CORPORATE TAX PLANNING AND PERFORMANCE OF NIGERIAN LISTED OIL & GAS FIRMS

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Abstract: *Corporate tax is obligatory and constitutes an unbalanced transfer of resources to the government with a negative impact on firm performance. However, organizations adopt tax planning strategies to curtail tax liability without adverse effect on firm performance. Thus, this study examined the relationship between tax planning and performance of Nigerian listed Oil & Gas firms. The study adopted a descriptive research design and secondary data were collected from selected five firms over a period of six years (2012-2017). Descriptive Statistics and simple pooled Ordinary Least Square regression analysis were used to evaluate the probable relationship among the identified variables. The indices of determination for corporate tax planning are: Effective Tax Rate (ETR); Firm Size (FS); Firm Age (FAGE); Financial Leverage (FL) and Return on Assets (ROA) for performance. The results of the study showed that ETR, FS, and FAGE have significant relationship with ROA of Nigerian listed Oil & Gas firms ($p<0.05$). However, FL has negative and insignificant relationship with ROA of Nigerian listed Oil & Gas firms ($p>0.05$). The study concluded that an optimal mix of tax planning strategies enhance performance of Nigerian listed Oil & Gas firms. Therefore, it is recommended that the management of Nigerian listed Oil & Gas firm should incorporate tax planning into their overall financial scheme for improved performance.*
Keywords: *Effective Tax Rate, Firm Size, Firm Age, Financial Leverage and Return on Equity*.
JEL Classification: *H21, H25.*

1. Introduction

Corporate tax planning is primary to financial planning and offers a tax manager and firm an opportunity to legally reduce the tax burden and improve performance. Tax planning is the process of taking a conscious effort to consider the tax payable at a future date and carefully, within the ambit of the tax law, minimize the burden. Tax payment is an expense from the stance of a taxpayer and payment is not an option for a taxpayer as stipulated in the tax laws of the country. However, taxpayers are not under any compulsion to pay more than his ability to support the government. Therefore, taxpayers usually exploit loopholes in the tax laws to legally and morally ensure that minimum possible tax is paid to the government.

Tax, as a major instrument of fiscal policy, to regulate the economy of a nation has been adopted by successive governments in Nigeria to encourage industrial and corporate

growth (Nwaobia, 2013). Tax plays a vital role in the fortunes and misfortunes of any organization as it is used to shield infant industries, encourage investors to invest in convinced areas of the economy considered needful for economic growth and also a high tax regime is likely to wipe-off profit available for investment opportunities. Ihendinihu (2009) in Dickson and Nwaobia (2012) noted that unfavorable tax policy is a major reason for the evolution of the subversive economy, where law-abiding tax payers and firms seek shelter from high tax regime.

The major challenge of corporate organization is the high tax rates and multiple taxes that lead to high tax burden above the statutory corporate tax. In recent time, there are different taxes levied on companies and individuals as stated in the Official List of Collection Act 1998 (Bammeke, 2012). Some of these taxes are overlapped and cogently collected from corporate organizations and the resultant collection makes it uneconomical for firms in term of cost structure (Nwaobia, 2013). Nnadi and Akpomi (2008), a tax policy describes the cost structure of firms as it is incorporated into pricing decision. Ogundajo and Onakoya (2016) added that tax costs deplete distributable profits available to stakeholders and increase the production costs. Severally, these taxes become a considerable cost to organizations and if not skillfully and legally planned and reduced may adversely affect cash flow and ability to invest. Hence, to lessen the burden and effect of taxes on firm profitability, tax planning is exigent. However, numerous firms are not aware of some corporate tax planning strategies available to legally minimize the tax burdens.

The petroleum industry in Nigeria comprises two major sectors: the upstream sector that deals with oil exploration and production activities, while the downstream sector deals with the storage, transportation, refining, hydro processing, marketing, and distribution. The sector has a market capitalization of N763.28 Billion as of December 2015 with an all-share index of N356.56 Billion. In addition to this, the Nigerian Security and Exchange in 2015 rated the Oil & Gas sector as the seventh most liquid sector in the Nigerian Economy. Despite the above performance, studies on corporate tax planning and performance of listed Oil & Gas firms in African context are mix and inconclusive and relatively few studies have been undertaken to examine the relationship that exists between corporate tax planning and performance of Nigerian listed Oil & Gas firms.

