

Tax Payment, Deferred Tax Liability and Tax Compliance of Listed Multinational Corporations in Nigeria

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ABSTRACT

Tax compliance among multinational corporations in Nigeria remains a critical issue due to persistent challenges such as tax evasion, aggressive tax avoidance strategies, and ineffective enforcement mechanisms. This research examines the relationship between tax payment, deferred tax liabilities and tax compliance in Nigerian-listed multinational corporations. Using panel data from 31 multinational corporations listed on the Nigerian Exchange Group, spanning from 2010 to 2024, this study employs panel regression techniques with the help of E-view 12 statistical software to analyze the dynamics of tax compliance. The findings reveal that while tax payment percentage (TPP) has a positive and insignificant effect on total taxes paid (TTP), deferred tax liabilities percentage (DTLP) have a negative but significant effect on total tax paid, suggesting that corporations with higher deferred tax liabilities tend to defer their tax obligations, leading to a delay in tax compliance obligations. The study recommends that Nigerian tax authorities introduce more transparent reporting requirements for deferred tax liabilities and enforce stricter regulations to mitigate aggressive tax avoidance practices among multinational corporations.

Keywords: Tax Payment, Deferred Tax Liability, Tax Compliance, Total Tax Paid and Corporate Social Responsibility Expenditure.

INTRODUCTION

Tax compliance is a vital issue that has attracted significant attention worldwide, particularly within developing economies. It refers to the extent to which individuals, corporations, and other entities adhere to tax laws, including the timely and accurate filing of returns and the payment of taxes owed. In many countries, tax evasion and avoidance are significant problems that undermine government revenue generation, distorting the allocation of resources and impacting public service delivery. Developing nations, such as Nigeria, face greater challenges in ensuring tax compliance due to factors systemic and organizational challenges. One basic problem is inefficiency in tax administration arising from the inadequate digital tools, poor record keeping and the utilization of manual processes. These make tax collection difficult and susceptible to errors. Moreover, there is lack of adequate coordination between the Federal Inland Revenue Service (FIRS) and state tax authorities, resulting in overlaps and duplication in tax valuations and collections (Adekoya *et al*, 2024). Another issue is the problem of corruption. In some cases, tax officials may collect bribe, under assess or cooperate with taxpayers in order to evade tax. The issue of low tax education, especially among small and medium enterprises also contributes to unintentional non-compliance. A good percentage of these businesses have no adequate information on tax laws and processes (Ariyo, A., & Bekoe, 2024). Coupled with these, is the issue of Nigeria unfriendly business environment which is generally unpredictable and unstable due to insecurity, inadequate infrastructure, regulatory delays or inconsistencies, rising inflation, interest and exchange rates, high operating cost, among others. Businesses which struggle for survival are more likely to consider tax as a additional burden instead of a civil duty, thereby leading to false reporting of income and tax evasion (Fagbemi *et al*, 2024).

Deepening these issues is the wider socio-economic landscape. High cost of doing business coupled with insecurity and limited infrastructure reduce the growth of formal sector and tax registration. Citizens usually have little or no trust in government institutions as a result of low benefits from tax revenues, supporting the view that taxes are not mandatory. MNCs also contribute to reduction in tax compliance by employing aggressive tax avoidance tactics such as transfer pricing and profit shifting, exploiting Nigeria's weak regulatory enforcement. Transfer pricing occurs when goods and services produced in subsidiaries are inflated with the aim of shifting profits to low-tax subsidiaries while profit shifting means reporting income in tax havens instead of where the economic activity takes place. These strategies are employed by MNCs to reduce tax obligations, which can result in significant tax revenue loss and reduction in government reliance on corporate income tax (Ogbonna & Appah, 2022). The issue of non-compliance among MNCs is further worsen by weak enforcement mechanisms. Even with the existence of tax laws, most non-complaints remain unpunished as a result of corruption, poor monitoring structures or low political will. This further encourages low tax compliance in the country (Okoye & Gbegi, 2023).

While the Nigerian government has implemented several reforms to improve tax compliance include formulation of Annual Finance Act (2019 -2023), targeted at updating, streamlining and modernizing tax laws in Nigeria to conform with international standards, implementation of TaxPro Max (2021) aim at digitalizing tax filling, payment and monitoring of compliance, Voluntary asset and income declaration scheme (VAIDS) which was formulated in 2017 to 2018 with the objective of encouraging tax defaulters to declare past untaxed assets and income voluntarily, implementation of transfer pricing regulation in 2012, amended in 2018 to reduce profit shifting and tax non-compliance among MNCs, introduction of tax identification number (TIN) system aimed at centralizing taxpayer registration and tracking of compliance and the integration of federal and state tax systems to enhance collaboration, minimize duplication and simplify tax compliance (FIRS, 2021, Joint Tax Board, 2022). Despite these, the challenges persist, requiring a deeper understanding of the factors that influence the tax payment behaviour, deferred tax liabilities of listed multinational corporations, particularly in relation to tax payment percentage and deferred tax liabilities percentage.

The tax payment percentage can be described as the proportion of a corporation's income or profit that is paid as taxes. It is a crucial metric for understanding how effectively a company complies with its tax obligations. The tax payment percentage can vary significantly depending on a company's operations, its tax planning strategies, and the prevailing economic conditions. For multinational corporations, the tax payment percentage is influenced by various factors such as corporate tax rates, tax incentives, the use of tax credits, and international tax treaties. In the context of Nigeria, the tax payment percentage of multinational corporations can be affected by the complexities of the local tax laws, the availability of tax avoidance strategies, and the level of enforcement by tax authorities (Nkezinyere & Egbunike, 2020). A high tax payment percentage typically reflects better tax compliance, while a low percentage may signal potential issues with tax avoidance or non-compliance (Suleiman, 2020).

Deferred tax liability percentage, on the other hand, arises when a corporation's taxable income differs from its accounting income. This discrepancy often occurs due to temporary differences in the recognition of revenues and expenses for accounting and tax purposes. Deferred tax liabilities percentage are an important consideration for multinational corporations, as they reflect the taxes that the company will need to pay in the future when these differences are reversed. In Nigeria, multinational corporations often use deferred tax liabilities percentage as part of their tax strategy to manage their tax obligations, delaying the payment of taxes and reducing the immediate financial burden (Abarika, 2024). While this can be a legitimate practice, excessive reliance on deferred tax liabilities percentage can lead to long-term tax compliance issues, as companies may face large tax bills when these liabilities eventually come due (Ezejiofor & Ezenwafor, 2020). Despite various tax compliance initiatives, the gap between the expected and actual tax payment behaviour of multinational corporations in Nigeria remains significant. One of the primary reasons for this gap is the lack of transparency and accountability in the way taxes are reported and paid by these corporations. While many multinational corporations may show high profits, their tax payments often do not reflect their financial performance. This discrepancy can be attributed to aggressive tax avoidance strategies, the complexity of the Nigerian tax system, and inadequate enforcement mechanisms (Olumoh, 2024). As a result, the tax payment percentage and deferred tax liability

percentage remain key indicators that need to be closely monitored to ensure that corporations are paying their fair share of taxes.

