

FISCAL POLICY AND FINANCIAL REPORTING OF OIL AND GAS COMPANIES IN NIGERIA: A STUDY OF CONOIL PLC

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ABSTRACT

The study examines fiscal policy and financial reporting of Conoil Plc. The study's goal is to investigate the link between tax planning, and financial reporting at Conoil Plc. For the gathering of secondary data from 2001 to 2021, the study applies a longitudinal research design using Logistic regression for the empirical analysis. The empirical evidence indicates that tax planning measured by cash effective tax rate has a positive and insignificant relationship with financial reporting even at the 10% level of significance across the models (Probit, Logit, and Extreme value regressions). And, even at the 10% threshold of significance, tax planning as assessed by income effective tax rate shows a negative and negligible link with financial reporting across all models (Probit, Logit, and Extreme value regressions). As a result, the research suggests that Conoil Plc.'s financial management and accountants combine deferred tax liabilities for the intended purpose since it helps provide greater cash flow to the organization for satisfying operational operations. The report also proposes that Conoil plc.'s management use tight tax procedures to mitigate the impact of the cash effective tax rate and the income effective tax rate.

Key words: Tax planning, Fiscal Policy, Financial Reporting, Tax Rate

INTRODUCTION

The Nigerian tax system has undergone a series of reforms and amendments geared towards enhancing tax collection and administration with minimal enforcement costs in Nigeria (Adedeji *et al.*, 2012). (Ezeoha *et al.*, 2010) argue that the Nigerian tax system has an inherent delinquent that has been a major impediment to economic growth. Torgler (2007) argues that taxpayers' willingness to cooperate with the tax authority will increase if they see themselves as a service institution and provide a quality service that meets the taxpayer's expectations; this shows that taxpayers' willingness to cooperate with the tax authority leads to credible financial reporting. The quality of financial reporting has to be maintained to ensure a good measure of credibility in the information disclosed to the general public regarding the financial health of the companies at the end of the financial period (Adeyemi *et al.*, 2012). Financial reporting credibility reflects users' confidence in audited financial reports.

Fiscal policy According to Adeyemi *et al.* (2012) refers to the guidelines and principles established by a government for the imposition and collection of taxes. It encompasses both microeconomic and macroeconomic aspects, with the former focusing on issues of fairness and efficiency in tax collection, and the latter focusing on the overall quantity of taxes to be collected and its impact on economic activity. The tax framework of a country is considered a crucial instrument for influencing the country's economy.

Financial reporting is the preparation of published reports for users of financial statements. The issues relating to financial reporting could be traced back to 1975 with the advent of what was then known as corporate reports in England. Following the increasing demand for financial information on companies in Nigeria, financial reporting has now assumed an appreciable position because it provides valuable information to current and potential investors, creditors and other users in making rational investment, credit, and other financial decisions. It also enables users to assess the amount, timing, and uncertainty of prospective cash receipts about economic resources, their claims, and their changes. Olakunori (2009) posits that to achieve the primary objectives of financial reporting, there is a need for an acceptable coherent framework. Financial reporting framework, therefore, refers to fundamental accounting assumptions, principles and methods used to prepare, present, and report financial statements for various entities, including publicly traded and privately – held companies, non-profit organisations, and governments (Olakunori, 2009).

Tax administration is a crucial base for the economic development of many nations and societies over time (Gurama et al., 2015). However, this fundamental source of capacity and the economic building is related to various problems that need urgent attention by the stakeholders and policymakers to maintain quality financial reporting. (Muhrtala *et al.*, 2013) are of the view that factors that influence sharp practices in the tax system include the presence of a high tax burden, non-availability of a comprehensive tax payers database, lack of accountability for tax revenue, lack of clarity and fairness on taxation powers of government, lack of skilled workforce and inadequate funding, aggressive and unorthodox tax collection methods, non-refund of excess taxes paid by economic agents, non-review of tax legislations guiding the operation of taxes in Nigeria. In addition, corruption is paramount among tax officials in a society with poor tax policy and weak tax administration. This issue has led to poor financial reporting quality in the oil and gas sector of the Nigerian economy. To fill the knowledge gap, this study tried to determine the tax policies that influence credible financial reporting of oil and gas companies in Nigeria. The study contributed to the body of knowledge on the possible effect of deferred taxation and tax planning on the financial reporting of oil and gas companies in Nigeria.