The specific objectives are to:

a. examine the relationship that exists between effective tax rate and performance of Nigerian listed Oil and Gas firms;

b. evaluate the relationship that exists between firm age and performance of Nigerian listed Oil and Gas firms;

c. assess the relationship that exists between financial leverage and performance of Nigerian listed Oil and Gas firms; and

d. identify the relationship that exists between firm size and performance of Nigerian listed Oil and Gas firms.

From the objective of the study the following research hypotheses are formulated to guild the outcome of the study:

H_0: there is no significant relationship between effective tax rate and performance of Nigerian listed Oil and Gas firms;

$H_{0:}$ there is no significant relationship between firm age and performance of Nigerian listed Oil and Gas firms;

$H_{0:}$ there is no significant relationship between financial leverage and performance of Nigerian listed Oil and Gas firms; and

$H_{0:}$ there is no significant relationship between firm size and performance of Nigerian listed Oil and Gas firms.

2. Literature Review

Tax planning involves anticipating a set of circumstances and the identification of opportunities to minimize or defer tax liabilities within the tax law (Armyau and Jamilu, 2016). Bariyima and Cletus (2014) describe tax panning as arranging the affairs of business to ensure that the maximum allowances, exemptions, and reliefs are enjoyed. Consideration is given to the likely effect on the tax liabilities, timing of fixed assets acquisitions and disposals. The choice of the accounting date of a business entity can also have a significant effect on the tax payable by the business (Danielova and Sarka, 2011). The impact of commencement rules on taxable profits of the taxpayer is considered in tax planning, before deciding on taxpayer's accounting date (Ftouhi, Ayed and Zemzem, 2014). Planning with regards to the time profit is earned and payment of assessable tax leads to significant financial advantage to a continuing business (Nwaobia, Kwarbai and Ogundajo, 2016). When a business ceases to trade permanently, the date of cessation can also impact on tax liability. In tax planning, the tax-conscious business person and tax expert must work together to significantly reduce tax liability payable (Nwaobia et.al, 2016). Tax planning requires detailed knowledge of tax legislation and its application to particular circumstances, identifying and taking advantage of loopholes if any (Katz, Khan, and Schmidt, 2013). It is noteworth that tax planning involves noting applicable tax legislation, to be assured that the tax laws are properly complied with and necessary actions are taken by taxpayers to pay all taxes as at when due.

Tax avoidance arises in a situation where the taxpayer arranges his financial affairs in a form that would make him pay the least possible amount of tax (Armayau and Jamilu, 2016). Tax avoidance schemes are carried out after a critical review of the tax laws and the taxpayer would then implement devices to exploit loopholes in the tax laws that would enable him to pay to minimize tax (Shane and Maria, 2015). It should be noted that to a very large extent, tax avoidance is legal once it is done within the permissible tax laws (Nanik and Ratna, 2015). There are, therefore bound to be several and unending specific anti-avoidance legislation to effectively stop the taxpayer willing to carry out tax avoidance schemes (Bariyima and Cletus, 2014). As the legislature cannot accurately foresee all schemes which a taxpayer could devise, consideration is given to the promulgation of general anti-avoidance legislation (Ogundajo and Onakoya, 2016).

Tax evasion, on the other hand, is the illegal means by which a taxpayer minimizes tax liability (Ftouhi, Gadzo and Kportorgbi, 2013). Tax evasion is usually more prevalent when the tax system is perceived to be unfair coupled with lack of transparency in governance (Nwaobia et.al, 2016). The Revenue Service views any case of tax evasion seriously if discovered; the Revenue Service will go further to reopen the relevant assessments beyond the normal statutory limit of six years (Armayau and Jamilu, 2016). A tax evader may be charged to court for criminal offenses with the consequent fines, penalties and, at times, imprisonment.