Addressing these issues requires a more in-depth examination of how tax payment and deferred tax liabilities affect tax compliance. A clear understanding of how these two factors influence the financial and tax reporting practices of multinational corporations can provide insights into the reasons behind low tax payment and the accumulation of large deferred tax liabilities. Furthermore, identifying the specific gaps in the Nigerian tax system, such as inconsistent application of tax laws, lack of coordination among tax authorities, and weak penalties for non-compliance, can help policymakers design more effective tax reforms to reduce the tax compliance gap. The role of tax payment percentage and deferred tax liabilities percentage in these reforms could be pivotal in ensuring that multinational corporations contribute equitably to the country's tax revenue (Oladele *et al.*, 2020).

To gain a deeper understanding of this study, tax payment and deferred tax liability need to be measured in a reliable way using tax payment percentage, deferred tax liabilities percentage, total tax paid as well as corporate social responsibilities expenditure which was introduced as control variable. Tax payment percentage provides valuable insights into a company's tax compliance behaviour and financial strategy. Deferred tax liability percentage is a percentage of tax that must be paid later. The proportion of taxes that a business will eventually owe as a result of short-term discrepancies. Total taxes paid represent the total tax liabilities settled by a corporation in a financial period, including income tax, VAT, and withholding tax, among other statutory obligations. Corporate social responsibility (CSR) expenditures are funds set aside by businesses to support activities that benefit society and the environment in addition to their core business.

A critical review of existing literature reveals several gaps related to corporate tax payment and deferred tax liability on tax compliance. Geographical gaps and institutional gaps exist, as most studies have focused on developed economies with well-established regulatory frameworks, overlooking the unique challenges faced in emerging markets like Nigeria. For instance, Verin and Santoso (2024) investigated tax avoidance in Indonesia's financial sector, while Adams *et al.* (2022) examined social practices and tax compliance in oil-rich African countries without a focus on Nigeria. Additionally, Oladipo *et al.* (2022) analyzed tax compliance in manufacturing companies, but limited attention has been given to multinational corporations that engage in complex cross-border tax planning strategies. This study, therefore, seeks to bridge these institutional and geographical gaps by focusing on listed multinational corporations in Nigeria, providing context-specific insights into their compliance behaviour under the current regulatory environment. Methodological gaps are also evident in the existing literature, with many studies employing cross-sectional designs that do not capture the dynamic impact of policy changes over time. For example, Sani and Umar (2023) used a cross-sectional design to examine tax avoidance in Nigerian banks,

The motivation for this study stems from the growing concern over tax compliance issues in Nigeria, particularly among listed multinational corporations. These companies play a critical role in the economy, and their tax payments are essential to the nation's revenue generation. However, the current state of tax compliance among these firms is less than optimal, with many engaging in tax avoidance strategies that deprive the government of vital funds. The detail examination of the phenomenon reveal that the relationship between tax payment percentage, deferred tax liabilities percentage, and tax compliance, will give valuable insights that can inform policy decisions and improve tax compliance practices in Nigeria. Ultimately, this study seeks to contribute to the development of more effective tax systems that encourage fairness and accountability in the tax obligations of multinational corporations. The basic hypothesis underlying this study are stated thus;

H₀₁: Tax payment percentage does not significantly affect total tax paid in listed Multinational Corporations in Nigeria.

H₀₂: Deferred tax liability percentage has no significant effect on total tax paid in listed Multinational Corporations in Nigeria.

LITERATURE REVIEW

Conceptual Framework

Tax Payment

Taxes are necessary payments that a local, state, or federal government imposes on people or businesses. Tax money is used to fund government initiatives like Social Security and Medicare as well as public infrastructure and services like roads and schools. In order to raise money for government spending, both people and corporations are required to pay taxes. Generally, income, property, commodities and services, and other economic activity are subject to taxes (Ezejirofor & Ezenwafor, 2020). In addition to funding public goods and services, taxes are a crucial component of the social compact that exists between the economy and its residents. The basic legitimacy of a government may be determined by the way taxes are collected and spent. Tax payment in Nigeria is still a vital but difficult activity for both people and companies in the constantly changing world of financial legislation. It may be difficult to keep up with the most recent tax legislation, navigate the complexity of tax compliance, and make sure that payments are made on time.

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

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

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

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

In Nigeria, paying taxes includes paying value-added tax (VAT), corporate income tax, personal income tax, and other levies levied by the federal, state, and municipal governments (Adekoya *et al*, 2020). State internal revenue agencies are in charge of collecting taxes at the state level, whereas the Federal Inland Revenue Service (FIRS) is the main agency in charge of collecting taxes at the federal level. One of the main sources of funding

for the Nigerian government is taxes. They provide funding for vital public services including security, infrastructure development, healthcare, and education. The government would find it difficult to continue the nation's growth and provide these essential services without tax income. Tax payment contributes to economic stability. The government may control inflation, promote investment, and oversee the economy via a variety of tax measures. Additionally, taxes provide the government the ability to enact fiscal policies that support long-term economic expansion. Nigerian tax payment procedures might seem complicated, but they can be made simpler by knowing the stages.

Tax Payment Percentage

Tax payment percentage is a vital metric used to assess a corporation's tax burden relative to its total income, reflecting the proportion of revenue allocated to tax obligations. This indicator provides valuable insights into a company's tax compliance behaviour and financial strategy, especially for multinational corporations in emerging markets like Nigeria, where tax policies are evolving to promote equity and revenue generation (Ba'aba & Bashiru, 2019). Factors such as tax policy changes, corporate profitability, and industry-specific dynamics influence the tax payment percentage in Nigeria. The introduction of the Finance Act 2019, for example, had a significant impact on multinational corporations' tax liabilities by closing loopholes and broadening the tax base, leading to an increase in effective tax rates (Innocent & Gloria, 2018). Additionally, multinational corporations often engage in tax planning strategies to reduce tax payments, which can lead to concerns about tax avoidance and reduced compliance (Ezejiofor & Ezenwafor, 2020). Corporate governance plays a crucial role in determining tax payment percentage, as firms with strong governance structures are more likely to comply with tax regulations and report higher tax payment ratios due to increased accountability (Salaudeen & Abdulwahab, 2022).

Tax payment percentage serves as an indicator of tax compliance, corporate responsibility, and ethical behaviour. Multinational corporations that maintain a fair tax payment percentage help ensure the financial stability of the nation and promote societal trust (Adams et al., 2022). Companies engaging in aggressive tax avoidance risk reputational damage and regulatory penalties, which could outweigh the financial benefits of reduced tax payments (Hasan et al., 2017). By adopting transparent tax practices, firms align with global CSR standards, balancing profitability with social expectations, and fostering long-term growth and stakeholder trust.

Deferred Tax Liability

Deferred tax liability (DTL) arises when there are timing differences between the recognition of revenue and expenses for accounting and tax purposes, creating future tax obligations. In Nigeria, multinational corporations often manage deferred tax liabilities through complex tax planning strategies, aiming to optimize their financial performance by deferring tax payments to future periods (Adams & Balogun, 2020). The introduction of the Finance Act 2019 aligned local tax laws with international financial reporting standards, requiring companies to adjust how they account for deferred tax liabilities (Innocent & Gloria, 2018). Changes in corporate tax rates also directly affect deferred tax liabilities, as future tax obligations are calculated based on the expected tax rate at the time of settlement (Chukwu et al., 2022).

