



TAX PLANNING STRATEGIES AND FINANCIAL PERFORMANCE INDICATORS AMONG SMES IN RIVERS STATE, NIGERIA

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Abstract: This study investigates the impact of tax planning strategies on the financial performance of Small and Medium Enterprises (SMEs) in Rivers State, Nigeria. In a volatile economic environment where tax burdens can significantly affect business sustainability, strategic tax planning has become a critical financial management tool. The study specifically examined the effect of three tax planning strategies income shifting, tax deferral, and investment in tax-deductible assets on two financial performance indicators: net profit margin and return on total assets (ROA). A descriptive survey research design was adopted, and data were collected from 172 respondents of selected registered SMEs through structured questionnaires. Data were analyzed using descriptive statistics, Pearson correlation, and multiple regression analysis. The findings revealed that all three tax planning strategies had a statistically significant and positive effect on both net profit margin and ROA. Among them, investment in tax-deductible assets exhibited the strongest influence on financial performance. The regression model showed that tax planning strategies jointly explained over 50% of the variation in SME profitability. The study concludes that effective tax planning enhances the financial health of SMEs by improving profit margins and asset efficiency. It recommends that SMEs integrate tax planning into their financial decisions, engage professional tax advisors, and adopt tax management technologies. The findings also call for government policy reforms to provide targeted tax incentives and education programs for small business operators. This research contributes to the growing body of literature advocating tax planning as a key driver of SME sustainability in developing economies.

Keywords: Tax Planning, Income Shifting, Tax Deferral, Financial Performance, Net Profit Margin, Return on Assets, SMEs, Nigeria

INTRODUCTION

Taxation plays a fundamental role in the fiscal policy and economic development strategies of nations. For Small and Medium Enterprises (SMEs), which constitute a significant segment of the business landscape in developing economies like Nigeria, taxes represent both an obligation and a strategic opportunity. With increasing pressure to remain profitable amid fluctuating economic conditions, SMEs are exploring various tax planning

strategies to enhance financial performance and sustainability. Tax planning, in this context, refers to the legal and strategic arrangements made by firms to minimize their tax liability through the timing of income, selection of investments, and utilization of deductions and exemptions (Akpan et al, 2025).

In Nigeria, SMEs account for over 90% of all business activities and are pivotal to employment generation, income distribution, and poverty alleviation. Despite their

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potential, SMEs face numerous financial constraints, including high tax burdens, limited access to capital, and inadequate tax education. These challenges often erode profitability and impede operational efficiency. As such, effective tax planning has become not just a matter of compliance but also a mechanism for improving financial outcomes. Among the various tax planning strategies employed by businesses, income shifting, tax deferral, and investment in tax-deductible assets are widely recognized for their impact on reducing immediate tax burdens and enhancing long-term profitability. Income shifting allows businesses to redistribute income to entities or time periods with lower tax rates, thereby minimizing tax liability (Stephen et al, 2024). Tax deferral involves delaying the payment of taxes to future periods to take advantage of the time value of money. Meanwhile, investment in tax-deductible assets allows firms to reduce taxable income through depreciation and capital allowances, thereby improving financial liquidity and asset utilization (Bala Ado et al, 2021).

Financial performance, often measured through indicators such as net profit margin and return on total assets (ROA), provides insight into a firm's profitability, efficiency, and overall financial health. Net profit margin reveals how effectively a firm converts revenue into actual profit after all expenses, including taxes. Return on total assets, on the other hand, evaluates how well a company utilizes its total assets to generate earnings, and it is sensitive to tax-related decisions, especially those affecting capital investment and depreciation (Dada, 2017). In Rivers State, a critical hub for commerce and industrial activity in Nigeria's oil-rich Niger Delta region, SMEs operate within a complex regulatory and economic environment. Tax regulations, although designed to promote compliance and economic fairness, can impose significant burdens if not strategically managed. Hence, there is a growing need to empirically examine how tax planning strategies affect the financial performance of SMEs in the region. By identifying which strategies are most effective, this study aims to provide evidence-based recommendations that can guide business owners, tax practitioners, and policymakers.