There are two basic corporate tax planning rules. The first is when a company should not take extra expenses or strive to minimize income to get a tax deduction (Seyram and Holly, 2014). The goal in tax planning is rather to increase the company's assets after tax profit. The second rule is to attempt to defer taxes as much as possible and this is possible when a company legally puts off taxes to next tax season, the money that would have been used to settle the year's tax liability is released for interest-free use (Nanik and Ratna, 2015). Effective tax planning strategies should produce benefits in terms of wealth creation for the company; hence, tax planning is actually a subset of the overall financial planning of a company which needs to take into account investment, financing and wealth building strategies of the company (Morien, 2008). Kawor and Kportorgbi (2014) put

forward different types of tax planning strategies to include strategies for obtaining tax deductions; tax credits and offsets; moving income away from an entity paying a high rate of tax to an entity paying a lower rate of tax. It also includes moving profits and losses between tax years, either to defer tax or take advantage of a more favorable tax rate and reducing the amount of assessable capital gains tax from an investment sold at a profit. Each of these strategies embodies several elements to deal with in implementing the strategy. ICAN (2009) makes it clear that tax planning requires detailed knowledge of different tax legislation and their application to particular circumstances. It requires the ability to identify and take advantage of any loopholes in the legislation. It requires ensuring that the tax-payer complies with tax laws to avoid sanctions and penalties. Many sections of the Companies Income Tax Act, LFN 2004 contain varying provisions that give the corporate tax manager the latitude to mitigate the company's tax liability. Tax planning, in essence, involves the application of relevant incentive provisions for corporate tax-payers based on enabling laws such as the CITA, PITA, VAT and ancillary provisions (Gatsi, Gadzo and Kportorgbi, 2013). It thus demands a thorough knowledge of the tax statutes and other regulations arising from the annual fiscal policies of government as contained in the budget announcements.

Theory Underpinning the Study

Political cost theory is adopted for this study. The theory was enunciated by Watts and Zimmerma (1978). Watts and Zimmerma (1978) assert that Political cost theory upholds that bigger firms possess greater economic and political influence relative to small firms. Bigger firms take advantage of economic and political advantage to lessen their tax burden as they are able to engage in aggressive tax planning and manipulate the political process in their favor. In support of this theory, Porcalo (1986) submitted that larger firms have smaller effective tax rates (ETRs) while Rego (2003) posited that economies of scale can significantly affect a firm's ability to reduce its tax burden. Loretz and Moore (2009) however, argued that tax planning decisions, similar to a firm's operational decisions, are made in a competitive environment. This implies that where tax payments made by the company differ significantly from those of the peer group, it could lead to "reputational loss." Hence, managers have to strike a balance between the benefits to reduce the tax burden and the costs of reputational loss if they deviate too much from the behavior of peer group.

Empirical Framework

Firm's profitability can influence effective tax rate especially when profitability is measured based on pre-tax income; we expect more profitable firms to have higher earnings and hence pay more taxes. Minnick and Noga (2010) found a positive relationship between firms' profitability and ETR. Derashid and Zhang (2003) opined that more profitable firms have a lower cost associated with managing taxes because they have more resources to invest in the planning activities that contribute to lower effective tax rates which therefore indicates a positive relationship between effective tax rate and firm performance. Even though, Bryant-Kutcher, Guenther and Jackson (2011) found a negative correlation between ETR and firm value. According to them, differences in company income tax rate are not completely offset by non-tax expenses. The negative correlation is justified on the ground that, there are constraints on analysts' forecast in conveying earnings information in the short-run, and this leads to omission of value related information in the prediction (Richardson and Lanis, 2015).

Age is the length of time during which a being or thing has existed (Halil and Hasan, 2012). Coad, Segarra and Teruel (2007) defined firm age as the number of years of

incorporation of the company. Shumway (2001) believed that listing age define the age of the company and that listing age is more economical since listing is a defining moment in the company' life. The relationship between firm age and profitability is contentious. Some reported a positive and significant relationship between age and profitability (Kawor and Kportorgbi, 2014). Others reported a negative relationship (Dogan, 2013; Haltiwanger, 2016).

The leverage ratio is widely used to measure the portion of long-term debts towards total assets of a business organization's activities. It means the capability of a business organization in financing its total assets with long-term debt (Danelova and Sarka, 2011). Fama and French (2002) found a positive relationship between leverage and firm value. On the contrary, Rajan and Zingales (1995) found a negative relationship between leverage and profitability. The result of the study is consistent with De Wet (2006) who opined that a significant amount of value can be unlocked in moving closer to the optimal level of gearing. Modigliani and Miller (1963) concluded that the cost of equity of a firm increases as the debt of the firm increases. The combination of negative and positive results on the relationship between leverage and firm value showed that the issue is largely unsettled, and this creates a gap which requires further clarification (Katz et al., 2013).

