

# EFFECTIVE TAX, CORPORATE FILING AND TAX COMPLIANCE OF LISTED MULTINATIONAL CORPORATIONS IN NIGERIA

OYEWOB, Ifeoluwapo Adebimpe Ph.D, ORBUNDE, Bemshima Benjamin  
(Professor), ADESOYE Fatai Abiodun

<sup>123</sup>Department of Accounting Faculty of Administration Bingham University Karu

**ABSTRACT:** Tax compliance among multinational corporations in Nigeria remains a critical challenge owing to persistently low effective tax rates, sophisticated tax-planning practices, and the limitations of procedural compliance measures. This study examines the relationship between effective tax and corporate filing on tax compliance of listed multinational corporations in Nigeria. Employing balanced panel data from 31 multinational corporations listed on the Nigerian Exchange Group over the period 2010 –2024 (465 firm-year observations), the study applies panel least squares regression with cross-section fixed effects using E-Views 12 statistical software. The findings reveal that Effective Tax Rate (ETR) exerts a positive and highly significant effect on Total Tax Paid, confirming that higher effective tax burdens significantly enhance actual tax remittances and substantive compliance. In contrast, corporate filing compliance exhibits a negative and highly significant effect on Total Tax Paid, indicating that near-perfect filing compliance paradoxically coexists with substantially lower tax contributions due to the legitimisation of aggressive yet legal tax-planning strategies. The study recommends that the Nigeria Revenue Service intensify enforcement of the 15% global minimum tax under Pillar Two, introduce mandatory public Country-by-Country Reporting, and deploy risk-based audits targeting firms that combine exemplary filing records with abnormally low effective tax rates, thereby ensuring that procedural excellence translates into genuine and proportionate tax contributions from listed multinational corporations in Nigeria.

**Keywords:** Effective Tax, Corporate filing, Tax Compliance, Total Tax Paid and Corporate Social Responsibility Expenditure.

## I. INTRODUCTION

Tax compliance constitutes one of the most persistent challenges facing revenue authorities in developing economies, including Nigeria. It refers to the extent to which taxpayers accurately determine, timely file, and fully remit their tax obligations in accordance with prevailing laws and regulations (Ozue, 2022). In Nigeria, weak tax compliance particularly among large and multinational corporations continues to undermine the nation's fiscal sustainability, widen the tax gap, and constrain the government's ability to finance critical infrastructure and social services (Oladele *et al.*, 2020). Multinational corporations listed on the Nigerian Exchange Group (NGX) occupy a strategic position in the economy. They account for a significant proportion of corporate income tax revenue, yet empirical evidence and public discourse consistently reveal that many of these entities record persistently low effective tax (ET) relative to the statutory corporate income tax of 30% (Osinuga *et al.*, 2025). This phenomenon has been intensified since the global adoption of the guidelines established by the Organisation for Economic Co-operation and Development (OECD), as OECD provide research and policy support to the G20 major economies inclusive Framework on Base Erosion and Profit Shifting (BEPS) and Nigeria's subsequent implementation of a 15% minimum effective tax for large multinational enterprises under the Nigeria Tax Act 2025 and the Income Tax (Significant Economic Presence) Order (Osinuga *et al.*, 2025).

Effective tax represents the actual, final corporate income tax liability a firm is obligated to pay to the government after accounting for all statutory adjustments. Unlike the "expected tax" based on the headline rate, effective tax reflects the real financial outflow after the firm has applied all legal tax incentives, capital allowances, and pioneer status exemptions. It is the absolute monetary value of the tax burden borne by the multinational corporation in a given financial year. Effective tax administration and corporate filing practices emerge as essential mechanism for strengthening compliance among multinational corporations. Effective tax system characterised by transparency, fairness, efficient assessment, and strong enforcement helps to reduce loopholes and increase the perceived cost of evasion. Similarly, robust and timely corporate filing requirements ensure the availability of accurate financial information, and also increase the likelihood of detecting non-compliant behaviour.

Despite the introduction of mandatory e-filing through the TaxPro-Max platform, stricter transfer pricing documentation requirements, and enhanced audit powers of the Federal Inland Revenue Service (now Nigeria Revenue Service), gaps persist between expected and actual tax collections from listed multinational corporations (Gbeke & Nkak, 2021; Eke & Omogbai, 2022). Several factors contribute to this reality: aggressive tax planning techniques (including thin capitalisation, transfer mispricing, and the use of tax havens), delayed or incomplete corporate filings, weak enforcement capacity, and the complexity of applying international tax standards in a domestic context (Durowaiye & Sadiq, 2024; Nkechinyere, 2018; Chukwu *et al.*, 2022).

The measure of corporate filing is corporate filing compliance which is the timely complete submission of returns (annual tax returns, transfer pricing documentation, country-by-country reports, and financial statements) to the appropriate authorities (FIRS, CAC, SEC) to determine the accuracy of tax assessments and the ability of the revenue authority to detect non-compliance (Salaudeen & Abdulwahab, 2022).

Tax compliance is very important in Nigeria in recent times due to the persistent decline in the oil revenue which is largely caused by continuous fall in the price of oil in the world market. This has reduced the capacity of the government to finance its activities, especially provision of critical infrastructure and social services such as health and education. However, the capacity of the Nigeria Government to mobilize adequate revenue for funding its operation is constrained by low tax compliance. Available statistic published by OECD in 2024 showed that tax-to-GDP ratio in Nigeria for the year 2022 was 7.9 percent, far below the average value 16.0 percent of the 36 African countries studied. In 2023, International Monetary Fund stated that tax-to-GDP ratio of Nigeria was 9.4 percent and was among the lowest in Africa and the world. This value according to IMF is far below what can be considered as adequate "tax generation capacity" for a developing economy; as most scholars considered 12-15 percent of GDP as the minimum required to fund essential infrastructure and public services without depending on debt. This weak tax revenue mobilization capacity indicates the need for significant improvement, as the gap between the level of tax generated presently and the country's potential is wide. For academicians, researchers and policymakers, this calls for the need to urgently conduct studies on tax compliance, reinforcing tax enforcement, widening the tax base, and strengthening institutional tax-administration capability.

Although several studies have examined corporate tax avoidance and governance mechanisms in Nigeria (Ezejiofor & Ezenwafor, 2020; Ogbodo & Omonigho, 2021; Sani & Umar, 2023), very few have specifically focused on listed multinational corporations and the combined influence of effective tax rate and corporate filing compliance behaviour on total tax paid. Moreover, with the recent introduction of Pillar Two rules and the 15% global minimum tax regime, there is an urgent need to establish baseline evidence on how these new provisions are affecting the tax compliance posture of multinational entities operating in Nigeria. This study therefore investigates the relationship between effective tax, corporate filing practices, and the total quantum of tax remitted by listed multinational corporations in Nigeria. The research focuses on firms subject to the Significant Economic Presence (SEP) rules and the new minimum tax framework to provide empirical evidence on how low effective tax rates and corporate filing deficiencies erode the corporate tax base. This investigation specifically evaluates these patterns in the context of the post-2025 tax reforms to determine if legislative changes have successfully curtailed tax base erosion.

The motivation behind this study is linked to the continuous low-tax –to GDP ratio experienced by Nigeria in recent times. This has constrained the capacity of the government to mobilize tax revenue for financing government operations, especially provision of infrastructure. Also, the study is motivated by inadequate empirical studies that focus on how effective tax and corporate filing affect tax compliance of MNCs listed in Nigeria. The innovation of this study lies in its integrated approach, which simultaneously examines effective tax and corporate filing as joint deterrence of tax compliance, particularly within the multinational corporate environment.

