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Tax planning and the value of listed commercial banks in Nigeria

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Abstract
This study investigated the effect of tax planning on the value of listed Commercial Banks in Nigeria. Effective Tax Rate (ETR), Tax Saving (TSV), and Book Tax Difference (BTDs) were used as proxies for tax planning, while Tobin's Q was used as a measure of firm value. A sample of thirteen (13) commercial banks was selected based on the availability of the annual reports and accounts from the population of all the sixteen (16) commercial banks quoted on the Nigerian Exchange Group Limited. Data for the study was obtained from the annual reports and accounts of the sampled commercial banks in Nigeria covering a period of ten years from 2012-2021. Multiple regressions were used to test the three formulated research hypotheses and the fixed effect regression result was preferred for interpretation based on the underlying assumptions of the Hausman test. This study found that the ETR impacted negatively and significantly on firm value. However, the study found that TSV impacted positively and significantly on firm value. The study further found that BTD has a positive but not significant impact on firm value. The study therefore, recommended among others that since the influence of effective tax rate is statistically negative and significant on firm value, shareholders should be involved in the effective monitoring of managers so that their intentions of diverting organizations resources for their selfish needs will be reduced. Also, firms should embrace good governance practices so that the information asymmetry between the managers and shareholders will be mitigated to enhance the value of the firm.

Keywords: Effective Tax Rate, Firm Value, Tax Planning, Tax Savings, Tobin's Q

1. Introduction

Tax planning is one of the challenging issues in emerging markets. Companies have expenses/costs to settle and one of such expenses is tax. To reduce the cost of taxation, tax planning becomes essential for management. However, tax is one of the major sources of revenue for governments in Nigeria and around the world. Taxation has always been a concern for many countries because it affects every nation irrespective of national disparity (Peter et al., 2020). According to Omesi and Appah (2021), tax is a component of the main sources of revenue for governments all over the world. Similarly, Umeh et al. (2020) declare that tax is one of the key tools of fiscal policy utilized by the government to regulate the economy of any given country. Appah (2022) further states that tax is an obligatory payment made by the members of a given society to the state within the jurisdiction of the government to generate income to support economic growth, economic stabilization, income redistribution, promoting fairness and equity, fiscal responsibility and accountability, as well as for the provision of national goods and services. Mais and Patmininingih (2017) opine that taxpayer generally contribute to the growth and development of every given nation.

Nevertheless, taxpayers looked at the payment of taxes as a burden, to minimize the burden of income tax by banks in Nigeria, banks used the loophole of the different tax provisions and this minimization of tax burden can be attained through tax planning. Umeh et al. (2020) argue that tax planning is one of the few activities taken by banks to minimize corporate tax liability in conformity with the relevant tax laws. It involves taking advantage of the dynamism and loopholes present in tax legislation to minimize tax burden.

Barro and Samento, (2020) conducted their studies in the United Kingdom. Because of the distinct nature of their economy with Nigeria coupled with the sampled companies, findings from these studies are not likely to apply to listed commercial banks in Nigeria. A critical review shows that most of these studies were conducted in the manufacturing sector, conglomerate, food and beverages firms, and non-financial firms (Silvo & Amaury, 2016; Inua, 2018; Sule & Mahmud, 2019; Umeh *et al.* 2020; Omesi & Appah, 2021) and none has specifically covered commercial banks in Nigeria. The findings regarding the former studies may not apply to the commercial banks in Nigeria due to the difference in the business environment and regulatory setting of the industries. Angelina and Darmawan (2021), determined the relationship between tax planning and firm value, and tax planning was proxied by cash effective tax rate and book-tax difference. In the study of Thu- Anh and Vinh (2021) effective tax rate was used as a proxy for tax planning. Similarly, tax effective rate and tax saving were used to proxy tax planning by Omesi and Appah (2021). In checking the impact of tax planning on the value of commercial banks in Nigeria, this study used three variables (ETR, TSV, and BTD) as proxies for tax planning. The main objective of the study examined the effect of tax planning on the value of listed commercial banks in Nigeria. The study covered all the listed commercial banks in Nigeria over a period of ten years (2012 - 2021). The ten years period is considered adequate to examine tax planning on the value of listed commercial banks in Nigeria. However, this period provided the basis for analyzing and assessing the patterns of listed commercial banks in Nigeria over the period. The conclusion of this study is expected to enormously contribute to the existing body of knowledge. Findings of this study can be of significance to shareholders, management, investors, regulatory bodies, researchers, accountants, stockbrokers, financial analysts, general public and scholars as firm value is a useful medium for managers to communicate with the outside world. The banking industry as a key player in the economy of any country, Nigeria not in exception, is a driven force for sustainable growth and development.