Previous studies have examined the general effects of taxation on business performance (Umeh et al,2020;

Olayeye,2025), but few have specifically analyzed how discrete tax planning strategies like income shifting, tax deferral, and tax-deductible investments relate to financial indicators within the context of Nigerian SMEs. This gap is particularly significant in Rivers State, where economic volatility and tax enforcement challenges demand innovative financial management solutions. Therefore, this study investigates the relationship between tax planning strategies (income shifting, tax deferral, and investment in tax-deductible assets) and financial performance indicators (net profit margin and return on total assets) among SMEs in Rivers State, Nigeria

Research Objective

The main objective of this study is to examine the effect of tax planning strategies specifically income shifting, tax deferral, and investment in tax-deductible assets on the financial performance of small and medium enterprises (SMEs) in Rivers State, Nigeria, as measured by net profit margin and return on total assets. Specific Objectives:

1. To evaluate the effect of income shifting on the net profit margin of SMEs in Rivers State.
2. To assess the impact of tax deferral on the return on total assets of SMEs in Rivers State.
3. To examine the relationship between investment in tax-deductible assets and the net profit margin of SMEs in Rivers State.

Research Hypotheses

The study will test the following null hypotheses (H_0):

H_{01} : Income shifting has no significant effect on the net profit margin of SMEs in Rivers State.

H_{02} : Tax deferral has no significant impact on the return on total assets of SMEs in Rivers State.

H_{03} : Investment in tax-deductible assets does not significantly affect the net profit margin of SMEs in Rivers State.

Agency Theory

Agency theory, as proposed by Jensen and Meckling (1976), describes the relationship between principals (owners or shareholders) and agents (managers). It posits that managers may pursue personal interests rather than



those of the owners, particularly in financial decisions such as taxation.. In the context of SMEs, where ownership and management may sometimes be separate or overlapping, tax planning can be influenced by agency-related motivations.

Tax planning strategies such as income shifting, tax deferral and investment in tax-deductible assets are often employed by managers to reduce tax burdens and improve reported financial performance. However, without adequate oversight, these strategies may be misused, leading to aggressive tax avoidance or underperformance. Agency theory helps explain how proper alignment of incentives can ensure that tax planning is done to optimize financial outcomes, such as net profit margin and return on total assets, rather than for personal gain. SME owners must establish mechanisms (internal controls, tax advisory services) to monitor how managers apply tax planning strategies. This reduces information asymmetry and enhances decision-making that aligns with the firm's financial goals.

Resource-Based View (RBV) Theory

The Resource-Based View (RBV) theory, advanced by Barney (1991), argues that a firm's internal resources and capabilities when they are valuable, rare, difficult to imitate, and non-substitutable can generate sustained competitive advantage. The theory emphasizes the strategic use of internal strengths to achieve superior organizational performance. In this study, tax planning capabilities are seen as strategic internal resources. SMEs that effectively implement income shifting, tax deferral and investment in tax-deductible assets can reduce costs, improve capital allocation, and ultimately enhance financial performance. The ability to engage in legal and efficient tax planning represents a knowledge-based asset that can differentiate financially successful SMEs from their peers. SMEs with strong financial literacy, access to skilled tax consultants, and effective planning tools are better positioned to convert tax-saving opportunities into higher profit margins and asset productivity. RBV explains how these internal resources translate into improved financial metrics.

Concept of Tax Planning Strategies

Tax planning strategies refer to the legally permissible practices businesses undertake to minimize their tax liabilities, improve cash flow, and enhance profitability. It involves strategic decisions related to the timing of income and expenses, choice of investments, and exploitation of tax allowances, credits, and deductions. Tax planning does not imply tax evasion which is illegal but rather the intelligent application of tax laws to gain financial advantage (Akpan et al,2025). For SMEs, especially in a developing economy like Nigeria, effective tax planning enhances financial sustainability by increasing the availability of resources for operations, expansion, or debt reduction. It also positions businesses to remain compliant with regulatory frameworks while optimizing their financial structure. Tax planning strategies especially investment in tax-deductible assets can influence asset base and profitability, thereby affecting ROA. Efficient use of deferred tax and capital allowances improves return on assets by reducing tax expenses and increasing income from asset investments.

Concept of Income Shifting

Income shifting refers to the strategic reallocation of taxable income from high-tax entities or periods to low-tax ones to minimize the overall tax liability. SMEs may shift income between family members, related entities, or across time by manipulating timing of revenue recognition, dividend payments, or allocation of expenses (Bala Ado, 2021). SMEs might transfer income to a business unit in a tax-exempt zone or delay recognizing revenue until a lower tax year. This practice, when done legally, reduces effective tax rates and improves retained earnings. Income Shifting involves redistributing taxable income to different entities, locations, or time periods where tax obligations are lower, thus minimizing the overall tax burden