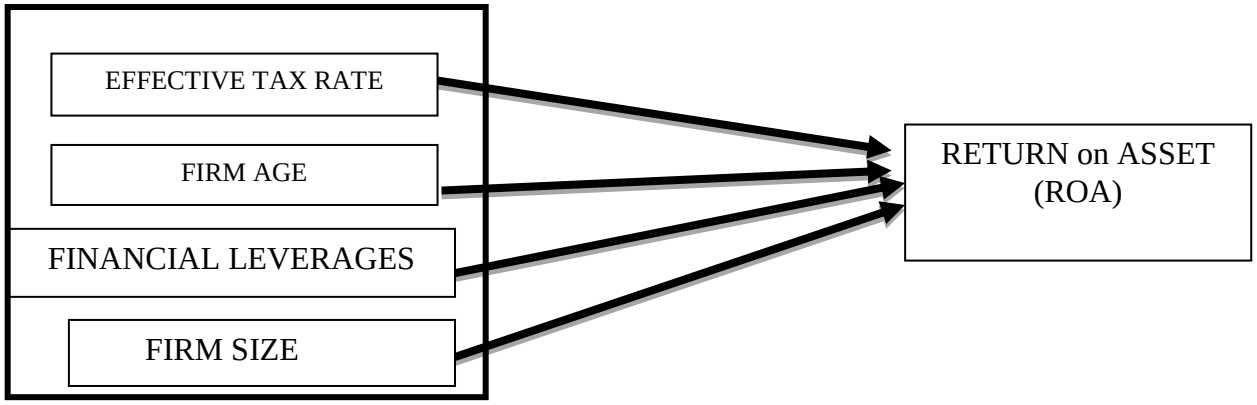
The relationship between firm size and firm performance is mixed. Stierwald (2009), Saliha and Abdessatar (2011) found a positive relationship between firm size and profitability because profitability increases as the size of the firm expand. Big firms have more competitive power when compared to small firms and because they have a bigger market share, they have the opportunity to make more profit (Yang & Chen 2009). On the contrary, Becker-Blease et al. (2010), Banchuenvijit (2012), found a negative relationship between profitability and firm size because organization costs increase with firm size, at some points, these costs will outweigh the benefits from economies of scale and hence profitability will fall. These inconsistencies in results and extant literature of scholars on corporate tax planning and firm performance present a knowledge gap which forms a reasonable motivation for further study.

3. Methodology

The study employed descriptive research design to assess the effect of corporate tax planning using (effective tax rate, tax saving, financial leverage, and firm size) and performance (Return on Assets) as surrogates. Data for this study were obtained from the published annual reports of five purposively selected listed Oil & Gas firms in Nigeria. The published annual reports of the selected firms were prepared to meet the requirements of the Nigerian Companies and Allied Matters Act 2004 (as amended), Nigerian Stock Exchange and Securities and Exchange Commission. These published financial reports were audited by professional audit firms and were thus reliable and valid. The secondary data were collected from income statement and statements of financial position of the selected Oil & Gas firms over a period of six years (2011–2016). Descriptive statistics were used to define the data, measured the central tendencies and dispersions. Inferential statistics such as pooled Ordinary Least Squares (OLS) regression was used to estimate concepts and test formulated hypotheses as it minimized the sum of squared errors in the process of examining the relationship between the dependent and independent variables.

In order to analyze the relationship that exists between corporate tax planning and performance of Nigerian listed Oil and Gas firms, the independent variable was measured using effective tax rate, firm age, financial leverage, and firm size while the dependent variable, firm performance, was measured with Return on Asset (ROA).

X= Corporate Tax Planning Y= Firm Performance



Source: Researcher's Conceptualized Model 2017

Operationalization of Variables
Model Specification
Y=F(X)
ROA=F (ETR, FS, LEV, FAGE)
The mathematical representation is specified as follows:
$ROA_{it} = \beta_0 + \beta_1 ETR_{it} + \beta_2 FS_{it} + \beta_3 LEV_{it} + \beta_4 FAGE_{it} + \varepsilon_t$
Where:
ROA= Return on Asset
ETR= Effective Tax rate
FS= Firm Size
LEV= Leverage
FAG= Firm's Age
β_0= Constant term
$\beta_1 \beta_2 \beta_3$= Parameter to be estimated
ε_t = Random error

In the table below (Table no. 1) is the descriptive statistics of the time series employed. The essence was to give a cursory review of the statistical properties and trends of the variables employed.

