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EFFECT OF TAXATION ON THE PROFITABILITY OF SELECTED FOOD AND BEVERAGE COMPANIES IN NIGERIA

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Abstract: *Taxation is a charge on income of individual but whether the deduction has significant effect on profitability of firms remains uncertain. The study, therefore, evaluated the effect of Company Income Tax (CIT) and Education Tax on the profitability of food and beverage firms in Nigeria. Ex post facto research was adopted for the study in which panel data were extracted from the firms published financial statement for the period spanning from 2009-2018. Panel data analysis revealed a positive and significant effect of CIT on Asset Turnover of beverage firms in Nigeria while Education Tax had negative but insignificant effect of on Asset Turnover of food and beverage firms in Nigeria. The study concludes that tax though necessary for generation of funds needed for economic growth and development, as well as, general administration of government and provision of infrastructure and other social welfare of the citizens, it should be approached with caution as excessive CIT and education tax would tax firms out of business thus shortage of fund at long-run. One of the recommendations is that education and/or persuasion of firm management on the need to pay education tax should be intensified as education tax provides the money for research on firms challenges with a view to solving them, provide firms with quality manpower needed. Thus, there is need for periodic town and gown assembly where the firms and academics interact and share opinions on socio economic problems.*

Keywords: Taxation, Profitability, Food, Beverage, Companies, Nigeria

1.1 Introduction

In Nigerian, tax is enforced by the 3 tiers of government, federal, state and local governments, with each having its sphere clearly spelt out in the taxes and levies Act, 1998. These taxes are imposed with main objective of generating revenue with which to provide for the welfare of the citizens, for economic growth and development and for the general administration. It therefore enables government to mobilize fund for some important projects in the society (like road, airport, factories etc) and alleviation of poverty (Akwe, 2014 and Adereti, Sanni & Adesina, 2011). To meet up with the above, there must be proper administration of the nations' tax system, hence, the need for good tax policy and strategy on the execution and efficiency of the system.

There has been insinuations that tax revenues were not fully utilized for the benefit of the citizens, thus, the economic down turn and opinions suggesting that the economy need rejuvenation, revival and radical reform (Adegbie & Fakile, 2011). Also, observed was failure of tax revenue in meeting the personal and business lives comprising: promotion of economic activities, facilitating savings and investments and generating strategic competitive advantage; as a result, there is need for reform (Adedeji & Oboh, 2010). Equally observed were relationship between tax structure and level of economic growth and development in both developing and developed economies of the world, as there seems to have high correlation between the level of efficiency in a nations tax system and the nations level of economic growth and development.

Company income tax is often determined just like taxable income for individual tax payers (personal income tax). Wang (2012) states that a country's corporate tax may apply to:

i. Corporations Incorporated in the country,
ii. Corporations doing business in the country on income from that country,
iii. Foreign corporations who have a permanent establishment in the country, or
iv. Corporations deemed to be resident for tax purposes in the country.

Generally, the tax is imposed on net profits. In some jurisdictions, rules for taxing companies may differ significantly from rules for taxing individuals (Adereti, Sanni & Adesina, 2011). In addition, partnership business is generally not taxed as an entity but at individual membership level.

The effect of taxation on businesses in Nigeria has been issue of great interest and concern as there has been accusations of multiple taxation and over taxation forcing business to collapse. Since tax is a charge on income and after due assessment it become a liability to the organisation concerned, it needs to be properly managed to reduce its effect on the organisation. Also, imposed on firms are education tax aimed at providing adequate finance for the nations educational institutions. Notwithstanding the good intent and purposes, the effect is on the organisation on which the tax is levied, since it reduces distributable profit to share holders.

Realizing that tax has effect on the firm/organisation, the study wants to ascertain the effect of company income tax, as well as, education tax on profitability of some selected food and beverage industries in Nigeria.

1.2 Statement of the Problem

Taxation is a charge on income; hence, corporate tax reduces the amount of distributable profit; as dividend and retained earnings. Income generated by an organisation is one of the items to measure organisational performance/profitability. Usually, tax is charge as a percentage of the income. This has been over the years at 30% for company income tax and 2% for education tax. It is therefore, a progressive tax, since, the amount paid increases as income increases.