The basic hypothesis underlying this study are stated thus;

**H<sub>01</sub>:** Effective tax rate does not significantly affect total tax paid in listed Multinational Corporations in Nigeria.

**H<sub>02</sub>:** Corporate Filing compliance does not have a significant effect on total tax paid in listed Multinational Corporations in Nigeria.

## II. LITERATURE REVIEW

### 2.1 Conceptual Framework

#### 2.1.1 Effective Tax

Effective tax in this study is conceptualized as the actual tax liability borne by a corporation after accounting for all statutory allowances, reliefs, incentives, credits, exemptions, deferred tax adjustments, and legitimate tax-planning arrangements that reduce the final amount payable to the tax authority (Hanlon & Heitzman, 2010; Dyreng *et al.*, 2017). It represents the real economic burden of taxation on pre-tax accounting profit and is fundamentally different from the statutory tax obligation prescribed by law. In the Nigerian context,

while the headline corporate income tax stands at 30% for large companies, effective tax is typically much lower among listed multinational corporations due to the strategic utilisation of pioneer status incentives, capital allowances, thin capitalisation structures, and transfer pricing arrangements (Adams & Balogun, 2020; Durowaiye & Sadiq, 2024). With the adoption of the 15% global minimum tax under Pillar Two from 2025, effective tax has become the central regulatory metric for determining top-up tax obligations when a multinational group's jurisdictional tax contribution falls below the agreed threshold (Igbinenikaro & Adewusi, 2024). Effective tax serves as the most accurate measure of substantive tax compliance behaviour among listed multinational corporations in Nigeria.

### **2.1.2 Effective Tax Rate**

The effective tax rate (ETR) is conceptually defined as the actual proportion of a firm's pre-tax accounting profit that is ultimately surrendered as income tax after accounting for all statutory reliefs, incentives, credits, exemptions, deferred tax movements, and legitimate tax planning arrangements (Hanlon & Heitzman, 2010; Dyreng *et al.*, 2017). Unlike the statutory corporate income tax rate, which merely prescribes the headline rate (30% for large companies in Nigeria), the ETR reflects the net outcome of the interaction between tax law and corporate tax behaviour. It therefore serves as the most comprehensive single measure of the real tax burden borne by a company and is widely accepted as an inverse indicator of the intensity of tax avoidance or tax planning aggressiveness (Inua, 2018; Schwab *et al.*, 2022).

In the context of multinational corporations, the effective tax rate becomes even more critical because it captures the cumulative effect of domestic tax rules, bilateral tax treaties, controlled foreign company provisions, transfer pricing policies, thin capitalisation rules, and the strategic location of intangible assets or financing entities in low-tax jurisdictions (Markle & Shackelford, 2012; Igbinenikaro & Adewusi, 2024). With Nigeria's adoption of the 15% global minimum effective tax rate under the OECD/G20 Pillar Two framework effective from 2025, the ETR has acquired additional regulatory significance as the primary benchmark for triggering top-up taxes where a multinational group's jurisdictional ETR falls below the minimum threshold (Osinuga *et al.*, 2025). Effective tax rate aggregates both permanent and temporary differences between accounting profit and taxable profit, it provides a holistic lens for evaluating the fairness, efficiency, and revenue yield of the corporate tax system (Adams & Balogun, 2020). A persistent low ETR among profitable multinationals signals systemic challenges in enforcement and policy design, making it obvious for an indispensable investigation of tax compliance behaviour.

### **2.1.3 Corporate Filing**

Corporate filing is conceptualized as the full range of mandatory disclosures and declarations that companies are required to submit to the tax authority within legally prescribed deadlines. These include annual company income tax returns, audited financial statements with detailed tax computations, transfer pricing documentation (local file, master file, and country-by-country reports where applicable), statements of significant economic presence, and any supplementary schedules required under the Federal Inland Revenue Service Act and related regulations (Oladele *et al.*, 2020; Ozue, 2022). Filing is not a mere administrative formality; it constitutes the foundational mechanism through which transparency is enforced and taxable capacity is verified. Conceptually, timely, complete, and accurate filing eliminates information asymmetry between the taxpayer and the revenue authority, facilitates risk-based audit selection, and significantly reduces opportunities for undetected profit shifting or underreporting (Salaudeen & Abdulwahab, 2022; Eke & Omogbai, 2022). In Nigeria, the mandatory migration to the Tax Pro-Max electronic platform since 2021 has transformed filing into a measurable digital footprint, enabling objective assessment of filing punctuality, completeness, and quality. Late or defective filings trigger automatic penalties and interest, thereby serving as both a deterrent and a signal of underlying compliance attitude (Gbeke & Nkak, 2021). In this study, corporate filing can also be described as a multidimensional procedural and behavioural construct that directly influences the efficiency and accuracy of tax assessment and, by extension, the quantum of taxes ultimately collected from listed multinational corporations. It represents the critical link between statutory obligation and actual revenue realisation (Dibie & Raphael, 2020).

### **2.1.4 Corporate Filing Compliance**

Corporate filing compliance refers to the degree to which a corporation fully meets all statutory procedural obligations by submitting complete, timely tax returns, audited financial statements, transfer pricing documentation (local file, master file, and country-by-country reports where applicable), significant economic presence declarations, and all other required disclosures to the Nigeria Revenue Service within the prescribed six-month deadline after the accounting year-end (Oladele *et al.*, 2020; Ozue, 2022). In Nigeria's fully digitalised tax administration environment, the mandatory use of the TaxPro-Max platform since 2021 has rendered corporate filing compliance an objectively verifiable and measurable phenomenon, commonly operationalised in empirical studies as a dummy variable (1 = full and timely submission of all required documents; 0 = late, incomplete, or defective submission). Conceptually, high corporate filing compliance eliminates information asymmetry between the taxpayer and the tax authority, enables efficient risk-based audit

selection, and minimises opportunities for undetected profit shifting or under-reporting (Salaudeen & Abdulwahab, 2022; Eke & Omogbai, 2022).

### **2.1.5 Tax Compliance**

Tax compliance is broadly conceptualised as the degree to which taxpayers fulfill all substantive and procedural obligations imposed by tax legislation, encompassing accurate self-assessment, timely filing, full disclosure, and complete payment of taxes due without coercion (Eke & Omogbai, 2022). It comprises two interrelated dimensions: formal compliance (adherence to reporting and filing requirements) and substantive compliance (correct computation and settlement of the true tax liability) (Alabi *et al.*, 2024). For multinational corporations, tax compliance extends beyond domestic rules to include adherence to international standards such as the arm's-length principle, economic substance requirements, anti-hybrid rules, and the emerging global minimum tax regime (Durowaiye & Sadiq, 2024). Non-compliance may manifest as deliberate evasion, aggressive avoidance through legal loopholes, or unintentional errors arising from complexity, but all forms ultimately reduce the tax base (Chukwu *et al.*, 2022). This study adopts a holistic view of tax compliance as the overarching behavioural outcome that reflects the combined influence of deterrence factors (penalties and audits), institutional influence, corporate governance quality, and ethical orientation (Oladipo *et al.*, 2022; Lawal *et al.*, 2024). It is positioned as the central phenomenon under investigation, mediated and moderated by effective tax rate, filing behaviour, and CSR expenditure.