Multinational corporations strategically use deferred tax liabilities to optimize cash flows, reduce current tax expenses, and enhance profitability, which can ultimately benefit shareholder value.

(Almustapha & Umar, 2023). However, excessive reliance on deferred tax liabilities may indicate aggressive tax planning and raise concerns about tax avoidance (Ezejiofor & Ezenwafor, 2020). In Nigeria, tax authorities closely monitor the use of deferred tax liabilities to ensure that companies are not misusing them to minimise tax obligations. This oversight highlights the need for balanced tax planning practices that comply with legal requirements while also ensuring financial efficiency (Ba'aba & Bashiru, 2019).

Corporate governance significantly impacts how deferred tax liabilities are reported and disclosed in financial statements. Strong governance structures promote transparency and ensure that deferred tax liabilities are accurately recorded in compliance with accounting standards (Salaudeen & Abdulwahab, 2022). Conversely, weak governance mechanisms can lead to manipulative reporting practices, such as understating deferred tax

liabilities to inflate profits (Ba'aba & Bashiru, 2019). In Nigeria, regulatory reforms, including stricter audits and enhanced oversight, aim to improve the accuracy of deferred tax reporting and protect investor interests (Chukwu et al., 2022). Effective governance and transparent financial reporting practices are essential in maintaining ethical tax management and ensuring that deferred tax liabilities are accurately disclosed.

Deferred Tax Liability Percentage

IAS 12 states that the percentage of income tax due in future periods for taxable temporary differences is known as the deferred tax obligation. To put it simply, deferred tax percentage is a percentage tax that must be paid later. The proportion of taxes that a business will eventually owe as a result of short-term discrepancies is known as the deferred tax obligation percentage in accounting. The discrepancies in accounting/tax or carry forward tax loss/credit balances are multiplied by the current tax rate to determine DTAs. The percentage of taxes that are delayed or advanced to later periods as a result of short-term discrepancies between accounting and taxable income are referred to as deferred taxes (Adams & Balogun, 2020). An accounting item known as deferred tax results from discrepancies between income calculated for income tax reasons and profits determined in accordance with accounting rules. These variations might be referred to as timing variations. Permanent discrepancies should not be taken into account when calculating deferred taxes; only temporary differences that are likely to be equalized later should be included.

Deferred tax charge is not a tax provision; rather, it is a tax effect for the difference between taxable and accounting income. Additionally, it cannot be referred to as income-tax paid or payable, which must be paid from profits." The reserves listed in Section 115JB of the income tax act of 1961 in India are distinct; they may be used to issue bonus shares or unilaterally transferred back to the P&L account. Nevertheless, funds generated for the deferred tax charge cannot be used or transferred in this way. It can be in the form of asset or liabilities (Chukwu *et al.*, 2022). Deferred Tax Asset (DTA) is the gap between income determined under the Income Tax Act and profits estimated under accounting rules. The discrepancy is otherwise recognized as Deferred Tax Liability (DTL).

Tax Compliance

Tax compliance refers to the extent to which multinational corporations (MNCs) adhere to tax laws by accurately reporting income, claiming deductions, and paying taxes on time (Ezejiofor & Ezenwafor, 2020). In Nigeria, compliance among listed MNCs is crucial for economic growth and government revenue generation, but achieving high compliance remains challenging due to complex tax laws, varying interpretations, and aggressive tax planning strategies (Inua, 2018). The introduction of the Finance Act 2019 has played a pivotal role in improving tax compliance by broadening the tax base and enhancing digital tax administration, alongside increasing penalties for non-compliance (Innocent & Gloria, 2018). Corporate governance structures also impact tax compliance, with firms that have strong governance frameworks being more likely to comply with tax regulations due to heightened accountability (Chukwu et al., 2022). Corporate social responsibility (CSR) practices influence tax compliance as companies with strong CSR commitments tend to comply with tax regulations to build a positive corporate image and foster stakeholder trust (Chukwu et al., 2022). In Nigeria, increased public awareness of corporate tax practices has intensified scrutiny, pushing MNCs to adopt transparent tax reporting as part of their CSR strategies to avoid reputational risks and penalties (Gribnau, 2015). Additionally, technological advancements, such as digital tax systems and data analytics, have improved tax compliance by enhancing transparency and reducing tax evasion, though challenges like inadequate infrastructure still hinder widespread adoption (Olayiwola & Okoro, 2021).

Despite advancements, challenges such as political interference, corruption, and inconsistent application of tax laws persist, undermining effective tax enforcement (Jim-Suleiman, 2015). To address these, Nigeria has enacted reforms aimed at simplifying tax codes and increasing taxpayer education, emphasizing the need for a transparent tax system (Innocent & Gloria, 2018). The relationship between tax compliance and corporate financial performance shows that firms often engage in tax planning to balance tax payments with profitability (Adams & Balogun, 2020). Thus, MNCs must manage their tax obligations responsibly to sustain business growth while adhering to ethical tax practices (Gribnau, 2015).

Total Taxes Paid

Total taxes paid represent the total tax liabilities settled by a corporation in a financial period, including income tax, VAT, and withholding tax, among other statutory obligations (Ogbodo & Omonigho, 2021). For multinational corporations (MNCs) in Nigeria, this metric is crucial as it reflects their compliance with tax laws and contribution to national revenue. Factors such as corporate profitability, industry-specific tax incentives, and tax planning strategies influence the total taxes paid (Inua, 2018). The implementation of the Finance Act 2019, which aimed to improve tax compliance and broaden the tax base, significantly impacted the total taxes paid by MNCs, ensuring greater transparency and accountability in their financial operations (Inneh et al., 2020). MNCs often engage in strategic tax planning to optimize their tax liabilities while ensuring compliance, which may involve leveraging tax incentives, maximizing allowable deductions, and utilizing favourable tax jurisdictions (Ba'aba & Bashiru, 2019).

However, aggressive tax planning can result in lower tax payments relative to profitability, raising concerns over tax avoidance and undermining corporate ethics (Suleiman, 2020). In Nigeria, regulatory authorities actively monitor the taxes paid by MNCs to prevent tax avoidance practices such as transfer pricing and ensure that these corporations pay their fair share of taxes (Chukwu et al., 2022). Transparent tax practices are crucial for building public trust and ensuring equitable tax contributions. The level of taxes paid also influences public perception and corporate responsibility. Companies that pay a fair share of taxes are seen as responsible corporate citizens, positively contributing to national development (Otusanya, 2016). MNCs in Nigeria are increasingly adopting transparent tax reporting as part of their corporate social responsibility (CSR) strategies to enhance their reputation and avoid reputational risks (Ogbodo & Omonigho, 2021). By balancing tax payments with societal expectations, companies not only foster long-term business sustainability but also strengthen stakeholder loyalty and improve their public image, ultimately enhancing their competitive advantage.