Te extent theses tax affect a company's profitability has been issue of interest and concern to scholars, investors and other stakeholders. Many companies have closed down in Nigeria, citing among other factors, multiple taxation, in addition to high tax rate. While some were of the view that government should be more friendly in its approach to issues of taxation bearing in mind that government benefits more from a going concern that continues to pay tax than huge tax from a discontinued operation. Others expressed concern with the tax administration in Nigeria citing inefficiency and /or corruption as the main problem of tax in the country, not the tax rate, as such, opines that tax has insignificant effect on the profitability of food and beverage firms in Nigeria. Share holders and firm executives contend that though company income tax and education tax are worth-while, the deduction usually remove reasonable proportion of income such that little or nothing is left for share holders and for growth and maintenance of the organisation.

It is in the light of the above arguments as to the correct effect of tax on the profitability of firms in Nigeria that the study examined the effect of company income tax and education tax on the profit performance of food and beverage industries in Nigeria.

1.3 Objectives of the Study

The study evaluated the effect of tax on the profitability of some selected food and beverage industries in Nigeria. In specific terms, the study

1. Examined the effect of company income tax on profitability of food and beverage firms in Nigeria
2. Evaluated the effect of education tax on profitability of food and beverage industries in Nigeria

1.4 Hypothesis of the Study

In the pursuit of the above, the study developed the following hypotheses to guide the study.

1. Company income tax does not have significant effect on the profitability of food and beverage firms in Nigeria.

2. Education tax has no significant effect on the profitability of food and beverage firms in Nigeria.

2.0 Review of Previous works

This was approached thus: conceptual review, empirical review, theoretical review and research gap.

2.1Conceptual review

Concept of taxation, company income tax, education tax and asset turn over were reviewed in the course of this study.

2.1.1.Concept of Taxation

Black's Law Dictionary (1979) defines tax as a charge by the government on the income of an individual, corporation or trust, as well as, the value of an estate or gift. Similar view was shared by Institute of Chartered Accountants of Nigeria [ICAN] (2009), which defines a tax is a compulsory contribution imposed on the citizens by the government in order to provide public goods and services and to ensure the citizens social and economic welfare. Similarly, Adebao (2009), defines tax as a compulsory levy imposed by the government on individuals and business organizations. It is a payment in return for which no direct and specific "*quid pro quo"* is offered by the government and indirect benefit to different individual taxpayers cannot be determined. Implicit in the above definitions of tax are the fact that it is an imposition, a deduction from income and is done by government or its agent principally to generate revenue for governance.

Tax therefore is a legal imposition by government on the income of individuals in order to raise fund to oil the wheels of governance. Thus, three tax elements involved are the tax base, the tax rate and the tax yield. While the tax base is the object being taxed, examples are: income, profit and property; the tax rate is the proportion of the value of the tax based that is paid as tax. The tax yield is the actual amount accrued to the government in tax.

2.1.2 Company Income Tax

The Constitution of the federal Republic of Nigeria 1999 (as amended) under Section 24(f) stipulates that, "it shall be the duty of every citizen to declare his income honestly to appropriate and lawful agencies and pay his tax promptly". Companies also fall within the categories of persons that are taxable in Nigeria. Companies are taxed under the companies income tax introduced in 1961 with modification in 2007 and 2012. The administration of the companies' income tax in Nigeria is vested on the Federal Inland Revenue Services. The tax is payable by all companies at the rate defined by the Companies Income Tax Act (CITA). Part 11 of the company income tax Act deals with imposition of tax and income chargeable with section 9 dealing specifically with charge of tax (Tax laws in Nigeria , 2013). It provides thus (1) subject to the provisions of the Act, the tax shall for each year of assessment be payable at a rate specified in sub section (1) of section 40 of this Act upon the profit of any company accruing in, derived from, brought into or received in , Nigeria in respect of

(a) Any trade or business for whatever period of time such trade or business may have been carried out.

