) to assess the financial performance of firms. Desai *et al*. (2009) used Tobin's Q to quantify financial performance as company value. On the other hand, profitability is how Katz *et al*. (2013) gauge financial performance. More precisely, the return on net operating

assets and the pre-tax return on equity are used to calculate profitability. Measures including cost of equity (Goh, Lee, Lim & Shevlin, 2013) and cost of bank loans (Hasan, Hoi, Wu & Zhang, 2014) have been employed in other studies.

Theoretical Framework

The agency theory and the resource-based theory, two important theories related to tax evasion, serve as the foundation for this work. The resource-based view of tax avoidance describes the rationale for the utilization of a firm's priceless resources at its disposal, whereas the agency view of tax avoidance shows how the agency conflict between managers and investors influences tax avoidance.

Additional aspects of the agency conflict between managers and investors are included in tax avoidance. Investors need only address the issue of managerial shirking, according to the agency perspective on taxes. Avoidance also takes into account managerial opportunism or resource diversion, which are alternative forms of the agency dilemma (Desai *et al*., 2009). According to Desai *et al*. (2006), sophisticated tax avoidance transactions can give management the means, cover-ups, and explanations for shady managerial practices like resource-distorting, related party transactions, and earnings manipulation. Stated differently, there exists a potential benefit between tax avoidance and managerial diversion.

Under the agency perspective, research on the effects of tax avoidance actions on the stock market has also started. Tax evasion and firm valuation are not found to be related by Desai *et al*. (2009), however they are positively correlated for enterprises that have institutional ownership. According to their findings, tax evasion may really be beneficial when management opportunism is successfully restrained by oversight and control. The market's response to information about a company's use of tax havens is studied by Hanlon and Heitzman (2009).

The market's unfavorable response to tax shelter disclosure, as seen by the authors, suggests that investors are wary of the prospect that tax shelters are linked to managerial deception and manipulation of performance. The authors also discover that stronger firms have a less noticeable negative response; however, this finding appears to depend on how governance is empirically measured.

Resource Based View of Tax Avoidance

The cornerstone of the resource-based view (RBV), as proposed by Wernerfelt (1984) and Rumelt (1984), is that a firm's competitive advantage is derived mainly from the application of the bundle of valued resources that the organization has at its disposal. These resources need to be heterogeneous in nature and not fully mobile in order to convert a short-term competitive advantage into a sustainable competitive advantage (Barney, 1991; Peteraf, 1993). According to the resource based view

(RBV), companies can only generate persistent super-normal returns if they own superior intangible resources that are shielded from industry-wide dissemination by an isolating mechanism.

In essence, when these priceless resources are neither entirely imitable nor completely substitutable without significant work, they constitute a source of long-term competitive advantage (Barney, 1991). Essentially, then, the firm's bundle of resources needs to be rare, valuable, imperfectly imitable, and non-substitutable in order to obtain these sustainable average returns (Barney, 1991). The manager's locus of control, how discretion is perceived, and how much power the manager is thought to have are some of the variables that determine how much internal and external influences influence managerial discretion.

Although foreign investors have strong monitoring capabilities, they are hesitant to commit to a long-term partnership with the company and to participate in a restructuring process in the event of subpar performance due to their financial orientation and concentration on liquidity. According to Aguilera and Jackson (2003), these shareholders would rather use exit methods than voice their opinions to the management. As a result, it is assumed that foreign shareholders have a moderate effect on company value. The qualities of domestic stockholders are the worst of both worlds. Short-term behavior and a desire for liquid equities stem from their financial focus, and their local affiliation frequently results in a complicated web of commercial relationships with the firm and other domestic shareholders (Claessens & Lang, 2000; Dharwadkar, George & Brandes, 2000). As such, it is anticipated that these stockholders will have a detrimental effect on the value of the company. Accordingly, the RBV theory may account for some companies' tax avoidance behaviour, since research indicates that big firms, particularly non-state-owned ones, may be able to avoid paying more in taxes than small firms.

Empirical Review

In this study, Chen *et al*. (2018) explore the relationship between tax avoidance and firm value in the digital era and pinpoint the moderating role that corporate governance plays in this regard. Activities that increase a company's value, such as corporate tax evasion, have been linked to improved corporate governance and increased firm value. This research used a sample of Malaysian PLCs, who were identified in the 2014 Malaysia-ASEAN corporate governance report as the top 100 firms with respect to disclosure.