Corporate Social Responsibility Expenditure

Corporate social responsibility (CSR) expenditures are funds set aside by businesses to support activities that benefit society and the environment in addition to their core business. These expenses are commonly viewed as investments in a company's long-term viability and reputation. Several articles claim that CSR spending can enhance a company's financial performance, social capital, and total worth. CSR spending has the potential to raise stakeholder awareness of a company's generosity (Mwandu & Benjamin, 2024), which could act as an advertising tactic for investors and consumers (Bose *et al.*, 2024). Similarly, Yi *et al.* (2022) claimed that a company's reputation and social capital are increased by a successful CSR investment, which eventually results in increased value. Similar to this, BaniKhaled *et al.* (2021) hypothesized that spending on CSR is a way for businesses to show their commitment to managing social and societal concerns in line with stakeholders' expectations by paying attention to people impacted by their operations. Many businesses have used corporate social responsibility (CSR) as a marketing and advertising tactic, which is crucial for boosting company value and brand recognition (Kim et al., 2021). Therefore, if employed effectively, CSR spending on worthwhile social projects can be a tactic to raise a company's profile and appeal.

Many businesses participate in CSR activities voluntarily, displaying their dedication to social and environmental responsibility. CSR funds can be used for a variety of purposes, including environmental protection, community development, education, healthcare, and disaster relief. While CSR initiatives do not necessarily result in immediate financial gains, studies show that they can help a company's long-term financial performance by strengthening its reputation, attracting investors, and improving stakeholder relationships (Yi *et al.*, 2022). Evaluating the impact of CSR expenditures can be difficult because some benefits, such as increased reputation, may not be clearly quantified. CSR expenditures frequently include interactions with a variety of stakeholders, including employees, consumers, communities, and non-profit groups. CSR efforts are roughly classified into environmental, ethical, charitable, and economic responsibilities. Usually, a company's financial statements include a separate section devoted to CSR operations, where CSR expenditures are recorded and reported. CSR expenditures were introduced as a control variable for this study.

Empirical Literature

Tumba *et al.* (2025) investigated the determinants of deferred taxation among Sub-Saharan Africa (SSA)- listed manufacturing firms, analysing deferred tax assets (DT1), liabilities (DT2), and net differences (DT3). The research covers an eleven-year period (2012–2022). Secondary data were extracted from audited financial statements of listed manufacturing firms, sourced from African Financials, Proshare, MachameRatios Data PC, and official stock exchange websites. The final sample includes 186 manufacturing firms from 14 SSA countries, yielding 1,800 firm-year observations. The study employs Tobit regression to address data censoring and Ordinary Least Squares (OLS) for robustness checks. Key independent variables include firm size, leverage, board characteristics, asset tangibility, and profitability. The results reveal that firm size, leverage, and asset tangibility significantly shape deferred tax outcomes. Larger firms accumulate more deferred tax assets but exhibit higher net liabilities, reflecting scale-driven tax strategies. The study recommends for enhanced tax transparency mandates, standardised regional reporting frameworks, and proactive firm-level tax compliance units. The study's reliance on a broad sample across multiple countries may mask region-specific nuances in tax deferral practices, potentially oversimplifying the complexities of deferred taxation in Sub-Saharan Africa's diverse markets.

Osinuga *et al.* (2025) explored the interplay between new tax reforms and public debt management in Nigeria, focusing on the challenges and opportunities presented by recent fiscal strategies. The study employed a mixed-methods approach, integrating quantitative data on tax revenue performance with qualitative insights from fiscal policy literature. It found that while recent tax reforms hold significant potential for revenue mobilization, institutional and structural inefficiencies limit their effectiveness in reducing public debt. The study recommended enhancing institutional capacity and addressing structural bottlenecks to optimize fiscal outcomes. Osinuga *et al.* (2025) fail to provide a robust causal analysis, as their study largely describes correlations between tax reforms and public debt management without adequately isolating other economic factors that may influence fiscal outcomes.

Abdulrazak and Ahmed (2024) examined effect of deferred taxation on profitability of selected Multinational Companies Listed in Nigeria. Research design adopted was ex-post facto research design. The population of the study was 50 firms listed in three sectors of multinational companies. The sample size was 15, using quota and judgmental sampling techniques. Content analysis of annual reports of the sampled firms was carried out for a period of five years (2018 - 2022), pooling 75 observations. The descriptive statistics adopted were mean and standard deviation while the inferential statistics used was generalized random effect regression analysis along with t-test and chisquare, both on STATA software, version 17. The major findings revealed that deferred tax assets and deferred tax liabilities each have positive and insignificant effect on profitability of listed multinational firms in Nigeria. The study recommended that deferred tax assets and deferred tax liabilities should be sustained while current tax assets and current tax liabilities are prolonged into medium term before temporary differences are settled. The study's conclusion that deferred tax assets and liabilities have an insignificant effect on profitability might overlook potential industry-specific or firm-specific factors that could influence the results.

Lawal *et al.*, (2024) evaluated the impact tax compliance on Nigeria's capacity to collect taxes. An ex-post facto research design was employed in this study. The Central Bank of Nigeria Statistical Bulletin and the Federal Inland Revenue Service Management publication were the main sources of the secondary data used in this study. The dataset used in this study spanned the years 2001 through 2021, and it was evaluated using Johansen's co-integration test and descriptive statistics. The findings indicated that as the tax rate and penalty rate increase over time, Nigeria's tax revenue tends to rise as well, suggesting that elevated tax rates and stricter penalties are associated with increased tax revenue generation. The study concludes that there exists a statistically significant positive long- and short-term relationship between Nigeria's tax revenue and the tax rate and penalty rate. Based on the findings, it is recommended that policymakers carefully consider the implications of audit penalties on tax collection efforts. The study by Lawal *et al.* (2024) does not specifically address the role of corporate tax indicators or their effect on multinational corporations (MNCs) in Nigeria, which is a key focus of our research. This study directs its focus towards multinational corporations, contributing an original viewpoint to this research area.

Okoh and Ofor (2024) examined tax policy inconsistencies and tax administration in Nigeria: Emphasis from Value Added Tax System. The sample size for the study consists of ninety two (92) staff of the five (5) field offices of Federal Inland Revenue Services in Delta State. Primary data were collected from respondents using questionnaire instruments found to be reliable with Cranach Alpha and was above 0.7 coefficients. Data were examined using the mean and simple percentage method. Pearson Product Moment Correlation Coefficient analytical technique was also used to test the hypotheses with the aid of Statistical Package for Social Sciences version 26.0. The result revealed that a significant relationship exist between tax policy inconsistencies and value added tax system, tax administration strategies and value added tax system in Nigeria. Based on the findings, the study concludes that while Nigeria has made efforts to reform its tax system to address challenges and diversify revenue sources, several inconsistencies, administrative hurdles, and complexities persist. Therefore, the study recommends that the Government should foster collaboration and information-sharing between federal and state tax authorities to address challenges related to VAT administration and compliance. The study's focus on a single state limits the generalization of its findings to the broader Nigerian tax administration landscape.