Objectives of Study

The broad objective of this study is to examine the relationship between financial reporting quality and fiscal policies in Conoil Plc. The specific objective is

- I. To examine the relationship between tax planning and financial reporting quality in Conoil Plc.

Research Questions

- I. Does tax planning have any relationship with financial reporting quality in Conoil Plc?

Research Hypotheses

- I. There is no significant relationship between tax planning and financial reporting quality in Conoil Plc.

Literature review

Fiscal Policies

Taxation has been a concern of global significance as it affects every economy irrespective of national differences. Therefore, an efficient and robust tax system is the cornerstone to attaining Nigeria's ambition of becoming one of the most rapidly developing economies in the world (Adedeji *et al.*, 2012). Total tax expense reflects the tax expenses over the tax benefits attributable to pre-tax book income but is not reflected in the current tax expense of the period (Astrid, 2011). The purpose of deferred tax accounting is to inform about future tax benefits and liabilities; analysing the relation of currently disclosed deferred taxes to actual future tax cash flow is crucial for assessing whether deferred tax accounting meets its intended purpose (Beechy, 2007). Deferred tax accounting is the recognition of the tax consequences of an item reported within the financial statements in the same accounting period as the item itself.

The Federal Executive Council approved a revised national tax policy (NTP) on 1st February 2017. The NTP document sets broad parameters for taxation and ancillary matters connected with taxation in Nigeria. It is a clear statement on the principles governing tax administration and revenue collection; it provides guidelines, rules and modus operandi that would regulate taxation in Nigeria, to which all stakeholders in the tax system can subscribe. The NTP is a deliberate effort towards entrenching a robust and efficient tax system. In terms of its objectives, one of the primary drivers of the NTP is the need to increase Nigeria's non-oil tax-revenue-to-GDP ratio – currently one of the lowest in the world.

Some key provisions of the NTP include a gradual shift towards indirect taxation, a deliberate desire to move up in the ease of paying taxes rankings by 2020, a widening tax base, and deployments of technology, intelligence and inter-agency collaboration. Various measures to institutionalize taxation cuts across the three tiers of government include setting up an office of tax simplification and tax policy implementation committee by the Federal Ministry of Finance, establishing taxation committees by the federal and state parliaments, and creating special tax courts.

Financial Reporting

Financial reporting is an essential element necessary for a corporate governance system to function effectively; that is, it provides quality information about a business entity that is useful to a wide range of users (i.e., Creditors, Shareholders, Financial Institutions, e.t.c) to make economic decisions about their resources (Osisioma *et al.*, 2006; Appah *et al.*, 2013). According to (Ogbaisi *et al.*, 2016), financial statements provide information about an enterprise's financial position, performance and changes in a financial position that is useful to a wide range of users in making economic decisions". Financial statements should be understandable, relevant, reliable and comparable. Credible financial reporting has become imperative due to the increasing exposure of Nigerian business organisations to international capital markets and the adoption of International Financial Reporting Standards (IFRS). (Adedeji *et al.*, 2012) States that the IFRS concept is based on establishing a set of accounting standards issued by the International Accounting Standards Board (IASB), which was established to develop a single set of high-quality globally accepted accounting standards based upon clearly articulated principles. (Adzis *et al.* 2012) add that the general overview of International Financial Reporting Standards (IFRS) is to establish a common set of accounting

standards to promote the comparability of financial statements around the globe. In addition, adopting IFRS was expected to improve the quality of financial reporting, increase the transparency of financial information due to increased disclosure requirements, and increase access to international capital markets.

A substantial number of alternative assumptions, principles and methods are available to a reporting entity in preparing and presenting its financial statements. For example, there are many ways of calculating depreciation, such as straight-line, reducing balance, a sum of year's digits, and revaluation; inventory valuation could be done through FIFO, LIFO, and averages. The assumption, principle and method adopted by a reporting entity significantly affect its results of operations, financial position and the change thereof. To minimise such disparities in financial reporting, the General Accepted Accounting Principles (GAAP) was adopted, which is described as the framework of financial reporting. Zhang, (2005) confirms that the provisions of GAAP differ somewhat from the international financial reporting standards. The scope of the existing financial reporting framework deals with the objectives of financial statements; qualitative characteristics of financial statements; elements of financial statements; recognition of the elements of financial statements; and the concept of capital and capital maintenance (NASB, 2010).