New tax laws recently introduced in Nigeria include Nigeria Tax (Fair Taxation) Act, Nigeria Tax Administration Act, Joint Revenue Board (Establishment) Act and Nigeria Revenue Service (Establishment) Act, all were signed into law in June 2025 and take effect from January 1, 2026. These reforms unite and complement the country's past disjointed taxes, offering the newly established NRS higher autonomy, improved transparency, and a wider mandate to collect both tax and non-tax revenues. Furthermore, they introduce strong penalties for non-compliance, which ranges from fines (for example, ₦100,000 for not filing returns) to imprisonment of up to 10 years for severe offenses (PwC, 2025).

The new tax laws have assisted in harmonizing past tax laws in several ways. Moreover, the new tax laws assisting in removing multiple overlapping that exist in past studies by streamlining federal, state, and local tax administration. Also, many levies are merged into a single development levy in order to minimize complexity and reduce cost of administration. Also "medium-sized enterprises" are being abolished with enterprises now classified as "small" (exempt) or "standard", in order to align Nigeria's tax structure with global norms. In order to enhance inter-agency coordination across all the three levels of government, Joint Revenue Board and the introduction of uniform Taxpayer Identification Number (TIN) for all taxable individuals and organizations, improving tracking and compliance uniformity across the nation (PwC, 2025).

Another new development in tax administration in Nigeria is the pronouncement of a new name for FIRS. With effect from January 1, 2026, FIRS will cease to be addressed as FIRS but will start bearing its new name," the Nigeria Revenue service (NRS). This rebranding is not just symbolic but shows an increase in autonomy and mandate granted to FIRS, that is, apart from collecting corporation income tax, the agency also has the right to collect non-tax revenue (FIRS, 2025).

The Tax Reform Act 2025 results in the introduction of bold tax incentives aimed at modernizing Nigeria tax structure. Major developments include the introduction of a 4 percent consolidated development level on profit, substituting sector-specific taxes like tertiary education and IT levies. This makes compliance easier and reduces administration burden. Moreover, in order to promote tax compliance, a minimum effective tax rate (ETR) of 15 percent is levied on large companies whose earnings exceed ₦50 billion or MNC groups with turnover exceeding over €750 million worldwide. In addition, incentives targeted towards specific sectors include a tax credit of 5 percent for businesses in the agricultural sector, local production and green energy are granted while tax exemption is for farming constant tax-free status for companies in Free Trade Zones. Tax credit up to 20 percent is granted to oil companies through Upstream Petroleum Operations Cost efficiency incentives order 2025 for companies that achieved cost savings (FIRS, 2025).

### **2.1.6 Total Tax Paid**

Total taxes paid represent the aggregate cash amount of all direct and indirect taxes actually remitted by a corporation to the relevant revenue authorities in a given period, including company income tax, tertiary education tax, value-added tax remitted, withholding taxes deducted at source, and any other statutory levies settled (Inua, 2018; Gina *et al.*, 2021). It is distinct from tax expense recognised in the profit or loss account because it excludes non-cash items such as deferred tax and reflects only actual outflows to the government. Conceptually, total taxes paid constitute the ultimate dependent variable in tax compliance research because they measure the real fiscal contribution of corporations to public finance after all planning strategies, disputes, and enforcement actions have been resolved (Adams & Balogun, 2020; Yeye & Egbunike, 2021). It is the most direct indicator of revenue yield and fiscal equity.

### 2.1.7 Corporate Social Responsibility Expenditure

Corporate social responsibility (CSR) expenditure refers to voluntary financial commitments by firms towards social, environmental, educational, health, and community development initiatives that exceed legal mandates and are not undertaken for direct commercial gain (Adams *et al.*, 2022; Otusanya, 2016). In Nigeria, such expenditures are particularly prominent among multinational corporations in extractive and consumer-facing industries. This study conceptualises CSR expenditure as a control variable that may either complement or substitute for tax payments in the pursuit of corporate legitimacy, thereby influencing the relationship between effective tax rate, corporate filing behaviour, and total taxes paid (Sarhan & Al-Najjar, 2023).

### 2.2 Empirical Review

Salawu *et al* (2025) examined the effect of the adoption of an e-tax filing system on SMEs compliance. This was with a view to providing information on the compliance of SMEs with electronic tax filing systems in Lagos State. The study employed a descriptive survey research design, targeting a population of 91,097 SMEs. Taro Yamane's formula was used to obtain a sample of 398 SMEs. Data were collected through well-structured questionnaires and analyzed using ordinal logit regression techniques. The study showed that factors such as performance expectancy, effort expectancy, and e-tax filing awareness have a positive significant influence on SMEs compliance in Lagos State. The study concluded that the electronic tax filing system positively impacted tax compliance of SMEs in Lagos State. The study recommended that tax authorities should enhance the performance and effort expectancy of the e-tax filing system in Lagos State by addressing technical issues, streamlining the filing process, and improving user interface design. The study is related to SMEs in Lagos state and research findings cannot be generalised for the country as a whole.

Ellawule *et al* (2024) investigated the relationship between tax rates and tax compliance of MSMEs by introducing tax knowledge as the moderating variable. From 500 questionnaires administered, 325 were collected and from data cleansing 304 respondents were tested. Stratified and proportional sampling techniques were used in selecting the samples. The study found that tax knowledge moderated the relationship that exists between the tax rates and tax compliance of MSMEs in Nigeria. Also, the study found that tax rates and tax knowledge have a significant effect on the tax compliance of MSMEs in Nigeria. Tax literacy is important in improving the basic tax education of the citizens and trust in government. The study concluded that tax knowledge plays a significant moderating role when MSME owners /managers have higher tax knowledge, the relationship between tax rates and tax compliance strengthens. The study, therefore, recommended that the government should include taxation in the curriculum of elementary classes in Nigeria. The study is carried out as a survey exercise among MSMEs, its findings cannot be generalised in a multinational environment.

Osho and Orisamika (2023) assessed how tax variances, including book-tax differences and effective tax rates, affect the financial performance (return on assets) of deposit money bank MNCs in Nigeria. Using an ex-post facto design, they covered all 14 NGX-listed banks as of December 2020, extracting data from financial statements for 2006-2020, yielding 90 observations. Through correlation and multiple regression in panel data analysis, they found book-tax differences positively and significantly impacting ROA, while effective tax rates had a negative, insignificant effect, leading to the conclusion that tax variances significantly influence performance. They suggest policymakers and regulators use these insights to predict bankruptcy risks from cash flow issues. However, the bank-centric scope and lack of attention to effective tax, corporate filing in relation to compliance among diverse MNCs reveal limitations, necessitating the present study to expand on these interconnections in Nigerian listed entities.

Oladipo *et al* (2022) examined the influence of tax fairness and tax knowledge on the tax compliance behaviour of listed manufacturing companies in Nigeria. The study adopted a survey research method, and four hundred (400) copies of the questionnaire were administered to the selected manufacturing companies of both consumer and industrial goods sectors. The Laffer Curve Theory underpinned this study and Correlation Analysis, Analysis of Variance (ANOVA), and Multiple Regression Analysis were also employed. The study found that there is a significant level of tax compliance among the listed manufacturing companies in Nigeria. The study concluded that the corporate taxpayer's perception of fairness has a significant impact on corporate taxpayers' willingness to pay taxes and tax knowledge significantly influenced tax compliance. Based on tax knowledge, the study recommends that tax authorities must improve the knowledge of taxpayers and tax collection agents through programs, initiatives, and training on tax awareness. The study is limited in scope, limiting tax compliance to only the behaviour of taxpayer with respect to knowledge ignoring the influence of how other economic factors affect tax compliance.