Olumoh (2024) investigated the impact of the execution of tax policies on tax compliance within the jurisdiction of Kwara State. A quantitative survey research methodology was employed, specifically targeting personnel affiliated with the Kwara State Internal Revenue Service (KWIRS). To ensure adequate representation across various hierarchical tiers and functional areas within KWIRS, a stratified random sampling method was utilized, culminating in a sample size of 287, as determined by Taro Yamane's statistical formula. Primary data was accrued through the distribution of questionnaires, with subsequent analysis conducted employing PLS-SEM. The result indicates a statistically significant positive correlation between the implementation of tax policies and tax compliance. This study concludes that the efficacious execution of tax policies is imperative for the enhancement of tax compliance within Kwara State. The study recommends that the KWIRS prioritize the consistent enforcement of tax policies. The exclusive focus on internal revenue staff perspectives may introduce bias, neglecting taxpayer views crucial for a comprehensive analysis of tax policy execution.

Alabi *et al.* (2024) delved into the dynamics of tax compliance among Small and Medium Enterprises (SMEs) in Nigeria, focusing on the influence of tax morale. The study examined key dimensions of tax morale, including religious beliefs; trust in governance, income levels, financial literacy, and educational attainment. Adopting a descriptive survey design, the investigation encompassed the entirety of the 386,655 registered SMEs across selected Nigerian states. Utilizing Taro Yamane's statistical formula and a multistage sampling method, a representative sample of 400 SMEs was meticulously selected. The ensuing regression analysis revealed compelling insights. Financial literacy exhibited a positive influence on compliance, though statistically insignificant, hinting at a potential impact that lacks statistical robustness. Educational attainment, while positively affecting compliance, demonstrated significance primarily in enforced compliance, with no statistically significant impact on voluntary compliance. In conclusion, the study underscores the pivotal role of tax morale in shaping compliance behaviour among SMEs in Nigeria. The study recommends governmental initiatives aimed at augmenting transparency and accountability in tax administration. This study fails to account for cultural and regional differences that might influence tax morale among SMEs in different parts of Nigeria.

Famous (2023) studied the relationship between tax avoidance practices and earnings management among listed non-financial firms in Nigeria. The study employs a secondary data collection approach, utilizing purposive sampling to select a sample of thirty firms. Ordinary Least Square (OLS) regression analysis is used for data evaluation. The findings indicate that the effective tax rate does not significantly affect earnings management, while the non-debt tax shield has a significant impact on earnings management in the sampled firms. The study concludes that aggressive tax planning, including both tax evasion and legitimate tax-saving strategies, significantly influences the firms' debt and non-debt tax shields. It recommends that Nigerian listed companies adopt tax optimality to enhance their after-tax profits. Limitations of the study include its focus solely on listed non-financial firms, which may restrict the broader applicability of the findings.

Okerekeoti (2020) investigated how certain firm attributes, particularly profitability and size, influence tax avoidance behaviour s within the Nigerian food production sector. Utilizing an Ex-Post Facto research design, the study focuses on seven food production companies and examines data from their annual reports over eleven years (2010–2020). Descriptive statistics and regression analysis reveal that profitability is associated with a positive, albeit statistically insignificant, influence on tax avoidance, suggesting that more profitable companies

are not necessarily more inclined toward aggressive tax-saving strategies. Conversely, firm size is found to have a negative but insignificant impact, indicating that larger companies may be less engaged in tax avoidance, though this effect does not reach statistical significance. The study recommends that regulatory agencies and tax authorities should uniformly scrutinize tax-saving strategies across all companies, irrespective of size, to discourage tax avoidance practices more broadly. The limitation lies in the study's concentration on the food production industry, which restricts the generalizability of the results to other sectors, highlighting the need for further research across diverse industries.

Sani and Umar (2023) investigated the effects of corporate governance factors on tax avoidance in Nigerian deposit money banks, using data from the Nigerian Deposit Insurance Corporation (NDIC) and the banks' annual reports. Employing descriptive statistics, correlation matrix, cross-sectional dependency test, panel unit root and co-integration tests, and Panel Generalized Method of Moments (PGMM), the study finds that board independence significantly influences tax avoidance, whereas board size shows a weak and insignificant impact. Control variables such as firm size, profitability (measured by ROA), and financial leverage negatively impact tax evasion, suggesting that larger, more profitable, and leveraged banks engage less in tax evasion. Based on these findings, the study recommends that regulatory agencies such as the SEC, NGX, and CBN strengthen oversight and control mechanisms within Nigerian deposit money banks to enhance transparency and accountability, ultimately curbing tax evasion practices. Limitations include the specificity to deposit money banks, which may limit the applicability of findings to other sectors.

Theoretical Framework

Fiscal Exchange Theory

This theory, which was propounded by Richard Musgrave in 1959, posits that tax compliance is strongly influenced by the perceived value that taxpayers place on the goods and services provided by the government in exchange for their taxes. This theory suggests that individuals and corporations are more likely to fulfil their tax obligations when they believe that their contributions are being used effectively for public goods such as education, healthcare, and infrastructure. In the context of Nigeria, the theory helps explain why multinational corporations might be hesitant to comply with tax regulations if they perceive the government's spending as inefficient or corrupt. This is particularly important given Nigeria's reputation for corruption and poor public service delivery. For multinational corporations, the decision to comply with tax obligations may not only be driven by legal requirements but also by the perceived benefit of public services in return for their tax payments. If these corporations feel that their taxes are not being used effectively, they may be less likely to comply with tax regulations or may engage in aggressive tax avoidance strategies, including the strategic use of deferred tax liabilities.

Fiscal Exchange Theory further argues that a positive relationship between taxpayers and the government fosters higher tax morale, which encourages voluntary compliance. Multinational corporations, being highly scrutinized for their tax practices, are likely to comply with tax obligations if they perceive the government as efficient and transparent in the use of public funds. If taxpayers perceive that their taxes are contributing to social welfare and economic development, they are more inclined to engage in voluntary compliance. In Nigeria, this notion is significant because multinational corporations are often caught between managing their tax obligations and responding to societal pressure for transparency and ethical behaviour. This theory, therefore, underscores the importance of improving public service delivery and government accountability to enhance tax compliance, particularly for multinational firms operating in Nigeria. Despite its strengths, Multinational corporations, particularly those in emerging markets like Nigeria, often make decisions based on economic factors such as tax rates, the availability of tax incentives, and global tax planning strategies rather than their perception of public service quality. Fiscal Exchange.

Economic Determinant Theory of Tax Compliance

Economic Determinant Theory of Tax Compliance, initially proposed by Allingham and Sandmo in 1972, focuses on the economic factors that influence tax compliance decisions. This theory asserts that firms make decisions about tax compliance based on a cost-benefit analysis, where they compare the benefits of compliance,

such as avoiding penalties and enhancing reputation, with the potential costs of fulfilling tax obligations. In the context of multinational corporations in Nigeria, the Economic Determinant Theory provides a more practical framework for understanding tax behaviour, particularly regarding the use of tax strategies such as deferring tax liabilities. Multinational corporations often engage in tax planning, utilizing legal mechanisms like deferred tax assets and liabilities to reduce their overall tax burden. This theory is particularly relevant in Nigeria, where multinational companies navigate a complex tax environment, which includes tax rate fluctuations, incentives, and regulations that may differ across jurisdictions. The theory emphasizes that firms are more likely to comply with tax obligations when the costs of non-compliance such as penalties, reputational damage, and legal risks outweigh the financial benefits of evasion. It also accounts for the importance of economic stability, tax policy predictability, and financial reporting conditions in shaping corporate tax compliance.