The result of this study will consequently serve as a reference for further research in this area.

Specifically, the study aims at examining the effect of: effective tax rate (ETR) on the value of listed commercial banks in Nigeria, tax saving (TSV) on the value of listed commercial banks in Nigeria, book tax difference (BTD) on the value of listed commercial banks in Nigeria. Consequently, it is based on this background that this study intends to explore the impact of tax planning on the value of listed commercial banks in Nigeria. Understanding the specific means through which tax planning influences firm value is essential for a thorough knowledge of the association between tax planning and firm value and how investors recognize the risk of tax planning. Because of this, the following research questions are raised.

i. What is the effect of ETR on the value of the listed commercial banks in Nigeria?
ii. What is the effect of TSV on the value of the listed commercial banks in Nigeria?

iii. What is the effect of BTD on the value of the listed commercial banks in Nigeria?

Based on the background statement and the research questions, the following hypotheses were formulated to guide the study:

Ho1: ETR has no significant effect on the value of listed commercial banks in Nigeria.

Ho2: TSV has no significant effect on the value of listed commercial banks in Nigeria.

Ho3: BTD has no significant effect on the value of listed commercial banks in Nigeria.

2. Literature Review

Tax is one of the key tools of fiscal policy that is identified to regulate the economy of every country in the world. As viewed both empirically and theoretically, tax gives huge contribution to determine the capital structure of banks in many countries. In Nigeria, tax efficiency entails the application of appropriate provisions of corporate laws such as the Company Income Tax (CITA), Personal Income Tax (PITA), and Value Added Tax (VAT) by bank in tax assessment and payments. Firm value symbolized the assets retained, possessed and controlled by a corporation. Firm value is vital since it describes the prosperity of the company holders. Firm value is generally seen to mean an economic measure which replicates the market worth of an entire business. This examines extant empirical studies on the relationship between tax planning and firm value.

2.1 Empirical Review

Several studies were carried out on the link between tax planning and firm value. Umeh *et al.* (2020) studied the effect of tax planning on the firm value of twenty-one (21) selected listed consumer goods manufacturing firms in the Nigeria Stock Exchange (NSE) for a period of ten (10) years from 2009 - 2018. ETR and BTD were used as proxies for tax planning. Firm value, Tobin's Q. Data measured the dependent variable were obtained from annual published annual reports. Ordinary least square (OLS) regression was used in data analysis and results from the analysis revealed that ETR had a negative and insignificant impact on firm value. More so, BTD had a positive and insignificant impact on firm value. Similarly, Barro and Samento (2020) conducted a study of board meeting attendance and corporate tax planning in the United Kingdom of seventy-four (74) companies listed on the London Stock Exchange for a period of fourteen years (14) from 2002 - 2015. The dependent variable was CETR while the independent variables consisted of board meetings, board attendance, CEO board members, solvency, quick ratio, capital intensity, inventory turnover, and size. The study used secondary sources of data obtained from Thomson Reuters Eikon. The data obtained were analyzed using univariate (descriptive analysis), bivariate (correlation matrix), and multivariate analysis (ordinary least square, fixed effect, and random effect). The result of the study suggested that board meetings and attendance negatively affect tax avoidance for the period under review.

Also, Omesi and Appah (2021) investigated the effect of corporate tax planning on the firm value of twenty-six (26) listed consumer goods companies in Nigeria for the period 2015 to 2019. ETR and TSV were used as proxies for independent variables (tax planning). The dependent variable (firm value) was proxied by Tobins Q. Ordinary Least Square (OLS) regression was used in data analysis and results obtained from the analysis revealed that a negative and insignificant relationship between effective tax rate, tax savings, and capital intensity on corporate firm value. The study concluded that tax planning (ETR and TSV) does not affect the value of a firm. The study is limited to the area of listed consumer goods in Nigeria and the results from deposit money banks (DMB) could be different. Thu, et al (2021) examined the moderating effect of