Ajayi and Yidiat (2021) investigated the influence of electronic tax filing (e-filing) on tax revenue generation in Nigeria, focusing on the period 2011–2019. Using secondary data from the Federal Inland Revenue Service (FIRS). The paper investigated how electronic tax filing (e-filing) affects tax revenue generation in Nigeria. It focused on whether adopting e-filing has improved government tax revenue, non-oil tax revenue and oil tax revenue. The study used secondary data from the Federal Inland Revenue Service, (FIRS). It compared pre-e- tax filing (2011-2014) data with post –e-tax- filing (2016-2019) data, using one way ANOVA

to test for significant differences in revenue before and after the introduction of e-tax filing. Challenges such as digital infrastructure deficits, taxpayer resistance, and Cybersecurity risks are highlighted as barriers to full realization. Key findings are; E- tax filing had a significant effect on oil tax revenue in Nigeria, while it did not have a statistically significant effect on: Total government tax revenue and Non-oil tax revenue. The study concludes that electronic tax filing has a positive and significant effect on revenue generation in Nigeria only in oil tax revenue, the effects has been limited so far on other variables. Among the recommendations, there should be creation of a comprehensive taxpayer data base and increasing education and awareness campaign. Findings contribute to the discourse on digital transformation in emerging tax systems, underscoring e-filing as a vital tool for bridging Nigeria's tax gap. While Ajayi and Yidiat (2021) establish the impact of e-filing on oil revenue, they leave a critical gap regarding why digital transformation has failed to significantly boost non-oil and total tax revenues, particularly concerning the influence of employee-related expenses and firm characteristics on the effective tax rates of multinational corporations.

Oladele et al. (2020) examined the impact of electronic tax administration on tax compliance. The quantitative research design was employed using existing data sourced from the Federal Inland Revenue Service (FIRS). Data were tax revenue posted seven years before and after the adoption of e-tax administration by the FIRS in 2013. Data sourced were analyzed using descriptive statistics and pairwise t-test to ascertain if a difference exists and or relationship between pre-and post-e-tax revenue. The study found a strong connection between the electronic tax system and tax compliance (tax revenue) as shown by the pairwise test; and an average annual variation in overall tax revenue of N1.4trillion compared with pre-electronic tax period demonstrated a significant difference. With these, the study concluded that a strong association exists between electronic taxation and tax compliance. Therefore, the study recommended that FIRS should further work on its Information Communication Technology (ICT) architecture/Infrastructure for easy access and flexibility to encourage taxpayers as well as enhancing robust tax administration. In all, security measures should be put in place regularly to prevent hackers, malicious attacks and other disasters inherent in ICT based environment. The study highlights a significant increase in tax revenue following the adoption of e-tax administration, yet it fails to address how specific corporate cost structures, such as pension and fringe benefit expenses, interact with these digital systems to influence the actual effective tax rates of multinational firms.

Ezejiolor and Ezenwafor (2020), Corporate Governance and Tax Avoidance: Evidence from Nigerian quoted Food and Beverage Companies) studied the influence of CEO duality on the effective tax rates of quoted food and beverage companies in Nigeria, highlighting the implications for corporate governance and tax planning. The researchers employed an ex-post facto research design and a purposive sampling technique to select nine companies for their study. They collected data from the annual reports of these companies covering the period from 2013 to 2019 and analyzed it using descriptive statistics and regression methods facilitated by E-Views, with a confidence level set at 95%. The findings reveal that CEO duality where the CEO also serves as the Board Chairman has a significant positive effect on tax planning within these companies. . In light of these findings, the study concludes that CEO duality has a positive and significant effect on the effective tax rates of quoted food and beverage companies in Nigeria This suggests that when a single individual holds both positions, it may create conditions conducive to more aggressive tax planning strategies, potentially leading to increased opportunities for managers to engage in rent extraction due to their dominant role in the governance structure. In light of these findings, the authors recommend the separation of the CEO and Chairman roles to enhance governance oversight and mitigate risks associated with concentrated power. However, the study's limitations include its focus solely on the food and beverage sector, which may limit the applicability of its conclusions to other industries within the Nigerian context.

Adams and Balogun (2020) analyzed the corporate effective tax rates (ETR) of large Nigerian listed firms under a new tax regime, focusing on the impact of firm size, leverage, return on assets (ROA), capital intensity, and inventory intensity on ETR. Using data from Nigeria's Annual Financial Reports covering 2012–2018, the study applies pooled ordinary least squares, fixed effects, and random effects regressions, ultimately favoring the random effects model for interpretation. Findings indicate that firm size, ROA, and inventory intensity positively and significantly impact corporate ETR, suggesting these factors play key roles in tax rate avoidance. Meanwhile, leverage and capital intensity have an insignificant, inverse impact on ETR. The study concludes that Firm Size, ROA and Inventory have positive and significant effect on ETR, while Leverage and Capital Intensity have negative and insignificant effect ETR of listed large Nigerian firms. The study recommends prioritizing firm size, ROA, and inventory intensity when assessing influences on ETR in large Nigerian firms. While Adams and Balogun (2020) identify key structural deterrence of tax rates, they leave a critical research gap by overlooking the "human capital" component of the corporate tax base, specifically failing to examine how tax-deductible employee welfare costs like pensions and fringe benefits interact with firm age to influence ETR.

## **2.3 Theoretical Framework**

### **2.3.1 Institutional Theory**

Institutional Theory, initially developed by John Meyer and Brian Rowan in 1977, posits that organizational behaviour, including tax compliance, is influenced by formal and informal institutional structures, norms, and regulations. According to this theory, organizations conform to institutional norms and regulatory frameworks to gain legitimacy, ensure survival, and maintain social acceptance (Meyer & Rowan, 1977). In the context of tax compliance, firms comply with tax laws not only to avoid legal penalties but also to maintain legitimacy and positive public perception. In Nigeria, institutional pressures from regulatory bodies such as the Federal Inland Revenue Service (FIRS) and societal expectations influence corporate tax compliance behavior. Institutional Theory emphasizes the role of coercive, normative, and mimetic pressures in shaping organizational behaviour. Coercive pressures arise from legal and regulatory requirements, compelling organizations to comply with tax laws to avoid penalties and sanctions. Normative pressures stem from professional standards and ideal expectations, influencing firms to adopt ethical tax practices to gain public trust and reputation. Mimetic pressures occur when organizations imitate the tax strategies of industry leaders to maintain competitive parity. In Nigeria, coercive pressures from FIRS audits and penalties are major drivers of tax compliance, while normative and mimetic pressures influence voluntary compliance through social norms and industry best practices.

However, Institutional Theory has been criticized for its deterministic approach, as it assumes that organizations passively conform to institutional pressures without strategic management. Critics argue that firms actively negotiate, resist, or manipulate institutional norms to achieve their strategic objectives. In Nigeria, some corporations engage in regulatory capture or lobbying to influence tax policies in their favour, thereby undermining institutional enforcement. Additionally, weak institutional frameworks and corruption in tax administration diminish the effectiveness of coercive pressures, leading to non-compliance and tax evasion. These limitations highlight the need for a more detailed understanding of how organizations interact with institutional forces in complex regulatory environments.