(b) Rent or any premium arising from a right to any other person for the use or occupation of any property; and where any payment on account of such a rent as it is mentioned in this paragraph is made before the expiration of the period to which it relates and is included for the purpose of this paragraph in the profit of a company, then, so much of the payment as relates to any period beginning with the date on which the payment is made shall be treated for these purposes as accruing to the company proportionately form day to day over the last-mentioned period or over the five years beginning with that date, whichever is shorter;

(c) dividends, interests, royalties, discounts, charges or annuities;

(d) any source of annual profits or gains not falling within the preceding categories;

(e) any amount deemed to be income or profit under a provision of this Act or, with respect to any benefit arising from a pension or provident fund, of the Personal Income Tax Act;

(f) fees, dues and allowances (wherever paid) for services rendered;

(g) any amount of profits or gains arising from acquisition and disposal of short-term money instruments like Federal Government Securities, Treasury Bills, Treasury or Savings Certificates, Debenture Certificates or Treasury bills, Treasury or Savings Certificates, Debenture Certificates or Treasury Bonds (tax laws in Nigeria 2013).

Companies Income Tax (CIT) commonly referred to as corporate tax is tax on the profits of incorporated entities in Nigeria (Wooldridge, 2006). It also includes the tax on the profits of non-resident companies carrying on business in Nigeria. The tax is paid by limited liability companies, the public limited liability companies inclusive.

2.1.3 Education Tax

Education tax came into being owing to deterioration in all segments of the education sector. There were poor infrastructure, poor staffing, low morale among workers, as the working condition remains grossly poor and dehumanizing, as a result, brain drain become the order of the day (Desai & Hines, 2002). Also, prevalent was absence of teaching aid and poor and irregular remuneration. Taking into account the enormity of problems with accusing fingers being directed towards poor funding, the federal government in first January, 1993 promulgated Education Tax Decree No 7 of 1993 which imposes Education Tax of 2% on Profit Before Tax on companies registered in Nigeria and also to establish an Education Tax Fund (ETF) and a Board of Trustees to manage and administer the fund. 'The Educational Tax Fund (ETF) was established under Act No. 7 of 1993 and amended by the Act No. 40 of 1988; for project management, to improve the quality of Education in Nigeria. To enable the ETF achieve the above objectives, Act No. 7 1993 as amended imposes a 2 percent (2%) Education Tax on the assessable profit of all registered companies in Nigeria and the Federal Inland Revenue Service (FIRS) empowered by the Act to assess and collect Education Tax. (Ekeocha, Ekeocha, Malaolu, Oduh, 2012). This could be perceived by investors as multiple taxation and as such a disincentive to Foreign Direct Investment (FDI).

2.1.4 Asset Turnover Ratio

Accountants are usually interested in quality of asset of a firm. Asset turnover could be used to assess performance of the firm as it gives insight to how the management have deployed the assets at their disposal in the generation of revenue. Asset turnover ratio measures the value of a firm's sales relative to its assets, thus it is the ratio of sales (turnover) to the value of the firm's assets. It is usually stated thus:

$$\text{Asset Turnover ratio} = \frac{\text{Sales (turnover)}}{\text{Average Total Assets}}$$

This is an indication of how efficiently the firm utilizes its assets in generation of revenue. It varies in different firms and is usually high in retail and consumer staples as they have small assets but high sales volume. It implies that the larger the naira value of sales per naira of invested capital, the larger will be the earnings on each naira invested in the assets invested in the business (Osisioma, 2000). However, one should note that it actually indicate profitability but a high sales value may not necessarily mean more profit as could be seen where market share is major concern which is common where a firm is penetrating new environment to increase its area of operation and ultimately increase profit. It is a good guide in capital intensive industries.

2.2 Theoretical Review

Ability to Pay

The ability to pay theory was propounded by MS Kendrick in 1939. In the theory tax is considered as a liability in its true form-compulsory payment to the state without quid pro quo. It does not assume any commercial or semi-commercial relationship between the state and the citizens. The theory postulates that a citizen is to pay taxes just because he can and his relative share in the total tax burden is to be determined by his relative paying capacity. This theory attracts the support of socialist thinkers because of its conformity with the ideas and concepts of justice and equity. The basic tenet of this theory is that the burden of taxation should be shared by the members of society on the principles of justice and equity and that these principles necessitates that the tax burden is apportioned according to their relative ability to pay.