ownership on the relationship between tax planning and firm value of 513 non-financial firms listed in Vietnam for a period of five (5) years from 2015 to 2019. Independent variable ETR was used to measure the tax planning, the percentage of state equity holdings measured as the moderating variable (state ownership), and Tobin's Q. measured firm value (dependent variable) The data research is collected from audited financial statements and other statistical documents provided by The Fiin Group (Vietnam). Regression analysis with general least squares (GLS) showed that ETR had a negative and significant effect on firm value. Contrary to this, Ebubechukwu and Obada (2021) explored the effect of tax planning on the performance of six (6) selected listed food and beverages companies in Nigeria for a period of eleven years (11) from 2009 to 2019. Tax planning was proxied by ETR) and performance was measured by return on asset (ROA). Results from ordinary least square (OLS) regression documented that ETR had no significant effect on the performance of Nigerian foods and beverage firms.

Appah (2022) investigated the effects of corporate governance characteristics on tax planning of listed eleven (11) pharmaceutical firms in Nigeria from 2015 to 2020. Board size, board compensation, board financial expertise, and gender diversity were used as proxies for the independent variable (corporate governance characteristics) while the dependent variable (tax planning) was proxied by TSV and BTD. The study used an ex post facto correlational research design and data were extracted from the annual reports of accounts Univariate, bivariate, and multivariate were used to analyze the data. The multiple regression results revealed that board size and board financial expertise had positively and insignificantly impact TSV; board compensation and board meetings negatively and insignificantly affected TSV while gender diversity negatively and insignificantly influenced TSV. Board financial expertise positively and significantly influences book-tax difference while board size, gender diversity, board compensation, and board meetings negatively and insignificantly impact BTD.

2.2 Theoretical Framework

This study is anchored on Hoffman's tax planning theory, political cost theory, agency theory, and Stakeholder theory. These four theories will serve as the bedrock for this study. This is one of many tools used to manage companies' tax affairs. According to Hoffman (1961), tax planning seeks to divert cash, which would ordinarily flow to tax authorities, to corporate entities. Tax planning activities are desirable to the extent that they reduce taxable income to the barest minimum, without sacrificing accounting income. The theory is premised on the fact that firm tax liability is based on taxable income rather than accounting income. The idea is thus to intensify activities that reduce taxable income but have no indirect relationship to accounting profit. The theory thus recognizes a positive association between tax planning activity and bank performance in the theory of tax planning as explained by Hoffman (1961). The Political cost theory advanced by Siegfried (1972), maintains that larger firms possess superior economic and political power relative to smaller firms. Larger firms take advantage of their economic and political power to mitigate their tax burden as they are able to engage in aggressive tax planning and can manipulate the political process in their favour. From a political economy perspective, tax burden could be linked to company size. In some studies, it was found that small businesses may suffer in terms of average cost of capital because they cannot benefit from economies of scale. On the other hand, large firms may have more political cost to negotiate their tax burden, particularly through trade unions, because they are more mobile and have a greater

impact on employment when moving or leaving a market. This theory of political power (Siegfried, 1972) predicts that large companies face lower effective tax rate. The advocate of the agency theory, Desai and Dharmapala (2006) and Desai *et al.* (2007) believed that the interaction of tax planning activities and the agency problems inherent in public companies. The theory argued that doctrinaire tax planning actions might generate a shield for managerial opportunism consequently the diversion of rents. They posited that simple diversion and understated forms of earnings manipulation could be facilitated when managers embark on tax planning activities. They believed view that tax planning had the direct effect of increasing corporate profitability and firm value only for firms with strong governance institutions. The stakeholder theory is an extension of the agency theory which concentrates on the incongruence of the interests of equity owners and managers and how to resolve the conflicts. The stakeholder theory looks beyond the relationship between shareholders and managers to include other categories of stakeholders, Barnhart and Rosenstein (1998). The term was meant to challenge the notion that stockholders are the only group to whom management need be responsive.

3. Methodology

This section covered the research design, population, sample size, and sampling technique of the study. The section also discussed the method of data collection and methods of analysis, the variables of the study and their measurements, as well as, the model adopted by the study. The ex-post facto research design was employed in the study due to the fact that the data were obtained from the annual reports and accounts of the sampled commercial bank in Nigeria. The population of this study comprised of the sixteen (16) commercial banks that are listed on the Nigerian Exchange Limited as at 31st December 2021.