### **2.3.2 Economic Deterrence Theory**

Economic Deterrence Theory was developed by Allingham and Sandmo in 1972. The theory states that tax payers are more likely to comply when the perceived risk of detection is high and the penalties for non-compliance are significant. In this context, effective tax administration which is reflected in accurate assessment, timely collection, and fairance enforcement, serve as a deterrent that raises the cost of evasion and encourages voluntary compliance. Similarly, consistent and monitoring corporate filings strengthen enforcement by improving information availability, reducing the likelihood that non-compliance firms will be detected. Thus, effective tax systems and robust corporate filing requirements works together to operationalize the deterrence mechanism, thereby enhancing overall tax compliance.

Economic deterrence theory stands out as the primary underpinning for this study because it directly links the structural components of effective tax administration and corporate filing to the rational behavior of multinational corporations. The theory explains how high-quality filing requirements and transparent assessment processes increase the perceived probability of detection, thereby raising the "cost" of non-compliance for firms by positioning the tax system as a mechanism of "calculated risk." This framework provides a robust basis for understanding how rigorous enforcement and information disclosure act as deterrents against tax base erosion for listed multinationals in Nigeria. It transforms tax compliance from a mere legal obligation into a strategic economic decision influenced by the strength of the regulatory environment.

## **III. METHODOLOGY**

The ex-post factor research design was employed in this study with special focus on longitudinal panel design to gather information about the pre-existing nature of the phenomenon under study and to provide the necessary support and describe the nature of the relationships between variables of the study. The study population includes all forty-four (44) multinational corporations listed on the Nigerian Exchange Group as of December 31, 2024. Thirty-one firms were selected through purposive sampling based on three criteria:

- i. The firm must have been fully operational before 2010,
- ii. The firm must remain active throughout the 2010–2024 period, and
- iii. The firm must be categorized within the multinational corporation segments of the Nigerian Exchange Group.

Secondary panel data covering both time series and cross-sectional dimensions were collected from annual reports and financial statements of these firms over the specified period (2010 – 2024) to capture dynamic trends and long-term effects. The analysis employed descriptive statistics to summarize the data, Pearson correlation to explore relationships among variables, and panel regression models fixed and random effects for inferential analysis. The analytical model was adapted from Apalowowa et al. (2025), whose empirical investigation into the interplay between international transfer pricing practices and tax compliance

behaviours among listed multinational corporations in Nigeria offers a pertinent structure for analyzing how effective tax and corporate filing influence overall tax compliance in similar Nigerian entities.

**Adapted model**

$$PER = \beta_0 + \beta_1 ETR_{it} + \beta_2 EMTR_{it} + \beta_3 IETR_{it} + \beta_4 FS_{it} + \epsilon_{it} \dots\dots\dots (i)$$

**Where:**

- PER = Price Earnings Ratio
- ETR = Effective Tax Rate
- EMTR = Effective Marginal Tax Rate
- IETR = Income Effective Tax Rate
- FS= Size of a Firm
- $\epsilon_{it}$ = Error term

**Model Employed**

$$LOGTTP = \beta_0_{it} + \beta_1 ETR_{it} + \beta_2 CFC_{it} + \beta_3 LOGCSRE_{it} + \epsilon \dots\dots\dots (ii)$$

**Where:**

- TTP = Total tax Paid (proxy for Tax Compliance)
- ETR = Effective tax rate
- CFC = Corporate Filing Compliance
- CSRE = Corporate Social Responsibility Expenditure (control variable)
- $\beta_0$ = Constant or intercept
- $\beta_1 - \beta_3$  = Regression coefficients for each variable
- $\epsilon$  = Stochastic error term
- Log = Logarithm

**Table 3.1: Apriori Expectation**

Variable	Description	Expected Sign	Justification
ETR	Effective Tax Rate (Income tax expense ÷ Profit before tax)	Positive (+)	Significant higher effective tax rate signals greater actual tax burden, leading to significantly increased total tax payments and stronger compliance.
CFC	Corporate Filing Compliance (dummy: 1 = timely/ complete filing; 0 = late/incomplete filing)	Positive (+)	Significant improvement in corporate filing timeliness and completeness results in significantly higher promptness in tax assessment and significantly increased total tax payments.
CSRE	Corporate Social Responsibility Expenditure – Control Variable	Positive (+)	Significant higher CSR spending enhances corporate ethical commitment and legitimacy, promoting significantly voluntary tax compliance and significantly greater total tax payments.

*Source: Researcher Conceptualization, (2025)*

**Table 3.2: Measurement of Variables**

Variable	Type	Measurement	Source
Total Tax Paid (TTP)	Dependent	Calculated as the total tax expenses paid by the firm; serves as a proxy for tax compliance	Oladipoet al. (2022)
Effective Tax Rate (ETR)	Independent	Measured as Income Tax Expense divided by Profit Before Tax X 100	Zolotoy et al. (2021)
Corporate Filings Compliance (CFC)	Independent	Dummy variable, where 1 indicates complete filings and 0 otherwise	Chukwu et al. (2022)
Corporate Social Responsibility Expenditure (CSRE)	Control	Measured as the total expenditure on CSR activities as reported in the financial statements	Alabiet al. (2024)

*Source: Researcher Computation, (2025)*

**IV. RESULT AND DISCUSSION**

**4.1.1 Descriptive Statistics**

The descriptive statistics below summarises the basic features of the dataset through measures such as the mean, median, standard deviation, minimum and maximum.

**Table 3: Descriptive Analysis Result**

	LOGTTP	ETR	CFC	LOGCSRE
Mean	4.905077	5.348683	0.980645	4.679422
Median	4.921067	0.688772	1.000000	4.759940
Maximum	7.169074	92.14388	1.000000	6.802843
Minimum	1.141889	3.59E-05	0.000000	1.263241
Std. Dev.	0.949044	13.31451	0.137917	0.640157
Skewness	-0.350295	3.949552	-6.977564	-1.244513
Kurtosis	4.061039	19.86244	49.68640	12.04472
Jarque-Bera	31.32221	6718.042	46003.34	1705.044
Probability	0.000000	0.000000	0.000000	0.000000
Sum	2280.861	2487.138	456.0000	2175.931
Sum Sq. Dev.	417.9176	82256.12	8.825806	190.1479
Observations	465	465	465	465

**Source: E-View 12 Output (2025)**

The descriptive statistics for the 465 firm-year observations of listed multinational corporations in Nigeria reveal significant variation and non-normality across the study variables. Log of Total Taxes Paid (LOGTTP) shows a mean of 4.91 and a median of 4.92, suggesting that when transformed, the absolute tax remittances become more centrally balanced, although the original range remains vast. The Effective Tax Rate (ETR) averages 5.35%, which is notably lower than Nigeria's statutory 30% rate. This low mean, coupled with a median of only 0.69%, confirms that the majority of multinationals operate at ultra-low effective rates, while the maximum value of 92.14% indicates isolated cases of extremely high tax burdens. Corporate Filing Compliance (CFC) exhibits a mean of 0.98 and a median of 1.00, proving that nearly all sampled firms achieve near-perfect adherence to filing deadlines and requirements, likely due to the enforcement of the TaxPro-Max system. Log of Corporate Social Responsibility Expenditure (LOGCSRE) shows a mean of 4.68, reflecting a relatively consistent level of social spending across the transformed data.

The Jarque-Bera statistics and associated probabilities ( $p = 0.000000$ ) unequivocally reject the hypothesis of normality for all variables. Except for the Log of Total Taxes Paid, the variables exhibit significant skewness particularly ETR (3.95) and CFC (-6.98) and extreme kurtosis values, such as 49.69 for CFC and 19.86 for ETR. These leptokurtic distributions, characterized by heavy tails and sharp peaks, indicate the presence of significant outliers and firm heterogeneity. Consequently, these statistical properties justify the use of robust estimation techniques to address the non-normal nature of the dataset.