The study is anchored on the ability to pay theory because it emphasis justice and equity on tax payment as contained in the core concept of embarking on effective taxation which tends to ensure that firms are not over taxed hence the study which sort to ascertain the effect of tax on the profitability of food and beverage firms.

2.3 Empirical Review

Heitzman and Ogneva (2015) evaluated the relationship between Corporate Tax Planning and Stock Returns of all U.S. firms traded on NYSE, AMEX or Nasdaq from 1988 to 2013 using panel regression analysis. The study found that large firms are less exposed to tax policy risk due because they are consistently audited.

In another study, Munyoro, Chiinze, and Munyoro (2016), assessed the role of customs and excise duties on small enterprises using Women Cross Border Traders as case study in Zimbabwe. Qualitative research methodology centred on the positivist philosophy was adopted. Findings showed that customs and excise taxes play a role in women cross border traders if it is fair and simple to understand.

Furthermore, Olaoye and Ayeni (2018), investigated the effects of value added tax and custom duties on revenue generation in Nigeria (2000-2016). It examined value added tax and customs duties on revenue generation in Nigeria. Secondary data was sourced from Federal Inland Revenue Service (FIRS) ranging from 2000 to 2016. Autoregressive Distributed Lag (ARDL) and Granger Causality Tests were used as the estimation techniques. The findings of the study revealed that there is no long-run relationship among value-added tax, customs duties and revenue generation. It was equally revealed that there is no causality among value-added tax, customs duties, and revenue generation.

In the same vein, Uchime and Anichebe (2019), investigated the effect of taxation on domestic investment in Nigeria. Data for the study were sourced from the Central Bank of Nigeria Statistical Bulletin and National Bureau of Statistics. Ordinary Least Square (OLS) Technique was adopted in the study. The estimates revealed that taxation has long run relationship with Domestic Investment in Nigeria; while Personal Income Tax and Gross Domestic Product have non-significant negative effects on Domestic Investment in the long run, and Company Income Tax has a significant positive effect on Domestic Investment.

Omodero and Ogbonnaya (2018) evaluated the effect of corporate tax on profitability of deposit money banks in Nigeria. Secondary data for the period 2006-2016 were collected from the published financial statements of banks via their websites. Panel data multiple regression analysis revealed a positive significant impact of CIT on PAT and existence of a positive relationship between PAT and CIT.

Fagbemi, Olaniyi and Ayobolawole and Dewale (2019) studied corporate tax planning and financial performance of Systemically Important Banks (SIB) in Nigeria. Pooled OLS was used to analyze the data. This study has showed that effective tax rate has a negative but significant impact on financial performance of the banks. Thin capitalization has a positive significant impact on the financial performance of SIBs in Nigeria, whereas capital intensity and the lease option have demonstrated an insignificant impact on the financial performance of SIBs in the country.

Mahfoudh and Ku Nor Izah (2015) conducted a library research on Corporate Tax Planning Activities using multiple regression. The study used vector error correction model as analytical tool. The study found that there are several approaches to tax planning such as income shifting, modify of characteristics of income, organizational structure and tax-exemption.

Adebayo, Bunu and Zainab (2015) investigated an examination of the Laws on Tax Reliefs and Exemption in Nigeria using ordinary least square. The result showed that tax relief promote taxation processes in Nigeria.

2.4 Research Gap

From the reviewed work it could be seen that some were engrossed with tax planning as in the studies of Mahfoudh and Ku Nor Izah (2015), Fagbemi, Olaniyi and Ayobolawole and Dewale (2019) and Heitzman and Ogneva (2015) while Munyoro, Chiinze, and Munyoro (2016) studied the effect of custom and exercise duties on small enterprise. Also, Uchime and Anichebe (2019) focused on taxation and domestic investment.

A close look at the reviewed works shows that Omodero and Ogbonnaya (2018) studied the effect of corporate tax on profitability of deposit money banks in Nigeria. This is close to our work as they studied effect of taxation of firm profitability (banks) but we in specific term studied the effect of tax on profitability of food and beverage industries in Nigeria.