Concept of Tax Deferral

Tax deferral is the postponement of tax payments to future periods, often through the use of allowances, tax credits, depreciation, or deferred income arrangements. The strategy is based on the time value of money delaying tax obligations improves current cash flow and investment



capacity (Esther & Mbobo,2024)). SMEs may use accelerated depreciation or carry forward losses to reduce taxable income in the short term, thus freeing up capital for reinvestment or operations

Concept of Investment in Tax-Deductible Assets

This strategy involves acquiring assets that qualify for tax deductions through depreciation or capital allowances. It allows businesses to reduce taxable income over time by claiming periodic reductions on asset value (Stephen et al,2024). Common investments include machinery, vehicles, computers, or buildings. By increasing deductible expenses, SMEs can reduce their taxable profits, thereby increasing cash flow and profitability.

Concept of Financial Performance Indicators

Financial performance indicators are quantitative tools used to measure how well an organization uses its resources to generate profit and value over time. These indicators offer insight into a firm's operational efficiency, profitability, and overall financial health, making them critical for management decisions, investor evaluations, and policy formulation ((Stephen et al, 2024). Among the numerous performance metrics available, two of the most widely adopted in SME evaluations are Net Profit Margin and Return on Total Assets (ROA) Effective tax planning is believed to positively influence these indicators by reducing tax expense, improving investment capacity, and enhancing net income. Therefore, linking tax planning strategies with financial performance indicators allows for a robust understanding of how tax-related decisions impact business success.

Concept of Net Profit Margin

This reflects the percentage of revenue that remains after all operational and tax-related expenses have been deducted. It measures how efficiently a business converts sales into actual profit. A higher net profit margin indicates strong cost control, efficient tax management, and solid profitability. It is a key indicator of profitability and cost-efficiency (Bala Ado et al,2021). $\text{Net Profit Margin} = (\text{Net Profit} / \text{Revenue}) \times 100$. A higher net profit margin indicates that tax planning strategies are effective in

reducing operational and tax expenses, resulting in improved bottom-line performance.

Concept of Return on Total Assets (ROA)

Return on Total Assets (ROA): This evaluates a firm's ability to generate profit from its entire asset base. It reflects asset efficiency and managerial effectiveness in deploying resources. ROA is particularly relevant for SMEs engaging in asset-based tax planning strategies like depreciation (Dada, 2017). $\text{ROA} = (\text{Net Income} / \text{Total Assets}) \times 100$

Empirical Reviews

Dada (2017) examined the effect of tax planning on the performance of listed firms in Nigeria. Using survey and ex post facto research designs, the study analysed financial statement data of fifteen sampled companies drawn from the manufacturing, banking, and insurance sectors between 2003 and 2012. The findings revealed that tax planning had a positive but statistically insignificant effect on reported earnings ($p = 0.199 > 0.05$), although the model explained 51.5% of variations in earnings. The study concluded that tax planning does not significantly influence firms' performance and recommended increased taxpayer enlightenment on voluntary compliance and greater specialization among tax advisers.

Akpan et al. (2025) examined the effect of tax planning on the sustainable growth of listed conglomerates in Nigeria from 2019 to 2023 using an ex post facto research design. Tax planning was measured by effective tax rate, capital intensity, and thin capitalization, while sustainable growth was proxies by sustainable growth rate. Using secondary data from six listed conglomerates analysed with ordinary least squares regression, the study found that effective tax rate had a significant negative effect, whereas capital intensity and thin capitalization had significant positive effects on sustainable growth. The study concluded that tax planning significantly influences sustainable growth and recommended reducing effective tax rates and increasing capital-intensive investments to enhance sustainable growth.



Stephen et al. (2024) investigated the effect of tax planning on the financial performance of listed conglomerate firms in Nigeria using an ex post facto research design. The study covered six listed conglomerates over the period 2012–2022, with secondary data obtained from annual reports and analysed using descriptive statistics, correlation, and OLS regression. The findings revealed that thin capitalization had a negative but insignificant effect on financial performance, capital intensity had a negative and significant effect, while research and development expenditure showed a positive but insignificant relationship. The study recommended increased investment in capital assets to improve operational efficiency and enhance financial performance

Bala Ado et al. (2021) examined the impact of corporate tax planning on the financial performance of listed companies in Nigeria. Using secondary data from Thomson Reuters DataStream and annual reports of 84 listed firms between 2010 and 2018, the study applied multiple regression analysis. The findings showed that inventory intensity had no significant relationship with return on assets (ROA), capital intensity had a negative and significant effect on ROA, while leverage was positively and significantly related to ROA. Grounded in agency and tax planning theories, the study concluded that effective tax planning influences financial performance and recommended that firms engage tax experts and adopt sound tax planning strategies to enhance performance.