Tax Planning

Tax planning is an arrangement of the financial affairs in such a way that without violating in any way the legal provisions, full advantage is taken of all tax exemptions, rebates, allowances and other reliefs or benefits permitted under the Act for improved financial reporting (Taylor, & Richardson, 2014). Hence, "tax planning is seen as the methods employed by a taxpayer to legally reduce the burden of taxes. Avoidance is normally employed to minimise tax liability" (Cowell, 1990). However, avoidance is encouraged by legislation granting favourable tax treatment to specific activities in contrast to general taxation principles. Regarding economic function, however, evasion and avoidance have strong similarities; sometimes, they can hardly be distinguished (Cowell, 1990b). Tax avoidance is a cost benefit to the company because the planning of tax costs implies higher cash flows and net income for the firm and residually for its shareholders (Blouin, 2014).

The effective tax rate is used as a measure of tax planning because both effective tax rate and tax savings figures yield the same result since the statutory tax rate is constant over the years of the study. (Taylor *et al.* 2014) carried out an empirical study on incentives for corporate tax planning and reporting. The study used 200 publicly listed Australian firms from 2006 to 2010 for the empirical analysis. The study revealed that reported uncertainty of a firm's tax position, the tax expertise of its directors, and the performance-based remuneration incentives of crucial management personnel had significantly positively associated with tax avoidance, while tax-related affiliation was significantly negatively associated with tax avoidance.

Deferred Tax Asset

Tax on extraordinary items and prior year adjustments should be deducted or added to the related item and disclosed through notes. Deferred tax should be shown separately from the items and disclosed by note. Tax should be recognised as expense or income and included in the profit and loss account of the period as a separate line item (SAS 19). In addition, the

changes in deferred tax assets are based on income tax expense directly affecting net income; deferred tax assets may be an attractive account to manage earnings. Therefore, "Research on recognition of deferred tax assets has primarily focused on whether discretion in recognition is used for earnings management purposes" (Christensen *et al.*, 2008).

According to Zee, Stotsky and Ley (2002:1497), "investment tax credit is a recognised measured of deferred tax asset in a new manufacturing plant and equipment purchased for first-time use in manufacturing or processing". Therefore, "the companies earn 10% non-refundable tax credit which can be applied against company income tax in the year earned, with unused credits usually available for either 10-year carry forward, or 3-year carry backward". Gugl *et al.*, (2006), "add that investment tax credit as a recognised measured of deferred tax asset is only earned in the year that the property was actually acquired, and only applies to new properties in a company".

Deferred Tax Liability

Tax consequences of business transactions are recognised in that period when they are recognised by tax authorities, which may be before or after the period when the event itself is recognised in the financial statements. It violates the relationship between accounting income and income tax expense in the income statement and leads to distortions in net profit after tax. Therefore, the deferred tax liability is not recognised for the initial recognition of the assets in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and differences relating to an investment in subsidiaries, jointly controlled entities and goodwill to the extent that it is probable that they will not reverse in the foreseeable future (Haskins *et al.*, 2011).

Meanwhile, the deferred tax liability is measured at the tax rates expected to be applied to temporary differences when they reverse based on the laws enacted or substantively enacted by the reporting date. Deferred tax liability is the estimated future tax increase related to book income. It is created when an expense is deductible for tax purposes in the current period. However, it is only deductible for book income in some future period or when revenue is includible for book purposes but only for taxable income in a future period. Therefore, deferred tax liabilities include book-tax depreciation differences (accelerated for tax purposes), instalment sales, and undistributed or reinvested foreign earnings (Poterba *et al.*, 2007). Chluddek (2011) argued that the informative value of deferred taxes could be higher due to highly uncertain cash flow implications. Meanwhile, the central part of deferred taxes is not expected to be realized in the near future as a consequence arising from operating and, therefore, periodically recurring activities, which results in an effectively permanent deferral of the associated tax cash flow. In other words, the need for more relevance of deferred tax information is seen as a consequence of lacking cash flow implications that challenge the usefulness of deferred tax accounting in a given reporting entity.