It was carried out by looking at a final sample of 82 PLCs at one point in time utilizing cross-sectional data. They present data from Malaysia showing that corporate tax avoidance practices actually lower firm value and that corporate governance has a moderating influence on the tax avoidance-firm value link. This

study aids in the development of a suitable and efficient tax system in Malaysia by providing the government and policymakers with useful information into the tax avoidance behaviour of firm. We also provide constructive apprehension to Malaysian corporations so they can comprehend the adverse effects of corporate tax avoidance when they actively engage in tax planning.

Brazilian corporation tax evasion and firm value were investigated by Silvio and Amaury (2016). Their research looks into the relationship in Brazil between corporate tax evasion and firm value. Even though it makes sense that tax evasion would increase shareholder wealth, A panel data analysis was conducted to confirm the findings, involving 323 publicly traded companies in the stock market between 2006 and 2012, for a total of 1,704 firm-year type observations. Tobin's q was used as a stand-in for company value, and BTD, which is governed by total accruals, was used as a proxy for tax evasion. The findings indicated a negative correlation between tax evasion and corporate value. Limited disclosures that can lessen value destruction were discovered when the corporate governance effect was also examined.

The effect of tax evasion on firm value as seen through the eyes of institutional investors is examined by Liu, Xui, Fu, and Liu (2015). Their research demonstrates how agency issues can cause tax avoidance to act as a shield for managers' rent-seeking activities. As a result, tax avoidance becomes more costly than advantageous, which ultimately lowers the value of the company. The relationship between institutional investors and tax avoidance can be beneficial to the value of the company. This means that institutional investors will repress tax avoidance in order to prevent managers from taking ownership interests away from them. In this way, they effectively fulfil the role of corporate governance, which in turn increases the value of the company.

The effect of firm tax evasion on bank loan costs was studied by Hasan *et al*. (2014). The research revealed that companies who engaged in more tax evasion also faced stricter non-price loan conditions, bigger bond spreads at issue, and a preference for bank loans over public bonds when seeking debt funding. These data collectively show that banks believe there are substantial risks associated with tax evasion. Using three variables that account for less extreme types of corporate tax avoidance—book-tax disparities, permanent book-tax differences, and long-run cash effective tax rates—Goh *et al*. (2013) investigated the relationship between a firm's cost of equity and corporate tax avoidance.

The study discovered that a company's cost of equity is greatly decreased by less aggressive measures of corporate tax evasion. Subsequent examination reveals that this effect is more pronounced for (i) companies that have better external monitoring;

(ii) companies that probably see larger marginal tax savings benefits; and (iii) companies that have higher-quality information.

According to a 2013 study by Katz *et al*., company management should either use the tax avoidance savings for positive net present value investments that would increase future profitability or for value-destroying, perquisite-consuming, and rent-extraction operations. According to the study, tax aggressive firms will typically have lower future profitability than non-aggressive firms due to factors such as operating liability leverage, margins, and asset utilization. These findings are consistent with the detrimental effects of tax avoidance, such as rent extraction. Furthermore, the effects of operating liability leverage and inefficient asset use are not as strong and long-lasting as those of decreased margins.

This pattern of results holds true across company life cycle stages, the presence of overseas operations, improved governance structures, more transparency, and leading positions in the sector. To look at how dividend payout affects the value of the firm.

Wang (2012) investigated the relationship between company transparency and tax avoidance using a self-constructed opacity index and other tax avoidance metrics. The research discovered that, in comparison to their opaque competitors, transparent firms, which may have less serious agency issues, save more taxes. The conclusion implies that managers primarily participate in tax evasion activities to increase shareholder value. Furthermore, tax avoidance is valued more highly by investors, but this premium declines as corporations become more opaque, according to the study. This aligns with the idea that company openness makes it easier to oversee managerial behaviour, which in turn allays the worries of external investors regarding the unstated expenses linked to tax evasion.

One of the main elements affecting innovative accounting practice in Kenya, according to Kamau, Mutiso, Dorothy, and Ngui (2012), is tax avoidance and evasion. 36 Kenyan accountants who worked for different companies provided data, which the researchers randomly gathered and examined. As the study's findings demonstrated, tax evasion is a significant reason behind Kenyan private sector enterprises' use of creative accounting practices.