#### 4.1.2 Correlation Analysis

According to Gujarati (2004), a correlation coefficient between two independent variables of 0.80 is considered excessive, and thus certain measures are required to correct that anomaly in the data.

**Table 4: Correlation Analysis Result**

Covariance Analysis: Ordinary

Date: 02/06/26 Time: 10:43

Sample: 2010 2024

Included observations: 465

Correlation Probability	LOGTTP	ETR	CFC	LOGCSRE
LOGTTP	1.000000 -----			
ETR	0.536517 0.0000	1.000000 -----		
CFC	-0.020452 0.6600	-0.073507 0.1134	1.000000 -----	
LOGCSRE	-0.003884 0.9334	0.038793 0.4040	-0.098438 0.0338	1.000000 -----

**Source: E-View 12 Output (2025)**

The correlation analysis for the 465 firm-year observations provides essential preliminary insights into the relationships between tax variables and firm behavior. Notably, Log of Total Taxes Paid (LOGTTP) exhibits a strong, positive, and statistically significant correlation with the Effective Tax Rate (ETR) ( $r = 0.537$ ,  $p =$

0.0000). This result confirms that higher effective tax burdens are directly associated with greater actual tax remittances, providing early empirical support for the study’s first hypothesis. In contrast, Corporate Filing Compliance (CFC) shows a weak negative correlation with LOGTTP ( $r = -0.020$ ). While the bivariate probability ( $p = 0.660$ ) and ETR) suggests this specific link is not significant in isolation, the negative direction aligns with the counter-intuitive finding that procedural filing excellence does not automatically yield higher revenue. Furthermore, CFC is negatively correlated with ETR ( $r = -0.074$ ,  $p = 0.1134$ ), hinting that firms with perfect filing records tend to maintain lower effective tax rates, likely through the strategic use of documented incentives. Log of Corporate Social Responsibility Expenditure (LOGCSRE) displays negligible and insignificant correlations with LOGTTP ( $r = 0.039$ ,  $p = 0.404$ ). However, it shows a statistically significant negative correlation with CFC ( $r = -0.098$ ,  $p = 0.0338$ ), suggesting that firms with higher social spending may face slightly more challenges in perfect filing compliance, or vice versa. Crucially, all inter-variable correlations are well below the 0.70 threshold, indicating that multicollinearity is not a concern for the subsequent multivariate regression analysis.

**Multicollinearity Test (VIF)**

Conducting multicollinearity tests is essential to determine if there is a strong inter-correlation among independent variables that could lead to erroneous results.

**\*Decision rule:** Centered VIF less than 10 indicates the absence of multi-collinearity, while VIF uncentered over 10 is a sign of multi-collinearity.

**Table 5: Multicollinearity Test (VIF)**

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	5.736748	5.27383	NA
ETR	5.837430	9.67229	1.738638
CFC	23.37472	9.78445	1.892634
LOGCSRE	7.629164	9.86271	1.899367

*Source: E-View 12 Output (2025)*

As noted above, the law of multicollinearity test rule uses a variance inflation factor that VIF centered below 10 indicates absence of multi-collinearity, while VIF uncentered over 10 indicates the presence of multi-collinearity. Table 5 above shows the absence of multicollinearity between independent variables, as all independent variables (ETR, CFC and LOGCSRE) have less than 10 VIF centered.

**Heteroskedasticity**

To confirm the panel regression findings, a Heteroskedasticity test was performed as a robustness check. Heteroskedasticity occurs when the variability of a variable's standard errors changes over a given time period. Heteroskedasticity disrupts the assumptions for linear regression modeling, affecting the validity of analysis results. While it doesn't introduce bias in coefficient estimates, it does decrease their precision, increasing the probability that estimates are far apart from the actual population value. The hypothesis is presented below;

**Hypothesis**

H<sub>0</sub>: There is no heteroskedasticity problem in the model (Residuals are homoskedastic)

H<sub>1</sub>: There is heteroskedasticity problem in the model

**Decision Rule:** If the Prob. value is greater than 0.05 (5% level of significant) do not reject null hypothesis if otherwise, reject null.

**Table 6: Heteroskedasticity Test**

Panel Cross-section Heteroskedasticity LR Test  
Equation: UNTITLED  
Specification: LOGTTP C ETR CFC LOGCSRE  
Null hypothesis: Residuals are homoscedastic

	Value	Df	Probability
Likelihood ratio	169.7033	31	0.0830

LR test summary:

	Value	Df
Restricted LogL	-7193.265	460
Unrestricted LogL	-6373.413	460

*Source: E-View 12 Output (2025)*

The results of the panel cross-section Heteroskedasticity regression test was displayed in Table 6. The decision criteria for the panel cross-section test for Heteroskedasticity is as follows: From the results in the Table above, with a ratio value of 169.7033 and a corresponding probability value of 0.0830, which is higher than 5%, the study therefore posits that there is no reason to reject the null hypothesis, while the alternative hypothesis that states there is a conditional Heteroskedasticity problem is rejected. Consequently, based on the diagnostic probability of 0.0830, the study failed to reject the null hypothesis, thus, there is no conditional heteroskedasticity, indicating that residuals are Homoskedastic, and as such, the samples give a true reflection of the population.

**Hausman Test**

The Hausman test is a test for model specification in panel data analysis and this test is employed to choose between fixed effects model and the random effects model. Due to the panel nature of the data set utilized in this study, both fixed effect and random effect regressions were run (as shown in appendix). Thus, the decision rule for the Hausman specification test is stated thus; at 5% Level of significance:

**H<sub>0</sub>**: Random effect is more appropriate for the Panel Regression analysis

**H<sub>1</sub>**: Fixed effect is more appropriate for the Panel Regression analysis

As encapsulated above, if the p-value is greater than 0.05 the decision rule is not to reject the null hypothesis (meaning that the preferred model is random effects). Similarly, if the p-value is less than 0.05 the decision rule is to reject the null hypothesis which states that: Random effect is more appropriate for the Panel Regression analysis (meaning that the fixed effect model is to be accepted).

**Table 7: Hausman Test**

Correlated Random Effects - Hausman Test  
Equation: Untitled  
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	9.269300	4	0.0447

*Source: E-View 12 Output (2025)*

The Hausman test result shows a Chi-Square statistic of 9.269300 with a p-value of 0.0447, rejecting the null hypothesis that the Random Effects (RE) model is more appropriate. This indicates that the Fixed Effects (FE) model is the better choice, as the individual effects are likely correlated with the regressors. Therefore, the FE model is preferred for the analysis. However, a Fixed Effects Likelihood Ratio test should be conducted next to confirm whether the FE model is necessary, ensuring the correct model is chosen for the analysis.

**Fixed Effects Likelihood Tests**

Redundant Fixed Effects Likelihood Tests are used to determine whether to use a fixed effects or pooled regression model. The test examines whether the individual-specific effects are significantly different from zero. The hypothesis is present below;

**Null Hypothesis (H<sub>0</sub>)**: The individual-specific effects are not significantly different from zero. This implies that the pooled regression model is appropriate as the individual-specific effects can be ignored.

**Alternative Hypothesis (H<sub>1</sub>)**: The individual-specific effects are significantly different from zero. This implies that the fixed effects model should be used to account for the individual-specific variations.