Table no. 1. Measurement of Variables

S/N	Variables	Variable type	Measurement
1	Firm performance	Dependent	ROA = Return on Assets = profit before tax ÷ total assets
2	Effective Tax Rate	Independent	corporate income tax expense / profit before tax
3	Firm Age	Independent	Natural log number of years between the date of establishment of the company and the year of observation
4	Financial leverage	Independent	Non-current Debt / Shareholders' Fund Ratio
5	Firm size	Independent	Natural Logarithm of Total Assets

Source: Researcher's computation, 2017

4. Data presentation, analysis and discussion

In this section, the description of the data collected for the study is presented and discussed. The summary of the descriptive statistics of the data collected is presented in Table no. 2 as follows:

Table no. 2. Descriptive Analysis

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness	Kurtosis
	Statistics	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic
FP	30	-.4740	.1486	.014461	.1262777	-2.541	7.400
ETR	30	-.0242	.5644	.267001	.1748046	-.438	-.814
FL	30	.0104	7.1544	.539288	1.2740203	5.158	27.502
FS	30	23.3824	26.3925	24.981028	.8060280	-.025	-.305
FAGE	30	3.3322	3.9703	3.741692	.2317493	-.941	-.563
ValidN(list wise)	30						

Source: Researcher's computation with the aid of SPSS (2017*)*

The Table no. 2 shows that the measure of firm performance has an average value of 0.014461 with a standard deviation of 0.1263, a minimum value of -0.4740 and 0.1486 as its maximum value. The standard deviation indicates that the data deviate from the mean value from both sides by 0.1263, implying that the data are dispersed from the mean because the standard deviation is lower than the mean. The value of the kurtosis 7.400 on the other hand, supported that most of the value is higher than the mean. Similarly, the coefficient of skewness -2.541 implies that the data is negatively skewed, thus the data does not meet the symmetric distribution.

The table also shows that the effective tax rate has an average value of 0.267001 with a standard deviation of 0.1748 and the minimum value of -0.0243 and maximum of 0.5644. This implies that the deviation from the mean is 17.5%. The value of kurtosis -0.814 supports that most of the values are less than the mean. The coefficient of skewness -0.438 implies that the data is negatively skewed. Financial leverage has 0.104 as its minimum value and 7.1544 as maximum value respectively. Financial leverage shows an average value of 0.539 and standard deviation of 1.2740, this signifies that the data are widely dispersed because it is higher than the mean.

The data has a skewness coefficient of 5.158 implying that data are positively skewed with kurtosis of 27.502. The summary descriptive statistics in the table shows that on average the firm size during the period of study is around 24.98% with standard of 0.80640. This implies that the data in the sample deviated from the mean by 0.81. The minimum and maximum values of firm size are 23 and 26 respectively. The coefficient of skewness -0.025 implies that the data are negatively skewed and therefore does not conform to the symmetrical distribution requirement. Similarly, the coefficient of kurtosis -0.0305 also supports that most of the value is less than the mean. Table no. 2 indicates that the average firm age 3.9703 (in natural logarithm) with a minimum of 3.3322, a maximum value of 3.9703 and a standard deviation of 0.2317. The value of the kurtosis -0.563 on the

other hand, supports that most of the values are less than the mean. Similarly, the coefficient of skewness -0.563 implies that the data is negatively skewed.

Correlation statistics

Table no. 3 displays the correlation matrix which shows the direction of the relationship between the dependent variable (Return on asset) and the independent variables (effective tax rate, financial leverage, firm size, and firm age). Multicollinearity may be an issue since the correlation coefficients between various independent are significant. Variance Inflation Factors (VIFs) was calculated when estimating the regression model to test for signs of multicollinearity between the independent variables.