Table: 1: Population of the Study

S/No	Companies	Year of Listing
1	Access Bank	1998
2	Diamond Bank Nig	2005
3	Eco Bank Nig Plc	2006
4	Fidelity Bank Plc	2005
5	First Bank Nig PLc	1971
6	First City Monument Bank	2004
7	Guaranty Trust Bank Plc	1996
8	Jaiz Bank Plc	2017
9	Skye Bank Plc	2005
10	Stanbic IBTC Bank Plc	2005
11	Sterling Bank Plc	1993
12	Union Bank Nig. Plc	1970
13	United Bank for Africa	1970
14	Unity Bank	2005
15	Wema Bank	1991
16	Zenith Bank	2004

Source: Extracted from the Main Board of Nigerian Exchange Ltd, 2021

Sample Size and Sampling Techniques

Table 1 presents the study population of banks under study. The two-point filter was used in arriving at the working population. Firstly, a company must have been listed on or before January, 2012 and remain listed till December, 2021. Secondly, the company must have not been acquired or

absorbed by another company within the period of the study. These criteria were established with a view to ensuring that the commercial banks have their published financial statements for the period covered by this study. As a result of this filter, the number of banks in the population was reduced to thirteen (13). Jaiz Bank plc excluded from the sample since it was listed on the Nigerian Exchange Limited in 2019 while Skye bank plc lose its identity from Skye bank plc to Polaris bank plc and Diamond bank plc was acquired by Access bank plc therefore excluded from the study working population. While the sample size comprises thirteen (13) commercial banks chosen using purposive sampling technique as given in Table 2.

Table 2: Sample Size of the Study

S/No	Companies	Year of Listing
1	Access Bank	1998
2	Eco Bank Nig Plc	2006
3	Fidelity Bank Plc	2005
4	First Bank Nig Plc	1971
5	First City Monument Bank	2004
6	Guaranty Trust Bank Plc	1996
7	Stanbic IBTC Bank Plc	2005
8	Sterling Bank Plc	1993
9	Union Bank Nig. Plc	1970
10	United Bank for Africa	1970
11	Unity Bank	2005
12	Wema Bank	1991
13	Zenith Bank	2004

Source: Nigerian Exchange Group

The study used secondary data which were sourced from the annual reports and accounts of the listed commercial banks in Nigeria for the periods (2012-2021) for the study. Previous studies (such as Sabari, 2016, Rahim & Saad, 2016 and Hassan & Abubakar, 2016) justify the use of secondary data in the study.

This study used three (3) sets of variables dependent, independent, and control variables. Thus, the dependent variable (firm value) was measured using Tobin Q, and the independent variable tax planning was proxied by ETR, TSV, and BTD. Profitability (ROA), leverage (LEV), and bank size (BAZ) were used as control variables in the study. The dependent variable (firm value) was measured using Tobin's Q. Firm value is measured in many ways by different scholars but Tobin's Q was widely used (Assidi *et al.,* 2016; Ogundayo & Onakayo, 2016; Mahfoudh & Ku-Noor-Izah, 2015). This study measured the value of the firm from 2012 to 2021 by using Tobin's Q as used by Nwaobia *et al.* (2015). Tobin's Q is calculated as shown below:

Approximate Tobin's Q = (TA-TE) +MVE/TA
Where:
TA: The book value of the total assets of the bank
TE: The book value of the total equity of the bank
MVE: market value of equity

This study engaged the following as independent variables; ETR is measured as income tax expenses divided by profit before tax as used by (Kubick & Lockhart, 2020), TSV is calculated as the difference between statutory tax rate and effective tax rate as computed by Khaoula & Moez (2019), Appah (2022), and BTD measured by pretax income minus tax income divided by average assets as measured by (Weber, 2008; Angelina & Darmawan 2021). Three (3) firm-specific characteristics are used as control variables in the study namely, leverage which is measured as the ratio of

total liabilities to total assets (Rajan & Zingales, 1995), bank size is measured as the natural logarithm of the total asset as measured by Appah (2022) and profitability (ROA) measured by profit before tax divided by total asset as used by (Al-shameileh & Khanfar, 2014; Penelope & Li, 2014; Srivastava, 2014; Nawaf, 2015).