In all, the seems to have few studies on the effect of taxation on profitability of firms and in specific term food and beverage industries in Nigeria, hence the need for the study

3.0 Methodology

Ex-post-facto research design was adopted for the study as it used secondary data harvested from the firms' annual report for a period of 10 years from 2008-2018. In the food and beverage industry, there are about 15 firms and a sample of 5 firms was judgementally selected for effective study. They include: Nigeria Breweries Plc, Guinness Nigeria Plc, Cadbury Nigeria Plc, Unilever Nigeria plc, and Nestle Nigeria Plc

3.1 Model Specification

The following popular economic model was adopted to evaluate the study:

$$Y = \beta_O + \beta_1 X_1 + \beta_2 X_2 \text{ - - - - - -} \beta_n X_n + \mu_t \text{ -----------} \quad (1)$$

Where;

Y = dependent variable

X_1, X_2, ---Xn = Explanatory or independent variable

β_1, β_2, ---- β_n = the slope of coefficient of the parameter estimate

μ = Error or disturbance term

$_t$ = time

Relating this to the study

$$ATR = F\ (CIT, ET) \ldots\ldots\ldots\ldots\ldots\ldots\ldots \quad (2)$$

Where:

ATR = Asset Turnover Ratio

CIT = Company Income Tax

ET = Education Tax

Thus from the above, asset turnover ratio is a function of company income tax and education tax.

In a linear regression form, it is modified to make it estimable

$$ATR_t = \beta o + \beta_1\ CIT_t + \beta_2\ ET_t + \mu \ldots\ldots\ldots\ldots\ldots\ldots\ldots \quad (3)$$

βo = Constant Term

β_1 = Coefficient of Company Income Tax

β_2 = Coefficient of Education Tax

μ = Error Term

Apriori Expectation: It is expected that β_1, β_2 >0

3.2 Method of Data Analysis

The method of data analysis adopted in this study is Random Effect Panel Regression Model. Random effect panel regression model was adopted for the study because it controls the heterogeneity of data set. Descriptive statistics was used as preliminary test to describe the variables under study

4.0 DATA PRESENTATION AND ANALYSIS

This deals with the presentation of data used for analysis as well as analysis of data.

4.1 Data Presentation

Data for study were presented in tabular model but was taken to appendices. See

appendix 1: Pooled Data of Nigeria Breweries Plc, Guinness Nigeria Plc, Cadbury Nigeria Plc, Unilever Nigeria plc, and Nestle Nigeria Plc and

Appendix 2: Logged Data of the pooled data for the companies under study

4.2 Data Analysis

Data analysis depicts how the data collected for each of the manufacturing firms are analyzed with diverse analytical tools.

4.2.1 Descriptive Analysis (Normality Test)

Table 1: Description of the Characteristics of the Variables under Study

	LCIT	LET	ATR
Skewness	-0.834493	0.921945	6.856010
Kurtosis	2.432500	3.195305	48.01027
Jarque-Bera	6.474103	7.162657	4612.383
Probability	0.039280	0.027839	0.000000
Observations	50	50	50

Source: Computation from Eview 9.0

Table 1 contains the measures of normality test which comprise of skewness, kurtosis, Jarque-Bera Statistics and probability value. It was shown that the log of company income tax is negatively skewed relative to normal while the log education tax and ratio of turnover to total assets are positively skewed relative to normal.

The table also showed that the log of company income tax is platykurtic as its kurtosis value is less than three (3) while the log of education tax and the ratio of turnover to total assets are leptokurtic as their kurtosis values are greater than three (3).

The study finally concluded that all the variables are normally distributed as the probability values of their Jarque-Bera Statistics are less than 0.05.

4.2.3 Test of Hypotheses

Table 2: Result of test of pooled regression.