Olayeye (2025) examined the impact of taxation on the performance of small and medium enterprises in Akure South Local Government Area, Ondo State, Nigeria. Using a survey research design, data were collected through questionnaires administered to ten selected SMEs and analysed using descriptive statistics, correlation, and regression techniques. The findings revealed that most respondents perceived existing tax policies as having a less effective impact on SME profitability, productivity, ease of tax administration, and tax utilization. The study therefore recommended a comprehensive review and reform of tax policies to better support SME growth and performance.

Appah (2022) examined the effect of corporate governance attributes on tax planning of listed pharmaceutical

companies in Nigeria from 2015 to 2020. Using an ex post facto correlational design, the study analysed secondary data from the financial statements of eleven listed firms with the aid of univariate, bivariate, and multivariate regression techniques. The results showed that board size and board financial expertise had positive but insignificant effects on tax savings, while board compensation, board meetings, and gender diversity had negative and insignificant effects. Board financial expertise, however, exerted a positive and significant influence on book–tax differences. The study concluded that corporate governance characteristics influence tax planning and recommended appropriate board incentive structures to promote effective tax planning and reduce agency problems.

Esther and Mbobo (2024) examined the effect of tax compliance costs on tax evasion among small and medium-scale enterprises in Akwa Ibom State. Using a survey research design, data were collected from 330 SMEs selected from a population of 1,887 through questionnaires administered to owners/managers and accountants. The study employed descriptive and non-parametric analyses to assess various compliance cost components. The findings revealed that high registration costs, tax system complexity, expenses on tax professionals, record keeping, tax information, and time spent on tax matters significantly encouraged tax evasion among SMEs. The study concluded that tax compliance costs strongly influence tax evasion and recommended simplification of tax policies and reduced professional charges to lower compliance burdens on SMEs.

Umeh et al. (2020) examined the effect of tax planning on firm value in quoted consumer goods manufacturing firms in Nigeria using an ex post facto research design. The study analysed secondary data from 21 firms covering the period 2009–2018 with the aid of ordinary least squares regression. The findings revealed that effective tax rate had a negative and statistically significant effect on firm value, while book–tax differences showed a positive but insignificant effect. The study concluded that tax planning influences firm value and recommended the efficient management of tax rates to enhance firm value in Nigeria.



Methodology

This study adopts a descriptive survey research design, which is appropriate for collecting primary data from SME owners and financial officers to assess the relationship between tax planning strategies and financial performance indicators. The study population consists of registered small and medium enterprises (SMEs) in Rivers State, Nigeria, as sourced from the records of the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) and the Corporate Affairs Commission (CAC). A stratified random sampling technique was used to ensure proportional representation of SMEs across the trade, manufacturing, and service sectors. From this population, a sample of 200 SMEs was selected. Data were gathered through a structured questionnaire based on a five-point Likert scale. The reliability of the research instrument was assessed using Cronbach’s Alpha, with a coefficient of 0.70 or higher deemed acceptable. The collected data were analyzed using descriptive statistics, Pearson correlation, and multiple linear regression techniques.

Model Specification

A multiple regression model is specified as:

$$FP = \beta_0 + \beta_1 IS + \beta_2 TD + \beta_3 ITDA + \epsilon$$

Where:

FP = Financial Performance (Net Profit Margin and ROA)

IS= Income Shifting

TD = Tax Deferral

ITDA= Investment in Tax-Deductible Assets

β_0 = Intercept

β_1 - β_3 = Coefficients of independent variables

ϵ = Error term

Data Presentation, Analysis, and Discussion of Findings

Out of 200 questionnaires distributed to selected SME owners and managers across Rivers State, 180 were returned, and 172 were valid for analysis, resulting in an 86% response rate. This high response rate suggests a strong level of engagement and reliability in the results.