Table 3: Summary of All Variables in the Study and their Measurements

Variable Acronym	Variable Name	Measurement	Source
Dependent	**Firm Value**	Tobins Q	Nwaobia *et al.* (2015)
Independent	**Tax Planning**		
ETR	Effective Tax Rate	Income tax expenses divided by profit before tax	Kubick and Lockhart, (2020)
TSV	Tax Saving	Difference between statutory tax rate and effective tax rate	Appah (2022)
BTD	Book Tax Difference	Pretax income minus tax income divided by average assets	Angelina and Darmawan (2021).
Control			
LEV	Leverage	Total liabilities to total assets	
BZ	Bank Size	The natural Logarithm of total assets	Appah (2022)
ROA	Profitability	Profit after tax divided total assets	

Source: Author's Compilations, 2022 from Literature

The study used three techniques in analyzing the data generated. Descriptive statistics is employed to work out the mean, standard deviation, minimum, and maximum values of the variables. Similar studies such as Mohammed (2017), and Salawu et al. (2017) used descriptive statistics. Also, correlation is used to observe the connection between the variables. To do this, Pearson correlation as a parametric test is used. Pearson correlation was used by Streefland (2016), and Mohammed (2017) in a similar study. Finally, multiple regressions are used in testing the hypotheses of the study using Ordinary Least Square (OLS) and Generalize Least Square (GLS) regression.

The study used the following model:

$$TOBINQ_{it} = \beta_0 + \beta_1 ETR_{it} + \beta_2 TSV_{it} + \beta_3 BTD_{it} + \beta_4 BZ_{it} + \beta_5 LEV_{it} + \beta_6 ROA_{it} + \varepsilon_{it}$$

Where:

β_0 = coefficient of the constant, $\beta 1 - \beta 6$ is coefficient of the independent variables

TOBINQ = Tobin Q of banks.

ETR_{it} = Effective Tax Rate of banks.

TSV_{it} = Tax Saving of banks.

BTD_{it} = Book Tax Difference of banks.

BZ_{it} = Bank Size

LEV_{it}= Leverage Ratio of banks

ROA_{it} = Profitability ratio of banks

ε_{it} = Random error

i = Firm.

t = Period.

4. Results and Discussion

This section presents the results of the analyses and their interpretation using descriptive statistics, correlation, and multiple regression. Table 4.1 provides summary of statistics for the variables of the

study. The statistics comprises the measures of central tendency of the variables. The table shows the summary statistics of the variables measured by Tobins Q and independent variables (tax planning) proxied by effective tax rate, tax savings and book tax difference. The descriptive statistics provides a basic insight into the nature of the data upon which analysis is done.

4.1 Descriptive Statistics

The descriptive results are presented in Table 4.

Table 4: Descriptive Statistics of the Variables

Variables	Obs.	Mean	Std. Dev.	Min	Max
tobinsq	130	18.2811	20.5414	1.04	95.9
etr	130	0.1761	0.2635	-0.0357	1.6874
tsv	130	0.0999	0.3277	-0.9308	2.8475
btd	130	0.0104	0.1282	-0.9017	0.6134
bz	130	8.9559	0.5233	7.8774	9.9850
lev	130	0.7265	0.3103	0.0700	2.2218
roa	130	0.0397	0.0808	-0.0910	0.6143

Source: STATA OUTPUT (2023)

Table 4 shows the descriptive analysis results of all the variables used in the study. The results are shown in terms of mean, measures of dispersion such as the standard deviation, minimum, and maximum of both the dependent variable, independent and control variables. Table 4 shows the mean of 18.2811 for Tobins Q (value) meaning that the average Tobins Q of listed deposit money banks in Nigeria within the period under study is approximately 18.3 with a minimum and maximum of 1.04 and 95.9 respectively with the standard deviation of 20.5414, which shows that the Tobins Q of the DMBs under study is widely spread from the mean. The mean of the ETR is 0.1761 with minimum and maximum of -0.0357 and 1.6874. However, the standard deviation of 0.2635 shows a significant variation in the ETR within the period under review. TSV shows a mean of 0.099 with a minimum and maximum of -0.9308 and 2.8475. However, the standard deviation of 0.3277 shows a significant variation in the TSV of the DMBs under study. BTD has a mean of 0.0104 with minimum and maximum of -0.9017 and 0.6134 respectively, the standard deviation of 0.1282 which is higher than the mean signifies a high variation of BTD of the DMBs under study.