**Table 7: Redundant Fixed Effects Likelihood Tests (Test between Pooled and Fixed Effect)**

Redundant Fixed Effects Tests  
Equation: Untitled  
Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	6.633315	(30,430)	0.0000
Cross-section Chi-square	176.860503	30	0.0000

*Source: E-View 12 Output (2025)*

The results from the Redundant Fixed Effects Tests provide strong evidence in favor of including fixed effects in the model. The Cross-section F statistic of 6.63, with (30, 430) degrees of freedom, and the Cross-section Chi-square statistic of 176.860503 (with 30 degrees of freedom), both yield p-values of 0.0000. These

exceptionally low p-values lead to the rejection of the null hypothesis, which posits that the fixed effects are redundant and can be excluded from the model. As such, the results affirm the necessity of incorporating fixed effects, indicating that the individual heterogeneity across firms is significant and should be accounted for to obtain accurate and reliable estimates.

#### 4.2 Research Hypotheses

**H<sub>01</sub>:** Effective tax rate does not significantly affect total tax paid in listed Multinational Corporations in Nigeria.

**H<sub>02</sub>:** Corporate filing compliance does not have a significant effect on total tax paid in listed Multinational Corporations in Nigeria

**Table 8: Panel Regression Result (Fixed Effect)**

Dependent Variable: LOGTTP

Method: Panel Least Squares

Date: 11/25/25 Time: 12:46

Sample: 2010 2024

Periods included: 15

Cross-sections included: 31

Total panel (balanced) observations: 465

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1149157.	574405.5	-2.000602	0.0461
ETR	52700.86	5256.725	10.02542	0.0000
CFC	-2175596.	392386.2	-5.544527	0.0000
LOGCSRE	0.045857	0.110204	0.416106	0.6775

#### Effects Specification

Cross-section fixed (dummy variables)

Root MSE	1045781.	R-squared	0.630916
Mean dependent var	621017.3	Adjusted R-squared	0.601733
S.D. dependent var	1723241.	S.E. of regression	1087510.
Akaike info criterion	30.70896	Sum squared resid	5.09E+14
Schwarz criterion	31.02073	Log likelihood	-7104.834
Hannan-Quinn criter.	30.83168	F-statistic	21.61905
Durbin-Watson stat	1.933062	Prob(F-statistic)	0.000000

#### Source: E-View 12 Output (2025)

The panel least squares estimation with cross-section fixed effects, based on 465 balanced firm-year observations from 31 listed multinational corporations in Nigeria over the period 2010–2024, yields a highly significant model (R-squared = 0.631, Adjusted R-squared = 0.602, F-statistic = 21.62, p = 0.0000), explaining approximately 63% of the variation in Total Taxes Paid (TTP). Effective Tax Rate (ETR) is the dominant driver, with a highly significant positive coefficient of 52,700.86 (t = 10.03, p = 0.0000), demonstrating that a one-percentage-point increase in ETR is associated with an additional ₦52.7 million in total taxes paid. This provides strong empirical support for the hypothesis that a higher effective tax rate directly translates into significantly greater substantive tax compliance and higher actual tax remittances among listed multinationals.

In striking contrast, corporate filing compliance (CFC) exhibits a highly significant negative coefficient of -2,175,596 (t = -5.54, p = 0.0000), indicating that firms achieving timely/ complete filing compliance pay approximately ₦2.18 billion less in total taxes, holding other factors constant. Far from being a deterrent, perfect procedural compliance appears to enable rather than constrain tax minimisation. This finding is fully consistent with the underpinning Economic Determinant Theory of Tax: The results underscore a critical policy insight, strengthening procedural filing requirements alone is insufficient to close the tax gap when multinationals possess the expertise to reconcile high filing compliance with persistently low effective tax rates and reduced total tax contributions.

Although, corporate social responsibility expenditure has no significant effect on tax compliance of MNCs when utilized individually, when used in combination with effective tax rate and corporate filing compliance, the variable becomes significant in determining tax compliance. The significant value of R-Squared and significance of F-statistic shows that the estimated model is suitable for predicting tax compliance of listed MNCs in Nigeria and for policy making.

The Durbin Watson of the estimated model (1.933) is close 2.00, indicating that serial correlation is not likely to be present. In other words, the model is free of serial correlation that could lead to inefficient estimates, signifying that estimates are reliable for predicting the tax compliance behaviour of listed MNCs in Nigeria.

#### **Discussion of Findings**

The findings for the first hypothesis confirm that the Effective Tax Rate (ETR) maintains a positive and highly significant relationship with Total Tax Paid (TTP), directly aligning with the a priori expectation that higher tax burdens relative to profit lead to increased absolute tax remittances. This result validates Economic Deterrence Theory by demonstrating that when anti-avoidance rules and global minimum tax enforcement effectively constrain the discretion to reduce tax burdens, multinationals are compelled to comply with higher substantive payments. Statistical evidence shows that a one-percentage-point increase in ETR generates a significant ₦52,700.86 rise in total taxes paid ( $t = 10.03$ ,  $p = 0.0000$ ), reinforcing the theoretical position that firms respond to the heightened cost of non-compliance inherent in a more rigid tax framework.

Conversely, the second hypothesis reveals a strong negative and highly significant relationship between Corporate Filing Compliance (CFC) and Total Tax Paid, which contradicts the initial a priori expectation that procedural excellence would automatically boost revenue. This counter-intuitive finding where moving to full compliance reduces tax payments by approximately ₦2,175,596 ( $t = -5.54$ ,  $p = 0.0000$ ) provides a sophisticated application of Economic Deterrence Theory. It suggests that multinationals in Nigeria utilize timely and "perfect" filing as a strategic shield to transparently document legitimate but aggressive tax-planning techniques, such as transfer pricing and incentive optimization. These firms prioritize procedural compliance to lower the probability of audit detection and penalties, while simultaneously leveraging the tax code to minimize their actual cash outflows.

### **V. CONCLUSION AND RECOMMENDATIONS**

This study examined the Effective Tax, (ET) Corporate filing (CF) and Tax Compliance of Listed Multinational Corporations in Nigeria. The findings reveal that a higher Effective Tax Rate (ETR) has a strong positive and highly significant impact on Total Tax Paid, confirming that an increase in the actual tax burden significantly strengthens tax compliance and boosts government revenue from these corporations. Conversely, corporate filing compliance, despite near-perfect compliance levels, exhibits a strong negative and highly significant relationship with Total Tax Paid, demonstrating that exemplary procedural filing does not guarantee higher tax contributions and, in fact, coexists with substantially lower tax payments among listed multinational corporations. Based on findings, the study concludes that Effective tax positively improved tax compliance of listed Multinational Corporations in Nigeria while corporate filing had negative and significant effect on tax compliance. These results provide robust support for the underpinning Economic Deterrence Theory of Tax , which posits that economic and financial considerations strategically use transparency and complete filing to legitimise aggressive tax-planning practices that minimise effective tax burdens, while Institutional Theory explains why coercive power is better engaged to manage multinationals to submit impeccable filing records with credible financial returns correspondingly increasing their substantive tax compliance and improved tax revenue.

#### **Recommendations**

- i. The Nigeria Revenue Service should prioritise raising the persistently low Effective Tax Rate of listed multinational corporations through rigorous enforcement of the 15% global minimum tax under Pillar Two, enhanced transfer pricing audits, and removal of discretionary incentives, thereby ensuring that tax compliance translates into significantly higher revenue contributions aligned with these firms' economic footprint in Nigeria.
- ii. Tax authorities and policymakers should redesign compliance monitoring by shifting emphasis from mere filing perfection to substantive outcomes, introducing mandatory public Country-by-Country Reporting, real-time digital risk-scoring systems, and targeted audits of firms that combine perfect corporate filing with abnormally low Effective tax, in order to eliminate the current practice of using procedural excellence as a shield for aggressive tax minimisation among listed multinational corporations in Nigeria.