Is corporate tax avoidance beneficial to shareholders? Was the question Desai *et al*. (2009) investigated, a corporate tax avoidance agency's prediction, supported by the OLS estimates, is that the average effect of tax avoidance on firm value is positive for well-governed corporations but not statistically different from zero.

The basic finding that better corporate governance increases the effect of tax evasion on firm value is supported by the IV estimates, which also produce bigger overall effects. When combined, the data imply that the straightforward interpretation of corporate tax evasion as a transfer of resources from the government to shareholders is insufficient in light of the agency issues that define the relationship between shareholders and managers. Tax evasion in Tanzania and Kenya was studied by Levin and Widell (2007). Tanzania is more corrupt than Kenya, according to the Transparency International Corruption Perceptions Index, but the survey also showed that Tanzania has a larger coefficient of tax evasion than Kenya, which suggests that Tanzanians are more likely to evade paying taxes on imported goods. When they included the United Kingdom as a third nation in their research, they found that trade flows between Kenya and Tanzania had higher rates of tax evasion than trade flows between the UK and Kenya/Tanzania. The analysis concluded that, in comparison to the Tanzania-UK instance, the tax avoidance coefficient was lower in the Kenya-UK case. In order to look into how employee benefits affect firm value: In a 2005 study, Desai *et al*. looked at the impact of corporate tax evasion on firm value. They found that the impact of tax evasion on firm value should systematically change depending on how strong the firm governance structures are. The empirical findings show that, although it is not statistically different from zero, the average impact of tax evasion on firm value is positive—as expected—for well-run firms. The results show that, considering the agency issues that characterize shareholder-manager relations, the straightforward interpretation of corporate tax evasion as a transfer of resources from the state to shareholders is insufficient.

Methodology

The *ex post facto* research design was used in this study. The study used the *ex-post facto* research design based on the fact that our data is secondary data that exists already which cannot be manipulated or controlled (Oghenekaro, Nkechi & Ekene, 2020). The study, which spans a five-year period (2018-2022), used data from five quoted companies because it was possible to obtain the data from Nigerian firms. The study used data from the audited annual reports and accounts of the companies it was studying, adopting a secondary technique of data acquisition. For the five years starting in 2018 and ending in 2022, data were gathered on the variables of interest, which are deferred tax, tax credit, dividend payout, and employee benefit. This was a suitable amount of time to give trustworthy data for this study. Multiple regression analysis, correlations, and descriptive statistics were used to analyze the panel data that was gathered. Deferred tax, tax credits, dividend payouts, and employee benefits were used as proxies for tax evasion, the independent variable, whereas Tobin Q was used to evaluate firm value.

Model Specification

In view of the previous models employed by other researchers investigating tax evasion and firm value, the present study employed a replication model, albeit with minor modifications, of a Desai *et al*. (2005) model to generate the subsequent analytical model: Below is a description of the model's functional form.

$Y = f(X)$

Tobin Q = *f*(DefT, TaxC, DivP, EmpB) ……(1)

Testable Form

$Tobin\ Q_{it} = \beta_0 + \beta_1 DefT_{it} + \beta_2 TaxC_{it} + \beta_3 DivP_{it} + \beta_4 EmpB_{it} + \mu_{it}$

Where: Firm value (FV) is the dependent variable measured by Tobin Q while Tax avoidance (TA) is the independent variable measured by Deferred Tax (DefT), Tax Credit (TaxC), Dividend Payout (DivP) and Employee Benefits (EmpB).

Data Analysis and Interpretation

Descriptive Statistics

This research employs descriptive statistics, such as mean, max, min, standard deviation, and JB (P value), to analyze the independent variables, which include deferred tax, tax credit, dividend paid out, and employee benefit, and the dependent variable, company value.

Table 1 Descriptive Statistics

Variables	Mean	Max	Min	Std Dev.	JB (P-value)
Tobin Q	1.69	3.02	0.27	0.88	(0.4)
Deft	32,703,858	1,490,000	1,127,758	43313106	(0.0)*
Taxc	5284067	92,000,000	0.00	18,314,119	(0.0)*
Divp	28469637	1,1900,000	0,00	31791261	(0.0)*
Empb	1,120,000	9,010,000	0.00	2.80	(0.0)*
No.of Cross Section	5				
All dataobservation	25				