BZ, measured by the logarithm of total assets has a mean of 8.9559 with minimum and maximum of 7.8774 and 9.9850 but the standard deviation of 0.5233 suggests no considerable level of dispersion in BS of the banks during the period under review. LEV measured as the total liabilities divided by total assets shows a mean of 0.7265 with a minimum and maximum of 0.0700 and 2.2218 respectively. However, the standard deviation of 0.3103 shows not much variation in the use of debt by the sampled commercial banks under study. Similarly, ROA measured as profit before tax divided by total assets has a mean of 0.0397 a minimum and maximum of -0.0910, and 0.6143 with a standard deviation of 0.0808. This implies that there is much variation in the ROA of the commercial banks under study is significant.

4.2 Correlation Results

Table 5 shows the correlation coefficients on the relationship between the dependent variable (firm value) and independent variables (ETR, TSV, BTD, BS, LEV, and

ROA). The values of the correlation coefficient range from -1 to 1. The sign of the correlation coefficient indicates the direction of the relationship (positive or negative), and the absolute values of the correlation coefficient indicate strength, with larger values indicating stronger relationships. The correlation coefficients on the main diagonal are 1 because each variable has a perfect positive linear relationship with itself.

Table 5: Correlation Matrix

Variables	tobinsq	etr	tsv	btd	bz	lev	roa
tobinsq	1.0000						
etr	-0.0923	1.0000					
tsv	-0.0657	0.9055	1.0000				
btd	0.4102	-0.5063	-0.4797	1.0000			
bz	0.0283	-0.3990	-0.3037	0.0959	1.0000		
lev	-0.1388	0.3793	0.2513	-0.2929	-0.1934	1.0000	
roa	0.5351	0.0033	-0.0283	0.5984	-0.2807	-0.0156	1.0000

Source: STATA OUTPUT (2023)

The correlation results presented in Table 5 indicate that ETR, TSV, and LEV are negatively correlated with the value of the banks, while BTD, BZ, and ROA are positively correlated with the bank value.

4.3 Regression Results

Some diagnostics tests such as multicollinearity, heteroskedasticity, and Hausman specification tests were conducted. A variance Inflation Factor (VIF) test was carried out, the results of which provide evidence of the absence of collinearity. This is because the mean VIF is 1.59 and a VIF of 5.00 can still be proof of the absence of collinearity (Samaila, 2014). Hence, the predictive ability of the independent variables (ETR, TSV, and BTD) is not adversely affected by the relationship. Test of heteroskedasticity ensures that the regression fits all the values of the independent variables and this is possible only if the residuals do not vary with the independent variable and therefore are random. The result of the heteroskedasticity test shows the presence of heteroskedasticity because the probability of the chi-square is 0.0000 and this was corrected by running robust regression. The result of the Hausman test shows that fixed effect is preferred over random effect this is because the result shows a probability of the chi-square value of 0.000.

Table 6: Fixed Effect Regression Results

csr	Coef.	Std. Err.	t	P>|t|
etr	-46.2877	13.5869	-3.41	0.001
taxsav	22.9522	8.0079	2.87	0.005
btd	8.4293	9.6875	0.87	0.386
size	-0.4564	5.0994	-0.09	0.929
lev	-2.6938	3.7167	-0.72	0.470
roa	6.1406	6.3001	0.97	0.332
_cons	29.571	47.054	0.63	0.531

Number of obs = 130
F (6, 111) = 3.38
Prob > F = 0.0042

R-squared overall	= 0.2425
Mean vif	= 1.59
Hettest	= 0.0000
Hausman test	= 0.0003

Source: STATA Output 2023

The fixed effect regression results displayed in Table 6 reveal a cumulative R^2 of 0.2425 which is the multiple coefficients of determination that gives the proportion or percentage of the total variation in the dependent variable (firm value) explained by the explanatory variable jointly. Thus, it signifies that 24.25% of the total variation in the value of listed deposit money banks in Nigeria is caused by the ETR, TSV, BTD, BZ, LEV, and ROA, while 75.75% of the variation is a result of other variables not considered in this study. The P-value is 0.0042 and the F-statistics value is 3.38, implying that the model is fit and significant at a 5% significance level.

The results as shown in Table 5 indicate that the ETR shows a negative and significant impact on value (coefficient -46.2877 and p-value 0.001), This provides evidence for the rejection of null hypothesis one of this study. This implies that the more banks minimize tax expenses, the more they create value for shareholders, this finding supports optimal tax activities which is consistent with a prior expectation because banks aim at creating organizational value and this has a direct link with the planning and quality of the managerial activities since managers are looking for ways to reduce their tax burden so that they create value for the owners. This finding is also consistent with the findings of Aganyo (2014) who found that corporate tax planning measured using effective tax rate has a significant negative effect on firm value of listed companies in Kenya. This means that better tax planning practices that lead to lower ETR lead to higher firm values. (Ofuan & Monday, 2016) findings also revealed a negative and significant impact of the ETR on firm value.