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	244.8815	159.6593	1.533776	0.1319
LCIT	2.167401	5.445065	3.398049	0.0224
LET	-14.19884	9.366400	-1.515933	0.1364
		Effects Specification		
			S.D.	Rho
Cross-section random			17.05504	0.0995
Period random			0.000000	0.0000
Idiosyncratic random			51.30739	0.9005
		Weighted Statistics		
R-squared	0.956693	Mean dependent var		5.888241
Adjusted R-squared	0.804827	S.D. dependent var		53.00956
S.E. of regression	53.13736	Sum squared resid		129884.6

F-statistic	5.921531	Durbin-Watson stat	1.725554
Prob(F-statistic)	0.037941		
	Unweighted Statistics		
R-squared	0.043672	Mean dependent var	8.542938
Sum squared resid	137564.4	Durbin-Watson stat	1.204343

Table 2 above shows that the R^2 is 0.956693 which is about 96%. The R^2 is used to explain the goodness of fit. Therefore, since it is about 96%, it implies that about 96% change in the dependent variable being asset turnover ratio is explained by the independent variables and the higher the R^2 the better fit the independent variables. Adjusted R-squared (80.4%) on the other hand is used to show the effect of the independent variables after adjusting for effect of explanatory variables. Since the F – statistics is 5.921531 which is greater than 2 and the probability value is 0.037941 is <0.05. This shows that the model is significant and has a high goodness of fit. The Durbin – Watson stat is approximately equal to 2 (1.7255) indicating the absence of autocorrelation.

4.2.3 1Test of Hypothesis 1

Company income tax does not have significant effect on the profitability of food and beverage industries in Nigeria.

From table 2, CIT has positive and significant effect on the profitability of the firms as the coefficient of the result was 2.167401, suggesting that a percentage change in CIT brings over 200 percent change in the profit of the firms. The probability value of 0.0224 is less than 0.05 thus significant.

Decision: since the probability value is less than 0.05 we reject the null hypothesis and in its place accept the alternative hypothesis which states that CIT has significant effect on the profitability of food and beverage industries in Nigeria.

We therefore conclude that company income tax has positive and significant effect on asset turnover ratio of beverage firms in Nigeria.

4.2.3.2 Hypothesis 2

Education tax has no significant effect on profitability of food and beverage industries in Nigeria.

Table 2 revealed a negative and insignificant effect of education tax on food and beverage firms as the education tax has a coefficient of -14.19884 and probability value of o.1364 which is higher than 0.05. This implies that as education tax increases, the asset turnover decreases.

Decision: since the p value is greater than 0.05 , the study accept the null hypothesis which states that education tax has no significant effect on the profitability of food and beverage firms in Nigeria.

We therefore conclude that education tax does not positively and significantly affect asset turnover ratio of beverage firms in Nigeria.

4.3 Discussion of findings

This was done in line with the objectives of the study

Objective 1 was to examined the effect of company income tax on profitability of food and beverage firms in Nigeria. It was found that CIT has positive and significant effect on the profitability of food and beverage firms in Nigeria. The study revealed a positive and significant effect of CIT on asset turnover of the pooled firms under study. Aprior expectation is that CIT should have negative effect on the profitability of food and beverage firms in Nigeria which the finding is at variance with. The finding is in agreement with the finding of Omodero and Ogbonnaya (2018) who found a positive and significant effect of CIT on PAT of banks in Nigeria. This implies that as the tax increases so do asset turn over increases. This may be due to reaction to the amount paid as tax as some company adopt strategies to recover such money thus increasing their profit and the circle continues. Secondly, most companied are in the habit of continuous improvement thus efforts are always geared toward increase in sales, product quality improvement, increase market share and so on. The above culminates to increase in sales value and profit. Eventually once sales increase, most likely, profit would increases and amount paid as CIT on the profit would increase as tax is usually a percentage of profit.

Objective 2 is to evaluate the effect of education tax on profitability of food and beverage industries in Nigeria. The research revealed a negative and insignificant effect of education tax on food and beverage firms in Nigeria. This is in line with apriori expectation as tax is a charge on income and education tax is seen as one of the multiple tax which is a disincentive to hard work. The intent of the education tax was to salvage the education industry from total collapse but a percentage of CIT would have been used instead of bringing it out as a separate tax for firms to pay. A significant education tax would be disastrous as such could lead to capital flight as companies might decide to move to countries with more favovurable tax policy.

5.1 Conclusion

From the findings, the study concludes that tax though necessary for generation of funds needed for economic growth and development, as well as, general administration of government and provision of infrastructure and other social welfare of the citizens, it should be approached with caution as excessive CIT and education tax would tax firms out of business thus shortage of fund at long-run.