Economic Determinant Theory highlights the importance of effective tax enforcement and regulatory frameworks in driving corporate tax compliance. In Nigeria, multinational corporations are often faced with regulatory complexities and an environment where tax laws may not always be consistently enforced. As a result, firms might take advantage of the grey areas in tax legislation, using strategies like deferring taxes or taking advantage of tax incentives to reduce their liabilities. This theory aligns well with the corporate behaviour of multinational companies that actively seek to minimize their tax burden through various financial strategies, which are not only influenced by the potential for penalties but also by the complexity and scope of available tax planning opportunities. Moreover, in the Nigerian context, the effectiveness of tax enforcement agencies such as the Federal Inland Revenue Service (FIRS) is critical in shaping compliance behaviour. Multinational firms are more likely to engage in compliance when they perceive that tax authorities have strong enforcement mechanisms and that the benefits of non-compliance (e.g., avoiding tax payments) are outweighed by the risks of being caught and penalized.

The Economic Determinant Theory of Tax Compliance was used as the underpinning theory for this study simply because the theory explains the significance of tax payment and deferred tax liability for multinational corporations in Nigeria, which helps to ensure tax compliance. Unlike Fiscal Exchange Theory, which focuses primarily on the social contract between taxpayers and governments, the Economic Determinant Theory offers a more comprehensive understanding of tax compliance by incorporating key economic factors such as tax rates, tax incentives, and the complexity of the tax code.

METHODOLOGY

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

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

Secondary panel data covering both time series and cross-sectional dimensions were collected from annual reports and financial statements of these firms over the specified period to capture dynamic trends and long-term effects. The analysis employed descriptive statistics to summarize the data, Pearson correlation to explore relationships among variables, and panel regression models fixed and random effects. The analytical model was adapted from Tumba *et al.* (2025) whose research on the determinants of deferred taxation among Sub-Saharan Africa (SSA)- listed manufacturing firms provide a relevant framework for investigating tax payment percentage and deferred tax liability on tax compliance in Nigerian-listed multinational corporations.

Adapted model

$$Y = \alpha_0 + \beta_1 \text{ITER} + \beta_2 \text{DTL} + \epsilon; \dots\dots\dots (i)$$

Model Employed

$$\text{TTP} = \beta_0 \text{it} + \beta_1 \text{TPP}_{it} + \beta_2 \text{DTLP}_{it} + \beta_3 \text{CSRE}_{it} + \epsilon \dots\dots\dots (ii)$$

Where:

TTP = Total taxes Paid (proxy for Tax Compliance)

TPP = Tax payment percentage

DTLP = Deferred tax liability percentage

CSRE = Corporate Social Responsibility Expenditure (control variable)

β_0 = Constant or intercept

$\beta_1 - \beta_3$ = Regression coefficients for each variable

ϵ = Stochastic error term

Table 3.1: Apriori Expectation

Variable	Description	Expected Sign	Justification
TPP	Tax payment percentage	Positive (+)	Significant and higher tax payment as a percentage of revenue is expected to indicate better tax compliance as firms allocate more revenue to fulfilling tax obligations.
DTLP	Deferred tax liability percentage	Negative (-)	Significant and high deferred tax liability may indicate aggressive tax planning or avoidance strategies, reducing overall tax compliance.
CSRE	Corporate Social Responsibility Expenditure (Control Variable)	Positive (+)	Significant as firms with high CSR expenditures are likely to comply more with tax regulations to maintain their reputation and social legitimacy.

Source: Researcher Conceptualization, (2025)

Table 3.2: Measurement of Variables

Variable	Type	Measurement	Source
Total Taxes Paid (TTP)	Dependent	Calculated as the total tax expenses paid by the firm; serves as a proxy for tax compliance	Oladipo et al. (2022)
Tax Payment Percentage (TPP)	Independent	$TP = \frac{\text{Tax Paid}}{\text{Total Revenue}} \times 100$	Sani& Umar (2023)

Deferred Tax Liability percentage (DTLP)	Independent	$DTL = \frac{\text{Deferred Taxes}}{\text{Total Assets}} \times 100$	Osinuga et al. (2025)
Corporate Social Responsibility Expenditure (CSRE)	Control	Measured as the total expenditure on CSR activities as reported in the financial statements	Alabi et al. (2024)

Source: Researcher Computation, (2025)

RESULT AND DISCUSSION

Descriptive Statistics

In order to have glimpse of the data used in the study, a first pass at the data in form of descriptive statistics was carried out. This gives us a good idea of the patterns in the data used for the analysis. The summary statistics is presented in Table 3.

Table 3: Descriptive Analysis Result

	TTP	TPP	DTLP	CSRE
Mean	943495.5	29.51359	18.57369	194361.8
Median	84152.00	21.03978	11.33374	57535.99
Maximum	65052877	98.82472	99.57185	6351015.
Minimum	13.86400	0.003272	0.016462	18.33333
Std. Dev.	3789802.	25.28009	21.71821	783784.1
Skewness	11.60244	0.983310	1.708597	6.116833
Kurtosis	181.8136	3.052151	5.659277	40.31548
Jarque-Bera	629935.1	74.98728	363.2614	29878.34
Probability	0.000000	0.000000	0.000000	0.000000
Sum	4.396308	13723.82	8636.768	90378228
Sum Sq. Dev.	6.663015	296534.4	218859.9	2.8573914
Observations	465	465	465	465

Source: E-View 12 Output (2025)

The descriptive statistics for the variables in the dataset suggest notable variations in the tax compliance and related financial metrics of the multinational corporations under study. Total Taxes Paid (TTP), the proxy for tax compliance, exhibits a mean of 943,495.5, with a substantial standard deviation of 3,789,802, indicating considerable variation in tax payments across the sample. The median value of 84,152 suggests that while the mean is significantly higher, a large portion of corporations are clustered around the lower end of tax payments, indicating skewed data with a long right tail. This is further confirmed by the skewness value of 11.60, which highlights the presence of extreme values or outliers in the dataset, likely from large multinational corporations.

The maximum tax payment of 65,052,877 stands out, reinforcing the idea of extreme values that heavily influence the mean. The Jarque-Bera statistic (629,935.1) with a p-value of 0.000 indicates that the distribution of TTP is significantly non-normal, primarily due to the outliers and high skewness.

In contrast, the variables related to tax payments, Tax Payment percentage (TPP) and Deferred Tax Liability percentage (DTLP), demonstrate more symmetric distributions. TPP has a mean of 29.51 with a standard deviation of 25.28, indicating substantial dispersion but not as extreme as TTP. The variable also shows a skewness of 0.98, which is closer to normal, suggesting that most companies have moderate tax payments with a few higher outliers. DTLP has a higher skewness of 1.71, indicating some positive skew in deferred tax liabilities, with a mean of 18.57 and a standard deviation of 21.72. The presence of extreme values, such as a maximum of 99.57, again impacts the mean, while the Kurtosis values of 5.66 for DTLP and 40.32 for CSRE suggest the data distributions are leptokurtic, with heavy tails and a high peak, signaling a greater occurrence of extreme values than in a normal distribution. CSRE, with a mean of 194,361.8, displays significant variability, and the skewness of 6.12 and a kurtosis value of 40.32 suggest that while most firms report lower CSR expenditures, there are a few firms reporting exceptionally high expenditures. In summary, the data suggests substantial variance across the different variables, with particularly high variation in tax compliance (TTP) and CSR expenditure (CSRE), likely influenced by a small number of large corporations in the dataset.