Chluddek (2011) studied the impact of deferred tax on firm value. The study showed that deferred taxes are not significantly related to the actual tax cash flow of 67.25 percent of the sample firms. Also, "firms with significant deferred tax information tend to perform poorly based on the average value, less growth (of sales, operating cash flow, and total assets), lower ROA, and significantly less multinational activity (as measured by percent of foreign to total pre-tax income) as compared to the total sample".

Theoretical Foundation

The Expectancy Theory of Tax

This study is anchored on the expectancy theory of Tax. According to Adam (1776), every tax proposal must pass the test of practicality, which must be the only consideration government authority should consider in choosing a tax policy. This theory which focuses on the cannon of economy, explains the economic effectiveness and efficiency of tax collection instruments. According to Adam (1776), Taxation provides the authorities with a robust set of policy tools. Such tools should effectively remedy society's economic and social ills, such as income inequalities, regional disparities, and unemployment. Effective corporate tax administration in Nigeria can be used to offset the economic challenges currently facing the Nigerian economy (Chigbu *et al.*, 2011). Scholars such as (Teraoui *et al.*, 2012) carried out a study and found that good corporate administration fosters investment increase in the country, bringing about more employment. In contrast, the study of (Beigi *et al.*, 2013) asserts that effective tax system administration increases a country's revenue base, fostering economic development and growth.

Bhartia (2009) asserts that the expectancy theory of taxation is such that every tax proposal passes the practicality test and must be the sole consideration before the tax authorities in a bid for a tax proposal. It strongly emphasises that the economic and social objective of the state is considered irrelevant since having a tax that cannot be levied and effectively collected is meaningless. The benefits-received theory assumes an exchange or contractual relationship between the state and the taxpayers; the state provides certain goods and services, and the cost of such goods and services is contributed in proportion to the received benefits; thus, the benefits received present the basis for distributing the tax burden in a specific manner. This theory overlooks the tax policy's possible use for economic growth or stabilisation (Chigbu *et al.*, 2012).

The Ability to Pay Theory

As propounded by Adams Smith (1776), the Ability-to-Pay approach states that taxes are based on taxpayers' ability to pay; there is no quid pro quo. Taxes paid are seen as a sacrifice by taxpayers (individuals and firms) who raise the issues of what the sacrifice of each taxpayer should be and how it should be measured. The total loss of utility due to taxation should be equal for all taxpayers' equal proportional sacrifice. According to Visvanathan (1998), the rapid loss of utility as measured by the derivative of the utility function, which is a result of taxation, should be consistent. If not, then the need for adjustment for equal tax utility is needed; this, therefore, will entail that firms who engage in tax payment have the legal backing to sort out tax discrepancies via deferred tax computation to achieve the status of equal tax utilization by doing away with arbitrary tax inconsistencies anchored on the ability to pay theory (Ball *et al.*, 2005).

According to the ability-to-pay principle, each entity should contribute to financing everyday needs regarding its ability to pay (economic, commercial capacity). Therefore, the benchmark (*Tertium comparationis*) for tax equity (equality before the law) under this principle is the ability to pay. In contrast to economics scholarship, which advocated the so-called subjective version of the ability-to-pay principle, three legal science uses the so-called objective version of the ability-to-pay principle (Englisch, 2014). The taxpaying capacity is expressed in monetary units (objectively), whereby legal science has avoided identifying the subjective

sacrifice, which was why economics scholarship rejected the application of taxation on the principle of economic capacity. On the other hand, due to this simplification, the principle under consideration has lost some credibility in justifying the principle of equality. It is still a clear indicator of horizontal equity; however, the importance of this principle for vertical equity is minimal; this should be emphasised in particular on the issue of setting tax rates (Englich, 2014). Different economically capable entities need to be treated differently; moreover, it needs to be clarified what the rate of such distinction should be. The principle that every entity pays by its ability should also induce less tax avoidance, as everyone would intimately think that he or she pays as much as it is fair to contribute. This theory is relevant to the study because it tries to show that most companies can pay tax but use the principle of creative accounting to evade tax in their financial report.

Empirical Review

The study of (Gatsi *et al.*, 2013) on the effect of tax policies on the financial performance of manufacturing firms in Ghana revealed a significant negative relationship between corporate income tax and financial performance. It also disclosed that firms' size, age of the firm and growth of the firm show a significant positive relationship with financial performance.