5.2 Recommendations

1. Companies should be encouraged to pay CIT as it has positive effect on the profitability of the firms. This should be done by government through various fora such as organising workshop for share holders and top company executiveson the need to pay tax. This is necessary as there has been association of economic growth and development with good tax system as tax revenue are used to finance research and other projects beneficial to investors and the public.

2. Education and/or persuasion of firms on the need to pay education tax should be intensified as education tax provides the money for research on firms challenges with a view to solving them, provide firms with quality manpower needed. Thus there is need for periodic town and gown assembly where the firms and academics interact and share opinions on socio economic problems. Through such fora, firms would see the benefit derivable from supporting education. However, Education Tax have a negative effect of asset turnover implies having negative though insignificant effect on firms profitability as such should be handled with caution or scrapped and a percentage of the CIT set aside for education industry sustenance. This will remove the demoralizing effect of feeling of multiple taxation.

5.3 Suggestions for further studies

The study suggest further research on the effect of taxation on the profitability of oil companies in Nigeria.

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Appendices

Appendix I

Pooled Data of Nigeria Breweries Plc, Guinness Nigeria Plc, Cadbury Nigeria Plc, Unilever Nigeria plc, and Nestle Nigeria Plc

	CIT (₦' 000)	ET (₦' 000)	ATR (₦)
GUINNESS – 09	1792248	355801	1.376302
GUINNESS – 10	4667261	424052	1.411248
GUINNESS – 11	4828223	414862	0.120685
GUINNESS – 12	5471146	519076	0.013950
GUINNESS – 13	5688771	608914	0.013416
GUINNESS – 14	4586932	515050	0.123167
GUINNESS – 15	5191667	512165	0.467693
GUINNESS – 16	3902176	379813	0.306514
GUINNESS – 17	1520648	387556	0.087942
GUINNESS – 18	1807544	896233	0.095051
CADBURY – 09	83112	381201	0.821040
CADBURY – 10	43556	648132	1.016622
CADBURY – 11	34617	936102	1.771793
CADBURY – 12	21269	187413	1.150471
CADBURY – 13	15986	517801	1.244548
CADBURY – 14	25450	159978	1.601521
CADBURY – 15	36691	200647	0.435476
CADBURY – 16	99422	149601	0.830552
CADBURY – 17	36624	439950	0.681442
CADBURY – 18	24143	241432	1.768375
NESTLE – 09	2017458	158419	383.9823
NESTLE – 10	2485018	161746	1.320451
NESTLE – 11	1823104	344971	1.444581
NESTLE – 12	4604624	414293	1.370841
NESTLE – 13	4039746	267412	1.260304
NESTLE – 14	1969979	251484	1.000000

NESTLE – 15	2207831	2661553	0.983477
NESTLE – 16	2350986	3026096	0.105863
NESTLE – 17	2731139	3447192	0.090710
NESTLE – 18	4551484	1259600	0.121694
NB PLC – 09	5685769	672068	1.234129
NB PLC – 10	8247732	821467	1.393143
NB PLC – 11	9061138	209549	1.534817
NB PLC – 12	12977404	127863	1.624825
NB PLC – 13	16996193	117965	0.607491
NB PLC – 14	15863579	127065	1.000000
NB PLC – 15	15487782	131041	0.592111
NB PLC – 16	15107640	136087	0.621745
NB PLC – 17	18921722	140496	0.531562
NB PLC – 18	15048868	792743	0.576853
UNIILEVER – 09	1375093	1608453	0.037539
UNIILEVER – 10	1548318	143098	0.357979
UNIILEVER – 11	1567230	166912	0.432389
UNIILEVER – 12	1386732	179634	1.201339
UNIILEVER – 13	2207186	180012	1.696895
UNIILEVER – 14	2472770	205493	1.672610
UNIILEVER – 15	2509153	178255	1.307545
UNIILEVER – 16	212770	164028	1.332387
UNIILEVER – 17	159840	152741	1.114685
UNIILEVER – 18	187093	176039	1.258887