Descriptive Statistics

Variable	N	Min	Max	Sum	Mean	Std. Dev.	Skewness	Kurtosis
Income Shifting	172	2.00	5.00	677.00	3.94	0.76	-0.42	-0.19
Tax Deferral	172	1.75	5.00	656.20	3.81	0.82	-0.31	-0.47
Investment in Tax-Deductible Assets	172	2.25	5.00	691.60	4.02	0.69	-0.55	0.13
Net Profit Margin	172	2.00	5.00	667.36	3.88	0.85	-0.28	-0.22
Return on Total Assets	172	1.50	5.00	641.56	3.73	0.91	-0.46	0.17

Source: SPSS OUTPUT, 2025

All mean values range between 3.73 and 4.02, on a 5-point scale. This indicates that, on average, respondents agreed that the listed tax planning strategies are practiced and that they positively affect financial performance. Investment in tax-deductible assets has the highest mean (4.02), showing that SMEs rely most heavily on this strategy. Net profit margin (3.88) and ROA (3.73) are moderately high, suggesting that most SMEs believe they perform well financially. All standard deviations fall between 0.69 and 0.91, indicating moderate variability in responses. Return on Total Assets (0.91) has the highest variability, suggesting more diverse experiences among SMEs

regarding asset efficiency. Investment in tax-deductible assets (0.69) has the least variability, indicating more consistent responses among SMEs. All skewness values are negative (between -0.28 and -0.55), meaning that the distributions are slightly skewed to the left. This suggests that more respondents selected higher values (4 or 5) on the Likert scale. In practical terms, most SMEs are positively inclined toward the tax strategies and report good financial outcomes. The kurtoses values are fairly close to 0, ranging from -0.47 to 0.17, indicating that the distributions are approximately normal. None of the variables show excessively peaked or flat distributions.



This supports the assumption of normality, which is important for parametric tests like regression and correlation. A valid response count of 172 per variable

suggests that the dataset is adequate for robust statistical analysis such as multiple regressions and hypothesis testing.

Correlation Analysis

Pearson Correlation Matrix

Variables	NPM	ROA	IS	TD	ITDA
Net Profit Margin (NPM)	1				
Return on Assets (ROA)	0.672**	1			
Income Shifting (IS)	0.602**	0.554**	1		
Tax Deferral (TD)	0.493**	0.576**	0.459**	1	
Investment in Tax-Deductible Assets (ITDA)	0.633**	0.609**	0.594**	0.512**	1

Correlation is significant at the 0.01 level (2-tailed).

Source: SPSS OUTPUT, 2025

All tax planning strategies show strong and positive correlations with both net profit margin and return on

assets, indicating that improved tax planning is associated with enhanced financial performance.

Regression Analysis

Model Summary Table

Model	R	R Square (R ²)	Adjusted R ²	Std. Error of Estimate	Durbin-Watson
1	0.718	0.516	0.502	0.489	1.892

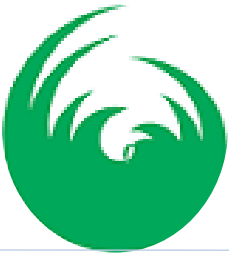
Source: SPSS OUTPUT, 2025

ANOVA Table

Model	Sum of Squares	df	Mean Square	F-Statistic	Sig. (F)
Regression	32.814	3	10.938	32.941	0.000
Residual	30.799	168	0.183		
Total	63.613	171			

R (0.718): Indicates a strong positive relationship between tax planning strategies and financial performance. R² (0.516): About 51.6% of the variance in financial performance is explained by the independent variables (income shifting, tax deferral, investment in tax-deductible

assets). Adjusted R² (0.502): Adjusted for the number of predictors in the model. Std. Error (0.489): Standard error of estimate suggests reasonable prediction accuracy. Durbin-Watson (1.892): Close to 2.0, indicating no



autocorrelation in the residuals. F (32.941), Sig. F (0.000):

Model is statistically significant at the 0.01 level.

Coefficients Table

Variable	B	Std. Error	Beta	T	Sig.
Constant	1.117	0.231		4.834	.000
Income Shifting	0.298	0.072	0.334	4.139	.000
Tax Deferral	0.187	0.068	0.218	2.751	.007
Investment in Tax-Deductible Assets	0.352	0.064	0.406	5.501	.000

Source: SPSS OUT PUT, 2025

The regression analysis revealed that all three tax planning strategies have statistically significant effects on financial performance ($p < 0.05$). The model explains 51.6% of the variation in profitability.

Discussion of Findings

The findings indicate a strong, positive, and statistically significant relationship between tax planning strategies and financial performance indicators among SMEs in Rivers State. The results align with earlier empirical evidence by Bala Ado et al, (2021).and Stephen et al,(2024), who concluded that strategic tax planning enhances business profitability. Specifically: Income shifting had a substantial impact on net profit margin, confirming that SMEs benefit from allocating income to minimize tax burdens. Tax deferral improved return on total assets by freeing up capital that could be reinvested. Investment in tax-deductible assets had the most substantial impact across both financial indicators, echoing the Resource-Based View that internal resource optimization such as investing in depreciable assets improves performance. These findings provide strong support for SMEs to embrace tax planning as a core financial management tool. They also validate the relevance of the Agency Theory, which suggests that effective oversight of tax-related decisions enhances value for business owners.