Otwani *et al.*, (2017) investigated the effect of corporate income tax on the financial performance of the companies listed on the Nairobi Securities Exchange in Kenya, using a mixed research design; they found that there is a positive relationship between corporate income tax and the financial performance of listed companies on the Nairobi Stock Exchange in Kenya.

Abiahu *et al.*, (2017) Examined the effect of taxation on the dividend policy of banks in Nigeria from 2006-2015, using the Pearson coefficient of correlation and Ordinary Least Square (OLS) regression analysis. Their study reveals a significant negative relationship between tax and dividend policy. Also, it was discovered that tax has a statistically significant effect on dividend policy.

Junaidu *et al.*, (2018) assessed the effect of company income tax on the financial performance of listed consumer goods companies in Nigeria from 2006- 2016 using regression analysis. They found an insignificant negative relationship between corporate tax and financial performance using the return on assets as a measure.

Ohrn (2018), in his study, estimated the investment, financing, and payout responses to variations in a firm's effective corporate income tax rate in the United States. He exploits quasi-experimental variation created by the Domestic Production Activities Deduction and a corporate tax expenditure created in 2005. His findings showed that a percentage point reduction in tax rates increases investment by 4.7 percent of installed capital, increases payouts by 0.3 percent of sales, and decreases debt by 5.3 percent of total assets. These estimates suggest that lower corporate tax rates and faster-accelerated depreciation each stimulate a similar investment increase per dollar in lost revenue.

Findings from the study of (Chen *et al.*, 2019) on stock liquidity and corporate tax avoidance show that firms with higher stock liquidity engage less in extreme tax avoidance. According to Chen *et al.* (2019), "the effect of stock liquidity on tax avoidance is economically meaningful and robust across alternative measures of tax avoidance and stock liquidity. Their findings also hold after controlling for potential endogenous effects". They further document

that the effect of stock liquidity on tax avoidance is amplified for firms with high proportions of activist shareholders and attenuated for firms with high stock price levels in formativeness. (Mohammad et al., 2019) examined the effect of the corporate income tax rate on the investment decisions of listed deposit money banks in Nigeria using descriptive research design and panel data generated from annual reports and accounts of the sampled banks covering the periods of 2014 to 2018; the study employed Ordinary Least Square (OLS) regression to analyse the data of their study, the findings of their study indicated that after-tax cash flow is the primary factor that affects investment decisions of listed deposit money banks in Nigeria. Whereas depreciation tax shield and interest tax shield had an insignificant effect on investment decisions of listed deposit money banks in Nigeria, and the corporate tax rate has no effect on investment decisions of listed deposit money banks in Nigeria as the company income tax rate of 30% has been constant over decades.

METHODOLOGY

Research Design

The study employed a longitudinal research design in the collection of data

Method of Data Collection and Data Source

Data for the study was purely a secondary source of data collected from the annual report of the oil company under study for a period of 10 years, 2001-2021.

Method of Data Analysis

The collected data were analysed in tables and percentages, while the hypotheses were tested using descriptive statistics.

Model Specification

In light of the above methodology and theoretical framework deduced to adequately capture and empirically analyse Nigeria's financial reporting and tax issues. A logistic regression econometric model specified in equation (II) will be employed for the model. This assumption is that the dependent variable is a dummy variable. The model below is adapted from McFadden Logistic Regression Model (1974) as measured in a recent prior study (Adeniye et al., 2013). It is expressed as

$$FRP = F(TPL) \quad (1)$$

The binary regressions with the error term (et) are expressed in equation (2)

$$FRP = \alpha_0 + \alpha_1 TPL + \alpha \quad (2)$$

Where;

FRP = Financial Reporting

TPL = Tax Planning

α = error term

Dependent Variable

Financial reporting is measured by a dummy variable: "1" Big 4 or otherwise "0"

Independent Variable

Tax planning is proxy by cash effective tax rate (CTR) and income effective tax rate (ITR), which is measured by corporate income tax expense (excluding deferred tax

expense)/ profit before tax) (Kawor et al., 2014).