Source: Financial Statement of the selected companies

Appendix II: Logged Data of the pooled data for the companies under study

	LCIT (₦' 000)	LET(₦' 000)	ATR (₦')
GUINNESS – 09	14.39898	12.78213	1.376302

GUINNESS – 10	15.35608	12.95761	1.411248
GUINNESS – 11	15.38999	12.93570	0.120685
GUINNESS – 12	15.51500	13.15981	0.013950
GUINNESS – 13	15.55400	13.31943	0.013416
GUINNESS – 14	15.33872	13.15202	0.123167
GUINNESS – 15	15.46257	13.14640	0.467693
GUINNESS – 16	15.17704	12.84743	0.306514
GUINNESS – 17	14.23465	12.86762	0.087942
GUINNESS – 18	14.40748	13.70596	0.095051
CADBURY – 09	11.32794	12.85108	0.821040
CADBURY – 10	10.68180	13.38185	1.016622
CADBURY – 11	10.45210	13.74948	1.771793
CADBURY – 12	9.965006	12.14107	1.150471
CADBURY – 13	9.679469	13.15735	1.244548
CADBURY – 14	10.14447	11.98279	1.601521
CADBURY – 15	10.51029	12.20930	0.435476
CADBURY – 16	11.50713	11.91573	0.830552
CADBURY – 17	10.50846	12.99442	0.681442
CADBURY – 18	10.09175	12.39434	1.768375
NESTLE – 09	14.51735	11.97300	383.9823
NESTLE – 10	14.72579	11.99378	1.320451
NESTLE – 11	14.41605	12.75122	1.444581
NESTLE – 12	15.34257	12.93433	1.370841
NESTLE – 13	15.21169	12.49655	1.260304
NESTLE – 14	14.49353	12.43513	1.000000
NESTLE – 15	14.60752	14.79442	0.983477
NESTLE – 16	14.67035	14.92278	0.105863
NESTLE – 17	14.82023	15.05307	0.090710
NESTLE – 18	15.33096	14.04630	0.121694
NB PLC – 09	15.55348	13.41811	1.234129
NB PLC – 10	15.92545	13.61885	1.393143
NB PLC – 11	16.01951	12.25271	1.534817

NB PLC – 12	16.37872	11.75871	1.624825
NB PLC – 13	16.64850	11.67814	0.607491
NB PLC – 14	16.57954	11.75245	1.000000
NB PLC – 15	16.55556	11.78327	0.592111
NB PLC – 16	16.53071	11.82105	0.621745
NB PLC – 17	16.75582	11.85293	0.531562
NB PLC – 18	16.52681	13.58325	0.576853
UNIILEVER – 09	14.13403	14.29078	0.037539
UNIILEVER – 10	14.25268	11.87128	0.357979
UNIILEVER – 11	14.26482	12.02522	0.432389
UNIILEVER – 12	14.14246	12.09868	1.201339
UNIILEVER – 13	14.60723	12.10078	1.696895
UNIILEVER – 14	14.72085	12.23317	1.672610
UNIILEVER – 15	14.73546	12.09097	1.307545
UNIILEVER – 16	12.26797	12.00779	1.332387
UNIILEVER – 17	11.98193	11.93650	1.114685
UNIILEVER – 18	12.13936	12.07846	1.258887

Source: Computation from Eview 9.0

Appendix III:
Output of Descriptive Statistics of the Variables under Study

	LCIT	LCED	LE_T	RTA
Mean	14.09120	15.44079	12.74610	8.542938
Median	14.63893	14.64519	12.62388	1.000000
Maximum	16.75582	19.56357	15.05307	383.9823
Minimum	9.679469	13.83269	11.67814	0.013416
Std. Dev.	2.101955	1.957615	0.875359	54.18157
Skewness	-0.834493	1.280045	0.921945	6.856010
Kurtosis	2.432500	2.968091	3.195305	48.01027

Jarque-Bera	6.474103	13.65641	7.162657	4612.383
Probability	0.039280	0.001083	0.027839	0.000000
Sum	704.5599	772.0395	637.3052	427.1469
Sum Sq. Dev.	216.4924	187.7805	37.54644	143846.5
Observations	50	50	50	50