The results as shown in Table 6 indicate that TSV has a positive and significant influence on the value of listed DMBs in Nigeria (coefficient 22.9522 and p-value 0.005). This provides evidence for the acceptance of null hypothesis two of this study. This implies that as the tax savings increase, the value creation increases, this is consistent with a prior expectation because the more a bank can save from tax expenses the more it creates value for shareholders. However, this finding contradicts the findings of Khaoula et al (2015) as well as Omesi and Appah (2021) whose findings revealed a negative relationship between tax savings and firm value. The results as shown in Table 6 indicate that BTD has a positive but not significant influence on the value of listed commercial banks in Nigeria (coefficient 8.4293 and p-value 0.386). This provides evidence for the acceptance of null hypothesis three of this study. This implies that as the BTD increases, the value creation increases, this is consistent with a prior expectation because the more a bank can save from tax expenses the more it creates value for shareholders. However, this finding contradicts the findings of Khaoula et al (2015) as well as Omesi and Appah (2021) whose findings revealed a negative relationship between tax savings and firm value. BZ measured as a log of total assets has a negative but not significant effect on the value of listed deposit money banks in Nigeria. This is consistent with the expectation that larger banks have enough resources enabling them to achieve economy of scale and hence engage in high-value creation activities. Conversely, the political power theory argues that larger organizations have more power and resources to manage taxes and this will reduce their ETR, hence enhancing the value of the firm (Siegfried, 1972). This finding also contradicts the finding of

Aganyo (2014) whose findings revealed a positive and significant relationship between firm size and firm value of listed companies in Kenya.

LEV has a negative but not significant effect on the value of listed commercial banks in Nigeria, this is because of the covenant that the banks might need to strictly comply with. This finding is consistent with the finding of Aganyo (2014) who uncovered a positive and significant relationship between LEV and the firm value of listed companies in Kenya. This is however contrary to a prior expectation because of the tax advantage of using debt in financing business. However, the ROA measured as the profit before tax divided by total assets has a positive but not significant impact on the value of listed commercial banks in Nigeria. This is also consistent with theoretical explanations that more profitable banks will stabilize, develop, and create value for all stakeholders.

5. Conclusion and Recommendations

This section contained discussions of results presented, analysed and interpreted the data generated for the study. The result of which was used to test the hypotheses of the study which provide evidence for the rejection of null hypothesis one, and hypothesis three. However null hypothesis two and hypothesis four are accepted which state that cash effective tax rate and book tax difference has no significant effect on value of listed deposit money banks in Nigeria. The summary of the major findings is: Effective tax rate has a negative and significant influence on value of listed commercial banks in Nigeria. This implies that the more banks minimize tax expenses, the more they create value for shareholders. Tax savings has a positive and significant influence on value of listed commercial banks in Nigeria. This implies that as the tax savings increase, the value creation increases, this is consistent to a prior expectation because the more a bank was able to save from tax expenses the more it creates value for shareholder. Book tax difference can positively influence value of listed commercial banks in Nigeria. This implies that the more a bank was able to save from tax expenses the more it creates value for shareholder.

This study examined the effect of tax planning on the value of listed deposited money banks in Nigeria. Therefore, based on the findings, the study concluded that ETR significantly influences the value of listed commercial banks in Nigeria. This implies that the more banks minimize tax expenses, the more they create value for shareholders. Also, TSV has a positive and significant influence on the value of listed commercial banks in Nigeria. Hence management of listed commercial banks should use tax savings to finance profitable investment opportunities to create value for shareholders. BTD has a positive but not significant influence on the value of listed commercial banks in Nigeria. This implies that as the BTD increases, the value creation increases. Based on the findings and conclusion of the study, it was recommended that to create value, the management of listed commercial banks should engage in tax planning activities since ETR will significantly influence value. Tax saving has a negative but not significant effect on the corporate social responsibility of listed deposit money banks in Nigeria. Management of commercial banks should ensure that the tax savings are used to finance profitable investment opportunities to enable the maximization of shareholders' wealth. Book tax difference influences value therefore management should intensify efforts to ensure high investment in tangible assets since this will increase value which will enable the bank to maximize shareholders' wealth.

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