Table no. 3. Coefficient of correlation

		FP	ETR	FL	FS	FAGE
FP	Pearson Correlation	1.000				
	Sig. (2-tailed)					
ETR	Pearson Correlation	.589**	1.000			
	Sig. (2-tailed)	.001				
FL	Pearson Correlation	-.230	-.294	1.000		
	Sig. (2-tailed)	.222	.115			
FS	Pearson Correlation	-.308	-.459*	.286	1.000	
	Sig. (2-tailed)	.098	.011	.125		
FAGE	Pearson Correlation	-.368*	-.154	.177	.626**	1.000
	Sig. (2-tailed)	.045	.418	.348	.000	

Source: Researcher's computation with the aid of SPSS (2017).

The correlation matrix from Table no. 3 shows the relationship between the independent variables (proxied by the effective tax rate, financial leverage, firm size, and firm age) and the dependent variable which is firms' performance (proxied by Return on Asset) of listed Oil & Gas firms in Nigeria. The correlation coefficient between effective tax rate and firm performance is 0.589 which indicates that effective tax rate is positively correlated with firm's performance which implies that the firms have more resources to invest in the planning activities that contribute to lower effective tax rates.

Financial leverage coefficient shown in Table no. 3 indicates a negative relationship with the firm's performance; this implies that as tax rates increases, the firms intensify tax planning activities. The correlation coefficient of firm size shows a negative correlation with firm's performance, thus indicating that the firm's total asset is not efficiently utilized to influence the firm's financial performance.

The firm's age and firm's performance is negatively correlated but statistically significant at 5% level of significance ($P<0.05$) indicating that there is industry specific managerial experience and innovations in the firm's activities. However, the study uses Variance Inflation Factors (VIFs) to confirm the level of correlation between the independent variables. The decision criterion for the variance inflation factor is that a value of 10 and above implies the presence of perfect multicollinearity. The result indicates the absence of collinearity among the independent variable. As such, multicollinearity does not present a problem for the study.

Table no. 4. Simple pooled OLS regression for the study model

Variable	Coefficient	t- stat	Probability
Constant	- 0.258	- 0.375	0.711
Effective tax rate (ETR)	0.455	3.660***	0.001
Firm size (FS)	0.041	1.215**	0.236
Financial leverage (LEV)	- 0.004	- 0.277	0.784
Firm Age (FAGE)	- 0.233	- 2.222	0.036
R^2	0.458		
ADJ. R^2	0.371		
F- stat (Probability)	5.282*** (0.003)		
Durbin Watson	1.226		
No of Observation	30		

, **, ** indicates significant at 10%, 5% and 1% respectively.
Source: Researcher's computation with the aid of SPSS (2017).

The result of the pooled OLS shows that the coefficient of the tax planning proxy (ETR) is statistically significant at 5% level and has a positive value of 0.455 (p-value 0.001). The Firm Size (FS) exerted a positive and insignificant effect on firm performance while Financial Leverage (LEV) exerted a negative but insignificant effect on firm performance. The Firm Age (FAGE) is statistically significant and a negatively associated with firm performance. The adjusted R square value of 0.458 reveals that tax planning variables (ETR, SIZE, LEV, and FAGE) account for only 45.8% of the variation in the Oil & Gas sectors performance. Though the individual effects of the proxies on firm value are mixed, the F- ratio of 5.282 and associated P-value of 0.003 indicates a joint statistically significant effect of ETR, FS, LEV, and FAGE on firm performance. The significant nature of the F-stat implies that the overall goodness of fit of the model is satisfactory and sufficient enough to explain the dependent variables. This is consistent with the work of kawor and kportorgbi (2014). The Durbin Watson falls in the range of 1.23 to 2.4 which is an indication that there is no autocorrelation problem in the model.

Results and Discussions

The results of the hypotheses testing were summarized and presented in table 4.6 and the discussion of findings follows. The results obtained in this study are in harmony with some of the findings of previous studies.

Table no. 5. Summary Results of the Hypotheses Testing

Null Hypotheses	**Results of the Hypotheses Testing**	**Decisions**
Ho_1	There is no significant relationship between effective tax rate and performance of listed Oil & Gas firms in Nigeria.	**Rejected**
Ho_2	There is no significant relationship between firm size and performance of listed Oil & Gas firms in Nigeria.	**Rejected**
$H0_3$	There is no significant relationship between financial Leverage and performance of listed Oil & Gas firms in Nigeria.	**Not rejected**
$H0_4$	There is no significant relationship between firm age and performance of listed Oil & Gas firms Nigerian.	**Rejected**

Source: Authors' Computation, 2017

Discussion

The result of hypothesis one supports the findings of Richardson and Lanis (2015); Minnick and Noga (2010); that a positive relationship exists between firms' profitability and ETR. Rego (2003) opined that more profitable firms have a lower cost associated with managing taxes because they have more resources to invest in the planning activities that contribute to lower effective tax rates which therefore indicates a positive relationship between ETR and firm value. Even though, Bryant-Kutcher, Guejnther, and Jackson (2011) found a negative correlation between ETR and firm value. According to them, differences in company income tax rate are not completely offset by non-tax expenses.