Conclusion and recommendations

This study set out to examine the effect of tax planning strategies on financial performance indicators among small and medium enterprises (SMEs) in Rivers State, Nigeria. Drawing on data from 172 SMEs and using regression and

correlation analysis, the study provides empirical evidence that tax planning plays a critical role in enhancing SME profitability and asset efficiency. The results revealed that: Income shifting significantly improves net profit margins, allowing businesses to allocate income across periods or entities in a way that reduces tax exposure. Tax deferral has a positive effect on return on total assets, enabling businesses to reinvest cash flows otherwise used for immediate tax payments. Investment in tax-deductible assets was the most impactful strategy, significantly improving both net profit margin and ROA by reducing taxable income and improving asset utilization. These findings validate the Resource-Based View (RBV), emphasizing tax knowledge and planning as key internal resources that enhance competitive advantage. They also support the Agency Theory, which underscores the importance of managerial decisions and internal controls in influencing financial outcomes. In conclusion, tax planning is not only a legal obligation but a strategic financial practice that SMEs in Nigeria must prioritize to achieve sustainability, profitability, and growth. Based on the findings, the following recommendations are made:

1. Intensify Tax Literacy and Advisory Services: SME owners and financial managers should undergo continuous training on effective tax planning strategies. Government agencies such as FIRS, SMEDAN, and professional bodies like ICAN and CITN should collaborate to organize targeted tax education programs.
2. Integrate Tax Planning into Financial Decision-Making: SMEs should incorporate tax considerations when making investment, expansion, or financing decisions. Strategic use of capital allowances and deferred tax assets can free up capital for growth.



3. Adopt Technology and Software for Tax Optimization: Digital tax tools and accounting software can help SMEs track deductible expenses, manage depreciation schedules, and forecast tax liabilities. Adoption of such technologies can reduce human error and improve tax compliance.

4. Policy Reforms to Support SME Tax Relief: Policymakers should revisit existing tax laws to provide more SME-friendly tax incentives, such as simplified tax filing, deferred tax payment options, and increased capital allowance thresholds for small businesses.

5. Encourage Professional Tax Advisory Services: SMEs should be encouraged to engage licensed tax professionals to navigate complex tax rules and ensure that planning strategies are both effective and compliant with Nigerian tax regulations.

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QUESTIONNAIRE

Please tick (✓) the most appropriate response.

1. Position in the business: Owner Manager
 Accountant Other (please specify): _____
2. Nature of Business: Trading Manufacturing Services Agriculture Others



3. Years of Operation: Less than 1 year 1-5 years 6-10 years Over 10 years
4. Number of Employees: 1-10 11-50 51-100 Above 100
5. Annual Turnover Range (₹): Below ₹1 million ₹1m-₹10m ₹11m-₹100m Over ₹100 million

SECTION B:

(Please indicate your level of agreement using the scale below)

1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree

Income Shifting

Statement	1	2	3	4	5
We allocate income across multiple entities to minimize tax burden.					
Our business shifts income to periods with more favorable tax rates.					
We use family members or subsidiaries to distribute taxable income.					
Income reallocation is part of our overall tax strategy.					

Tax Deferral

Statement	1	2	3	4	5
We defer income to future periods to reduce current tax liability.					
We make use of deferred tax assets/liabilities to manage cash flow.					
We delay tax payments through investment in qualifying activities.					
Our business reinvests profits to take advantage of tax deferral.					

Investment in Tax-Deductible Assets

Statement	1	2	3	4	5
We regularly invest in capital assets to benefit from tax deductions.					
We claim capital allowances on eligible fixed assets.					
Investment decisions consider tax savings from depreciation.					
We track tax-deductible assets in our accounting system.					

Net Profit Margin

Statement	1	2	3	4	5
Our net profit margin has improved in the past 3 years.					
Tax planning has contributed to better profit margins.					
We retain more earnings due to lower tax expenses.					
Operating expenses are efficiently managed to improve profitability.					

Return on Total Assets

Statement	1	2	3	4	5
Our business generates high returns from our total assets.					
Tax-saving investments have improved asset productivity.					
We evaluate how taxes affect our return on assets regularly.					
Tax deductions on assets have improved our financial efficiency.					