Source: Researchers computation (2024)
*Note: * 1% level of significance.*

Table 1 displays the average (mean) value, maximum and minimum values, standard deviation, and Jarque-Bera (JB) statistics (normality test) for every variable. Table 1 presents an overview of the characteristics of the Nigerian quoted firms that were chosen for this research. First, it was noted that, on average, during the course of the five-year study period (2018–2022), the quoted firms in Nigeria that were sampled had positive Tobin Q values, which were utilized to calculate the company value.
Additionally, we noted that the minimum benefit for employees was 0.00 and the average benefit for the time was 1,120,000. This demonstrates that the majority of

Nigerian listed companies pay their staff in diverse ways. The maximum and minimum amounts of dividend paid out (DivP), tax credit (TaxC), and deferred tax (DefT) were also found to vary greatly. Since we anticipate that corporations with bigger tax credits (TaxC), deferred taxes, and dividend payments will have higher firm values, these wide variances support the need for our study.

Finally, at the 1% level of significance, table 1 Jarque-Bera (JB) test, which checks for normality or the presence of outliers or extreme values among the variables, reveals that all of the variables are regularly distributed. This indicates that any variable containing an outlier is trustworthy for making generalizations because it is unlikely to change our conclusion.

Correlation Analysis

Table 2 presents the findings of our use of the Pearson correlation coefficient (correlation matrix) to investigate the relationship between the variables.

Table 2: Pearson Correlation Matrix

	Tobin Q	**DefTTaxC**		**DivP**	**EmpB**
Tobin Q	1,00	0.07	0.25	0.31	0.40
DefT	0,07	1.00	0.01	0.33	0.47
TaxC	0.25	0.01	1.00	0.07	0.02
DivP	0.31	0.33	0.07	1.00	0.39
EmpB	0.40	0.47	0.02	0.39	1.00

Source: Researchers Computation (2024)

In most regression analyses, the correlation matrix is used to examine the relationship between each explanatory variable and the dependent variables and to test for multicollinearity. The link between company value (Tobin Q) and the independent variables—dividend paid out (DivP), tax credit (TaxC), deferred tax (DefT), and employee benefit (EmpB)—is the subject of Table 2 above.

The correlation matrix table's results indicate that there is a weak but positive relationship between company value (Tobin Q) and the explanatory variables. A detailed examination of the correlation table showed that the company value was positively and weakly linked with both tax credit (TaxC) and deferred tax (DefT), at 0.07 and 0.25, respectively. Conversely, there was a 0.31 and 0.40 correlation between firm value (Tobin Q) and both dividend payments and employee benefits.
Upon examining multicollinearity, we found that there was not a single fully associated pair of explanatory factors. This indicates that our model does not have a multicollinearity issue.

Multiple correlations between explanatory variables might lead to biased standard errors of the coefficients and incorrect signs or implausible magnitudes in the predicted model coefficients.

Panel Multiple Regression Results

The results are shown below. We used a panel multiple regression model because the data had both time series (2018–2022) and cross sectional properties (5 quoted companies), and to test our hypotheses and investigate the relationships between the dependent variables (firm value proxy as Tobin Q) and the explanatory variables (DefT, TaxC, DivP, EmpB).

Table 3 Tobin Q Panel Regression Result

Variable	Coefficient	T – Statistics	Prob
C	1.95	8.08	0.0*
DefT	4.21	0.94	0.36
TaxC	-1.32	-1.47	ro__6
DivP	-6.44	-1.12	0.27
EmpB	-1.30	-1.87	0.08**
R- Squ 0.29 Adj R-Squ 0.15 F- Stat 2.09 Prob (F - Stat) 0.12 DW 1.60			Stat

Source: Researcher's computation (2024)
*Note: *1% level of significance ** =10% level ofsignificance*

Table 3 shows that the corrected R-squared value was 0.15, while the R-squared value was (0.29). This suggests that, when combined, the independent factors account for roughly 29% of the systematic fluctuations in Tobin Q of the companies in our sample across the five-year period (2014-2018). Our model is well-specified and usually significant, as indicated by the F-statistic of 2.09 and it's P-value of 0.1. Additionally, the F-statistic demonstrates the relevance of our model at the 1% level of significance.

Apart from what was previously mentioned, the following are the particular results obtained from every explanatory variable: According to Tobin Q, deferred tax (DefT) was found to positively affect the firm value of the quoted companies in our sample, with a t-statistic value of 0.94 and a p-value of 0.36. However, because its p-value was more than 0.10, this influence was not statistically significant.