Furthermore, the size of the firm has a positive contribution to firms' return on assets. This is because large firms are more likely to exploit economies of scale and enjoy higher negotiating power over their clients and suppliers (Richardson and Lanis, 2015). The result is also in line with (Yang and Chen, 2009) who contend that big firms face less difficulty in getting access to credit facilities for investment, and have broader pools of qualified human capital, and may achieve greater strategic diversification while small companies are handicapped by the small collateral assets which they can use as securities in securing credit for investments. Therefore, big firms have more competitive power when compared with small firms because they have bigger market shares (Stierwald, 2009).

Leverage ratio has a negative impact on the return on assets of listed Oil & Gas firms in Nigeria. The finding is consistent with Katz et al., (2013) who found that on average, the main components of current profitability: margins, utilization of assets and operating liability leverage, resulting in lower future profitability for tax aggressive firms as compared with firms that do not tax aggressive. Modigliani and Miller (1963) conclude that the cost of equity of a firm increase as the debt of the firm increases. Rajan and Zingales (1995) opined that the leverage level of a business organization would result in a negative relationship with income tax expenses, and this negative correlation could be due to the interest in the long-term debts which might be used as a tax-deductible item in business transaction activities and this will affect the value of the firm negatively.

Finally, the results show that the firm age has a negative and significant relationship with firm performance in listed Oil & Gas firms in Nigeria. From the coefficient of -0.233 indicating that there is industry specific managerial experience and innovations in the firm's activities. This result is significant at 5% level of significance ($p<0.05$). Based on this, the study rejects the null hypothesis. The results further show that the age of the firm had a negative and significant effect on the return on assets of Oil & Gas firm in Nigeria. More specifically, a unit increase in age of the firm leads to a 0.0123 decrease return on assets. Thus, the more the firms" age, the less value they attract. This is consistent with the findings of Minnick and Noga (2010) who noted that the age of a firm is positively related to its productivity levels and therefore related to firm value. This may be because as firms age, they become more experienced and efficient in tax planning. Thus this experience and efficiency lead to a higher return on assets.

5. Conclusion and Recommendations

The study established that tax planning affects the corporate performance of Nigerian listed Oil & Gas firms. However, the nature of the effect depends on the tax planning variables adopted. While some of the tax planning variables such as ETR, FS have a positive effect on return on assets; LEV and FAGE have a negative effect. Results suggested that ETR and FS are important tax planning variables that can positively impact the performance of Nigerian listed Oil & Gas firms. Findings of this study, therefore, provide interesting insight into the structuring of tax planning strategies by firms and are

expected to stimulate research into appropriate delimitation of tax planning strategies into those that could positively influence firm performance in the short - run and those that are better utilized for the purpose of cash flow enhancement, that would in the short run, improve capacity utilization and positively impact firm performance in the long-run. The study thus concluded that only an optimal mix of tax planning strategies could yield optimal benefits in the area of firm performance enhancement to Nigerian listed Oil & Gas firms. The present study provided support for the political cost theory which asserts that larger firms take advantage of their economic and political power to mitigate tax burden as they are able to engage in aggressive tax planning and manipulate the political process in their favor.

Based on the outcome of the study, it is recommended that Management commitment to tax planning as part of overall financial planning of Nigerian listed Oil & Gas firm is imperative for enhanced performance. Therefore, Nigerian listed Oil & Gas firms should tap from the wealth of experience of knowledgeable practitioners to produce effective results as Nigerian tax laws and environment are complex and volatile to frequent tax laws amendment. This makes it difficult for average corporate management to traverse and fully explore the loopholes advantages in the tax statutes. Therefore, Nigerian listed Oil & Gas firms should engage tax professionals and consultants for effective tax planning that meet corporate tax needs to galvanize performance.

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