RESULTS AND DISCUSSION

Presentation of result

Table 4.1

Correlations Result

Variabl e	FRP	CTR	ITR
FRP	1		
CRR	-0.2073	1	
ITR	-0.1052	0.2110	1

Source: Author’s Computation (2023)

The study employed Correlation Matrix, Logistic Regression; Table 4.2 shows the correlation matrix result, which measures the degree of a linear relationship between the given variables for the study. Tax planning (TPL) measured by cash effective tax rate (CTR) was negative and weakly correlated with financial reporting (FRP =-0.2073). Also, tax planning (TPL) measured by income effective tax rate (ITR) was negative and weakly correlated with financial reporting (FRP =-0.0138). This means that the multicollinearity problem is absent in our model. Multicollinearity between explanatory variables may result in wrong signs or implausible magnitudes in the estimated model coefficients and the bias of the standard errors of the coefficients. The correlation result is presented in Table 1 above.

Analysis of regression results

Logistic regression techniques was used, because it examine the relationship between financial reporting (dependent variable) and tax policies (independent variable) and to test the formulated hypotheses

Table 4.3

Logistic Regression Results

	PROBIT	LOGIT	EXTREME VALUE
C	0.29 (0.13) [0.41]	0.34 (0.89) [0.55]	0.63 (3.35) [0.03]**
CTR	0.006 (1.71) [0.21]	0.01 (1.65) [0.21]	0.007 (0.70) [0.21]
ITR	-0.0007 (-0.73) [0.64]	-0.001 (-0.86) [0.53]	-0.001 (-0.93) [0.51]
McFaden R2	0.094456	0.098842	0.102711
LR statistic	15.61	16.43	16.71
Prob (LR-Stat)	0.002913	0.001429	0.001236

Note: (1) Parentheses () are z-statistic while bracket [] are p-values
(2) *, and ** was, 1% and 5% level of significance respectively.

The study employed Logistic regression techniques to examine the relationship between financial reporting and tax issues and to test the formulated hypotheses. The regression results obtained are presented in Table 2 above.

The study employed a dummy measure for the dependent variables to proxy financial reporting. The Logistic regression showed that the McFadden R_2 value Probit regression (0.094456), Logit regression (0.098842) and Extreme value regression (0.102711) and its associated probability values of 0.001 across the models showed about 10% of the changes in the variation of financial reporting (FRP) was jointly explained by the independent variable (Tax planning). Therefore, that the model on overall is statistically significant. The LR- statistic value of 15.61, 16.43 and 16.71 showed that the model on overall was statistically significant. This means a significant linear relationship exists between the dependent and independent variables.

Test of Hypotheses

There is no significant relationship between tax planning and financial reporting quality in Conoil Plc.

The results in Table 2 revealed that Tax planning measured by cash effective tax rate (CTR) has a positive and insignificant relationship with financial reporting (FRP) even at 10% level of significant across the models (Probit, Logit and Extreme value regressions). This means that the presence of quality financial reporting has the tendency to increase tax planning issues but was statistically insignificant. More so, Tax planning measured by income effective tax rate (ITR) has a negative and insignificant relationship with financial reporting (FRP), even at a 10% level of significance across the models (Probit, Logit and Extreme value regressions). This means that the presence of quality financial reporting has the tendency to decrease tax planning issues but was statistically insignificant.

Discussion of Findings

The hypothesis was tested that there is no significant relationship between tax planning and financial reporting quality in Conoil Plc. The result revealed a positive but insignificant relationship between tax planning and financial reporting.

Summary of Findings

Findings from this study are summarily enlisted below

1. The results revealed that there is a positive but insignificant relationship between tax planning and financial reporting quality in Conoil Plc.

CONCLUSION

The tax system is one of the most effective means of mobilizing resources for any given country and creating an environment conducive to promoting business organizations to enhance economic growth. Taxation might change the ranking of different alternatives, i.e. it is relevant for decision-making. Business managers might increase post-tax

performance by considering different levels of taxation on different decision alternatives to improve financial reporting quality.

RECOMMENDATIONS

1. Financial managers and accountants of Conoil Plc should consolidate deferred tax liabilities for the intended purpose because it helps to generate more cash flow for the organization for meeting operation activities.
2. The study also suggests that the management of Conoil Plc should employ stringent tax measures to cushion the incidence of cash-effective tax rates and income-effective tax rates.
3. The management of Conoil should ensure that its financial report is in accordance with the International Reporting Standard (IFRS) and Generally Accepted Accounting Standard (GAAS) for tax purposes.
4. The study also recommends that corporate strategies and policies should consider tax planning and structure when drawing up the company's strategic framework.

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