Hypotheses Testing

The null hypothesis (H_{01}), according to which there is no discernible effect of deferred tax on firm value, should be accepted in light of this outcome. The above conclusion implies a greater value assumption for firms with more deferred taxes.

The statistical significance of this is lacking, though. The present outcome is consistent with the research conducted by Desai and Dharmapala (2009), which revealed a detrimental effect of deferred tax on firm value. A negative effect on the sampled quoted firms was identified for Tax Credit (TaxC), with a t-statistic value of -1.47 and a p-value of 0.15. Q. Tobin. Because of its p-value exceeding 0.10, this influence was not statistically significant. That means that our second null hypothesis (H_{02}), according to which there is no discernible effect of tax credit on firm value, should be accepted.

Accordingly, tax credits have a long-term negative effect on firm value; but, since this effect is not statistically significant, management shouldn't be concerned. Wang (2012) found that tax credits have a beneficial effect on firm value, but our finding contradicts that conclusion.

Null hypothesis (H_{03}), the effect of dividend payout (DIVP) on firm value was found to be negative, with a t-statistic value of -1.12 and a P-value of 0.27. P-value greater than 0.10 indicates that this result is not statistically significant. Accordingly, it would seem reasonable to accept our third null hypothesis, which claims that the dividend payout has no appreciable effect on firm value.
This indicates that the dividend payout or declaration has no appreciable effect on firm value. This result disproves our earlier hypothesis that the dividend payout would affect firm value.

Based on a t-statistic value of -1.87 and a p-value of 0.08, it was determined that employee benefit (EmpB) had a negative effect on the Tobin Q (firm value) of our sampled quoted companies. This effect was statistically significant at 10% because the P-value was less than 0.10. Because of this finding, it appears that null hypothesis four (H_{04}), which claims that employee benefits have no appreciable effect on firm value, should be rejected.

Therefore, this research demonstrates that employee benefit affects firm value in Nigeria. Since employee benefits have a negative influence on the firm, a corporation that pays lesser employee benefits is almost always indicative of poor performance and low firm value. The present discovery refutes the conclusions drawn by Levin and Widell (2007), which indicated that employee benefits have an adverse effect on firm value. These are the conclusions drawn from the analysis.

1. The analysis concludes that deferred taxes have no discernible effect on firm value, suggesting that organization firms with greater levels of deferred taxes are presumed to be more valuable.
2. 2. The lack of a discernible effect of tax credits on firm value suggests that they have a negative influence on firm value.

3. The lack of a discernible effect of dividend distribution suggests that the declaration or payment of dividends has little effect on the value of the firm.
4. Employee benefits have a major effect on firm value, suggesting that employee benefits have an influence on firm value in Nigeria.

Stated differently, tax avoidance reduces a company's tax burden rather than having a major effect on its value; as a result, unremitted taxes contribute to the company's profit. The correlation study revealed a strong inverse relationship between the tax evasion and frim value variables.

Conclusion and Recommendation

The analysis came to the general conclusion that tax evasion lowers a firm's value. Stated differently, the outcome aligns with the arguments made by Desai *et al*. (2009), who maintain that tax avoidance is beneficial when management opportunism is properly restrained by oversight and control. Because tax avoidance lowers a company's tax liability, the unremitted tax contributes to the company's profit. The study's conclusions led to the following recommendations being made:

1. It is recommended that firm managers strategically design their tax policies to ensure that they do not impede the company's ability to generate profits. This will allow executives to allocate their profits and other resources to other profitable enterprises.
2. Since it is well known that tax avoidance is not always advantageous to the tax authorities and the firms themselves, it is advisable for the former to repay the tax deductions to the latter, or, in the case of quoted companies, the Federal Inland Revenue Service. This is done in order to avoid the penalties and punishments that result from failing to remit the required taxes.
3. It is recommended that firms look for other legal ways to increase their income and profit rather than depending only on tax avoidance because it is clear that the federal government loses a significant amount of money due to tax avoidance, which has a detrimental effect on the nation's economic growth.
4. It is advised that firms should negotiate with the appropriate tax authorities to be granted tax incentives such as tax exemption, tax abatement, and tax subsidies if they are experiencing significant financial losses that are proven to be related to the tax burden. The tax liability of the companies will be significantly decreased by these advantages.

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