Correlation Analysis

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

Table 4: Correlation Analysis Result

Covariance Analysis: Ordinary				
Date: 06/25/25 Time: 10:35				
Sample: 2010 2024				
Included observations: 465				
Correlation				
Probability	TTP	TPP	DTLP	CSRE
TTP	1.000000			

TPP	0.093784	1.000000		
	0.0432	-----		
DTLP	-0.014642	-0.028466	1.000000	
	0.7528	0.5403	-----	
CSRE	-0.039639	-0.033178	-0.143067	1.000000
	0.3938	0.4754	0.0020	-----

Source: E-View 12 Output (2025)

The correlation analysis reveals several noteworthy relationships between the variables under study. Total Taxes Paid (TTP) has a positive but weak correlation with Tax Payment percentage (TPP), with a correlation coefficient of 0.0938, which is statistically significant at the 5% level (p -value = 0.0432). This indicates a mild positive relationship between total tax paid and tax payments, suggesting that as the tax payments increase, the total taxes paid also tend to increase, but the relationship is weak. On the other hand, TTP shows a negative correlation with both Deferred Tax Liability percentage (DTLP) (-0.0146) and Corporate Social Responsibility Expenditure (CSRE) (-0.0396), but these correlations are statistically insignificant (p -values of 0.7528 and 0.3938, respectively). This implies that there is no strong or meaningful linear relationship between total tax payments and these variables. The correlations between Tax Payment percentage (TPP) and the other variables follow a similar trend. TPP is weakly negatively correlated with Deferred Tax Liability percentage (DTLP) (coefficient of -0.0285) and negatively correlated with CSRE (coefficient of -0.0332), though neither of these correlations are statistically significant (p -values of 0.5403 and 0.4754, respectively). The negative correlation between CSRE and DTLP (-0.1431) is more substantial, and its p -value of 0.0020 indicates that this correlation is statistically significant at the 1% level. This suggests a more meaningful inverse relationship between CSR expenditure and deferred tax liabilities, which may imply that companies with higher CSR expenditures tend to have lower deferred tax liabilities. Overall, the data suggests that while there are some weak correlations between tax-related variables, there is no strong or consistent pattern across all the variables. The significant relationship between CSRE and DTLP might be the most relevant finding in this analysis.

Multicollinearity Test (VIF)

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

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

Table 5: Multicollinearity Test (VIF)

	Coefficient	Uncentered	Centered
Variable	Variance	VIF	VIF
C	5.736743	5.746633	NA
TPP	52.84745	9.65435	1.678331
DTLP	71.37492	9.63297	1.726395
CSRE	7.629168	9.89226	1.885297

Source: E-View 12 Output (2025)

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

Heteroskedasticity

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

Hypothesis

H_0 : There is no heteroskedasticity problem in the model (Residuals are homoskedastic)

H_1 : There is heteroskedasticity problem in the model

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

Table 6: Heteroskedasticity Test

Panel Cross-section Heteroskedasticity LR Test			
Equation: UNTITLED			
Specification: TTP C TPP DTLP CSRE			
Null hypothesis: Residuals are homoscedastic			
	Value	df	Probability
Likelihood ratio	2146.523	31	0.7394
LR test summary:			
	Value	df	
Restricted LogL	-7700.605	461	
Unrestricted LogL	-6627.344	461	

Source: E-View 12 Output (2025)

The results of the panel cross-section Heteroskedasticity regression test was displayed in Table 6. The decision criteria for the panel cross-section test for Heteroskedasticity is as follows:

From the results in Table 6 above, with a ratio value of 23146.523 and a corresponding probability value of 0.7394, which is higher than 5%, the study therefore posits that there is no reason to reject the null hypothesis, while the alternative hypothesis that states there is a conditional Heteroskedasticity problem is rejected. Consequently, based on the diagnostic probability of 0.7394, the study failed to reject the null hypothesis, thus, there is no conditional heteroskedasticity, indicating that residuals are Homoskedastic, and as such, the samples give a true reflection of the population.

Hausman Test

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

H_0 : Random effect is more appropriate for the Panel Regression analysis

H_1 : Fixed effect is more appropriate for the Panel Regression analysis

As encapsulated above, if the p-value is greater than 0.05 the decision rule is not to reject the null hypothesis (meaning that the preferred model is random effects). Similarly, if the p-value is less than 0.05 the decision rule

is to reject the null hypothesis which states that: Random effect is more appropriate for the Panel Regression analysis (meaning that the fixed effect model is to be accepted).

Table 7: Hausman Test

Correlated Random Effects - Hausman Test			
Equation: Untitled			
Test cross-section random effects			
Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	8.280676	3	0.0406

Source: E-View 12 Output (2025)

The Hausman test result shows a Chi-Square statistic of 8.280676 with a p-value of 0.0406, rejecting the null hypothesis that the Random Effects (RE) model is more appropriate. This indicates that the Fixed Effects (FE) model is the better choice, as the individual effects are likely correlated with the regressors. Therefore, the FE model is preferred for the analysis. However, a Fixed Effects Likelihood Ratio test should be conducted next to confirm whether the FE model is necessary, ensuring the correct model is chosen for the analysis.

Fixed effects Likelihood tests

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

Null Hypothesis (H_0): The individual-specific effects are not significantly different from zero. This implies that the pooled regression model is appropriate as the individual-specific effects can be ignored.

Alternative Hypothesis (H_1): The individual-specific effects are significantly different from zero. This implies that the fixed effects model should be used to account for the individual-specific variations.

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

Redundant Fixed Effects Tests			
Equation: Untitled			
Test cross-section fixed effects			
Effects Test	Statistic	d.f.	Prob.
Cross-section F	2.643697	(30,431)	0.0000
Cross-section Chi-square	78.544110	30	0.0000

Source: E-View 12 Output (2025)

The results from the Redundant Fixed Effects Tests provide strong evidence in favor of including fixed effects in the model. The Cross-section F statistic of 2.64, with (30, 431) degrees of freedom, and the Cross-section Chi-square statistic of 78.544110 (with 30 degrees of freedom), both yield p-values of 0.0000. These exceptionally low p-values lead to the rejection of the null hypothesis, which posits that the fixed effects are redundant and

can be excluded from the model. As such, the results affirm the necessity of incorporating fixed effects, indicating that the individual heterogeneity across firms is significant and should be accounted for to obtain accurate and reliable estimates.

Research Hypotheses

H₀₁: Tax payment percentage does not significantly affect total tax paid in listed Multinational Corporations in Nigeria.