### **REFERENCES**

1. Adams, K., Adams, S. O., & Balogun, P. O. (2022). Social and environmental practices and corporate financial performance of multinational corporations in emerging markets: Evidence from 20 oil-rich African countries. *Resources Policy*, 78,
2. Adams, S. O., & Balogun, P. O. (2020). Panel data analysis on corporate effective tax rates of some listed large firms in Nigeria. *Dutch Journal of Finance and Management*, 4(2), 51–68.
3. Ajayi, E. O., & Yidiat, O. (2021). Impact of e-tax filing on tax revenue generation in Nigeria. *Global Journal of Accounting*, 7(1), 25–36.

4. Alabi, A. W., Atanda, F. A., Akintoye, I. R., & Kajola, S. G. (2024). Tax morale and taxpayers' compliance among SMEs in Nigeria. *Journal of Management World*, 2, 68–78.
5. Allingham, M. G. & Sandmo, A. (1972). Income tax evasion: A theoretical analysis. *Journal of Public Economics*, 1(3-4), 328-338.
6. Apalowowa, O.D. Ogunrinde, O.P, Omosebi, A & Akinsete, T. R. (2025) International transfer pricing and tax compliance. A study of listed multinational corporations in Nigeria. *Journal of Innovation*, 3(2), 1-16.
7. Chukwu, G. J., Appah, E., & Awogbade, A. (2022). Corporate governance mechanism and tax aggressiveness of listed consumer goods firms in Nigeria.
8. Dibie, R., & Raphael, D. (2020). Analysis of the determinants of tax policy compliance in Nigeria. *Journal of Public Administration and Governance*, 10(2), 21-26
9. Durowaiye, O. O., & Sadiq, A. I. (2024). Multinational companies and tax evasion in Nigeria: The linkages. *International Journal of Women in Technical Education and Employment*, 5(1), 104–112.
10. Dyreng, S. D., Hanlon, M., & Maydew, E. L. (2017). Rolling the dice: When does tax avoidance result in tax uncertainty? *The Accounting Review*, 92(4), 87–116.
11. Eke, R. I., & Omgobai, P. A. (2022). Tax reforms and revenue generation in Nigeria. *Advanced Journal of Management, Accounting and Finance*, 7(12).
12. Ezejiolor, R. A., & Ezenwafor, E. C. (2020). Corporate governance and tax avoidance: Evidence from Nigerian quoted food and beverage companies. *Macro Management & Public Policies*, 2(4), 40–47.
13. Gbeke, K. K., & Nkak, P. (2021). Tax reforms and economic growth of Nigeria. *IOSR Journal of Business and Management*, 23(6), 16–23.
14. Gina, O. O., Ogbodo, O. C., & Nwanna, I. (2021). Analysis of firm attributes and tax aggressiveness of quoted commercial banks in Nigeria. *International Journal of Trend in Scientific Research and Development*, 6(1), 12–18.
15. Hanlon, M., & Heitzman, S. (2010). A review of tax research. *Journal of Accounting and Economics*, 50(2-3), 127–178.
16. Igbinenikaro, E., & Adewusi, O. A. (2024). Tax havens reexamined: The impact of global digital tax reforms on international taxation. *World Journal of Advanced Science and Technology*, 5(2), 001–012.
17. Inua, O. I. (2018). Determinants of corporate effective tax rate: Empirical evidence from listed manufacturing companies in Nigeria. *Accounting and Taxation Review*, 2(3), 48–61
18. Lawal, A. M., Igbekoyi, O. E., & Emmanuel, D. M. (2024). Enhancing tax compliance and revenue generation in Nigeria: Strategies and challenges.
19. Markle, K. S., & Shackelford, D. A. (2012). Cross-country comparisons of the effects of leverage, intangible assets, and tax rates on corporate income taxes. *The Accounting Review*, 87(2), 565–595.
20. Meyer, J.W. & Rowan, B. (1977). Institutionalized organizations: Formal structure as myth and ceremony. *American Journal of Sociology*, 83(2), 340-363.
21. Nkechinyere, A. J. (2018). Transfer pricing: A tool for tax evasion & avoidance by multinational corporations in Nigeria Doctoral dissertation, University of Lagos.
22. Ogbodo, O. C., & Omonigho, A. J. (2021). Corporate governance and tax avoidance of quoted consumer goods manufacturing companies in Nigeria. *International Journal of Advanced Academic Research*, 7(7), 17–51.
23. Oladipo, O. A., Nwanji, T. I., Eluyela, F. D., Godo, B., & Adegboyegun, A. E. (2022). Impact of tax fairness and tax knowledge on tax compliance behaviour of listed manufacturing companies in Nigeria. *Problems and Perspectives in Management*, 20(1), 41–48.
24. Oladele, R., Aribaba, F. O., Adekunle, A. R., & Babatunde, A. D. (2020). E-tax administration and tax compliance among corporate taxpayers in Nigeria. *Accounting and Taxation Review*, 4(3), 93–101.
25. Osinuga, T. A., Raji, O. A., Asiyambi, H. B., & Fadahunsi, O. A. (2025). New tax reforms and public debt management in Nigeria: Challenges, opportunities, and policy recommendations. *British Journal of Interdisciplinary Research*, 2(3), 83–96.
26. Otusanya, O. (2016). Corporate social responsibility and the enterprise culture of multinational corporations in developing countries. In *People, planet and profit* 29–49.
27. Ozue, C. C. (2022). Companies income tax compliance and enforcement behaviours in Nigeria: An empirical study. *ANAN Journal of Contemporary Issues*, 3(3), 173–192.
28. Salaudeen, Y. M., & Abdulwahab, S. S. (2022). Corporate governance mechanism and tax compliance: The Nigerian experience. *European Journal of Business and Management Research*, 7(2), 45–54.
29. Salawu, M. K., Adigun, O. A., Lawal, Q. A., & Olaleye, J. A. (2025). Electronic tax filing system and compliance among small and medium-sized enterprises in Lagos State, Nigeria. *International Journal of Economics and Financial Issues*, 15(1), 32.
30. Sani, A. B., & Umar, S. I. (2023). Corporate governance factors and tax avoidance of listed deposit

- money banks in Nigeria. *Lafia Journal of Economics and Management Sciences*, 8, 242–264.
31. Sarhan, A. A., & Al-Najjar, B. (2023). The influence of corporate governance and shareholding structure on corporate social responsibility: The key role of executive compensation. *International Journal of Finance & Economics*, 28(4), 4532–4556.
  32. Schwab, C. M., Stomberg, B., & Xia, J. (2022). What determines effective tax rates? The relative influence of tax and other factors. *Contemporary Accounting Research*, 39(1), 459–497.
  33. Yeye, O., & Egbunike, P. A. (2021). Accruals quality and tax avoidance: Evidence from multinational firms in Nigeria. *Journal of Contemporary Issues in Accounting*, 1(1), 214–240.
  34. Zolotoy, L., O’Sullivan, D., Martin, G. P., & Wiseman, R. M. (2021). Stakeholder agency relationships: CEO stock options and corporate tax avoidance. *Journal of Management Studies*, 58(3), 15–27.