H₀₂: Deferred tax liability percentage has no significant effect on total tax paid in listed Multinational Corporations in Nigeria

Table 8: Panel Regression Result (Fixed Effect)

Dependent Variable: TTP				
Method: Panel Least Squares				
Date: 06/25/25 Time: 11:01				
Sample: 2010 2024				
Periods included: 15				
Cross-sections included: 31				
Total panel (balanced) observations: 465				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1114495.	331858.0	3.358350	0.0009
TPP	3788.838	7237.312	0.523514	0.6009
DTL	-15349.71	9143.928	-2.678678	0.0335
CSRE	0.011725	0.363834	0.032225	0.9743
	Effects Specification			
Cross-section fixed (dummy variables)				
Root MSE	3460927.	R-squared		0.564230
Mean dependent var	943495.5	Adjusted R-squared		0.540238
S.D. dependent var	3789802.	S.E. of regression		3594846.
Akaike info criterion	33.09821	Sum squared resid		5.57E+15
Schwarz criterion	33.40107	Log likelihood		-7661.333
Hannan-Quinn criter.	33.21741	F-statistic		2.566427
Durbin-Watson stat	1.794836	Prob(F-statistic)		0.000009

Source: E-View 12 Output (2025)

The panel data regression model seeks to explain the variation in Total Taxes Paid (TTP) based on independent variables: Tax Payment Percentage (TPP), Deferred Tax Liability percentage (DTLP), and Corporate Social Responsibility Expenditure (CSRE). The results show that TTP is significantly influenced by DTLP, while TPP and CSRE do not exhibit meaningful effects. The constant term (C) is 1,114,495, with a t-statistic of 3.36, which is statistically significant (p-value = 0.0009), indicating that in the absence of the independent variables, the baseline total taxes paid is significantly different from zero. Tax Payment Percentage (TPP), with a coefficient of 3,788.838, is positively related to TTP, but the t-statistic of 0.52 and the high p-value of 0.6009 suggest that TPP does not have a statistically significant effect on TTP. This indicates that tax payment percentage is not strongly associated with the total taxes paid by firms in the sample.

On the other hand, Deferred Tax Liability percentage (DTLP) exhibits a statistically significant negative relationship with TTP, with a coefficient of -15,349.71 and a t-statistic of -2.68, which is significant at the 5% level (p-value = 0.0335). This suggests that as DTLP increases, total taxes paid decrease. The negative sign may reflect that companies with higher deferred tax liabilities tend to defer their tax obligations, leading to lower immediate tax payments. This relationship might point to strategic tax planning practices where corporations delay paying taxes, reducing their total tax payments in the current period. However, Corporate Social Responsibility Expenditure (CSRE) does not show any significant effect on TTP. The coefficient for CSRE is 0.0117, but the t-statistic of 0.0322 and the extremely high p-value of 0.9743 indicate no meaningful relationship between CSRE and total tax payments. This suggests that, within the sample, the level of CSR spending does not appear to directly influence the total taxes paid by firms.

The R-Squared of the model (0.5642) indicates that 56.42 percent variation in TTP is explained by tax payment percentage, deferred tax liability and corporate social responsibility expenditure while the remaining 43.58 percent is unexplained variation attributed to other determinants of TTP omitted from the model. The value is greater than 50 percent showing that the overall goodness of the model is moderate. The adjusted R-Square (0.5402) reveals that after adjusting for the effects of independent variables included in the model but which do not have significant effect on total tax paid, the model still explains 54.02 percent variation in tax compliance.

The F-statistic of the model (2.566427) is significant at 5 percent shown by its probability (0.000009) which is less than 0.05. This shows that the estimated R-Squared is statistically significant at 5 percent. This also implies that the joint effect of tax payment percentage, deferred tax liability and corporate social responsibility expenditure on tax compliance of listed MNCs in Nigeria is significant. Although, total tax payment percentage and corporate social responsibility expenditure have no significant effects on tax compliance of MNCs when utilized individually, when used in combination with deferred tax liability, the variables become significant in determining tax compliance. The moderate value of R-Squared and significance of F-statistic reveal that the estimated model is suitable for predicting tax compliance of listed MNCs in Nigeria and for policy making.

The Durbin Watson of the estimated model (1.79) is approximately 2.00, indicating that the model is free of serial correlation. Stated in another way, it means that there is absence of serial correlation capable of reducing the efficiency of the estimates or the estimated model, further showing that the estimates are reliable for predicting the tax compliance behaviour of listed MNCs in Nigeria.

DISCUSSION OF FINDINGS

This study examined the effect of Tax payment, Deferred tax Liability and Tax Compliance of listed Multinational corporations in Nigeria. The study revealed that tax payment percentage has a positive but insignificant relationship on total tax paid, indicating that tax payment percentage does not contribute significantly to total tax paid within the study period. This finding means that a unit increase in TTP will lead to an increase of 3788.838 in TPP but the result is insignificant. This finding aligns with the position of Okerekeoti (2020) and Tanko (2020) while negates the finding of Lawal *et al.* (2024). This study suggests that tax payment percentage does not necessarily lead to increase in tax compliance within the study period. The lack of a direct relationship between TPP and TTP in this study suggests that firms are not simply adhering to a fixed percentage of tax payments, but are instead making decisions that optimize their tax positions, consistent with the economic determinants of tax compliance.

The second hypothesis revealed that deferred tax liabilities percentage has a negative but significant relationship with total tax paid within the study period, indicating that deferred tax liability percentage are likely to contribute significantly to total tax paid within the study period. This finding means that a unit increase in TTP will lead to a decrease of 15349.71 but the result is statistically significant. This position is consistent with the findings of Durowaiye and Sadiq (2024) and Hasan, *et al.* (2017), while disagreed with the finding of Abdulrazak and Ahmed (2024). This study documented a significant relationship between deferred tax liabilities percentage and total tax paid indicating that firms with a high percentage of deferred tax liabilities are likely to achieve a good tax compliance within the study period. This aligns well with the Economic Determinant Theory, which highlights the role of economic incentives and strategies in shaping tax behaviour. Firms with high deferred tax liabilities are effectively using tax deferral strategies as part of their broader tax planning, allowing them to reduce current tax payments.

CONCLUSION AND RECOMMENDATIONS

This study investigates the effect of Tax payment, Deferred tax Liability and Tax Compliance of listed Multinational corporations in Nigeria. Based on the study findings reached through the study objectives guided by the study hypotheses, the following conclusion were made; the study affirmed that tax payment has positive but insignificant effect on tax compliance of listed multinational corporation in Nigeria. While on the other hand, the study concluded that deferred tax liability has negative but significant effect on tax compliance of listed multinational corporations in Nigeria. Based on the findings of this study, the following recommendations are made for effective management of listed multinational corporations listed on the Nigeria Exchange Group;

- i. Nigerian tax authorities should introduce more comprehensive monitoring frameworks specifically aimed at tracking and regulating the use of tax payment as tax liabilities by multinational corporations. These entities often engage in complex tax strategies that leverage deferred tax positions to reduce immediate tax obligations, and the current tax regulations may not fully capture the nuances of such activities.
- ii. It is recommended that Nigerian regulators enforce stricter governance standards and require more detailed tax reporting disclosures from multinational corporations. Specifically, tax authorities should mandate that these corporations disclose detailed information on their deferred tax liabilities and the financial strategies they employ to manage tax obligations.

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