INFLUENCE OF CORPORATE TAX PLANNING ON INVESTORS' CONFIDENCE AS A DETERMINANT OF SHARE PRICE (A CASE OF SELECTED DEPOSIT MONEY BANKS IN NIGERIA)

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Abstract

Corporate Tax planning practices are gaining ground among firms as an avenue to reduce the tax exposure of such firm. The impact of such practices on the overall Corporate Objectives of maximising the shareholders wealth through increase in share price has been a subject of controversies. The paper examine the Corporate Tax Planning scheme influence on Investors' Confidence as it helps to determine the share price of listed banks in Nigeria. Ten out of the listed fifteen Deposit Money Banks were selected using Purposive Sampling Technique. Three hypotheses were formulated and tested using Panel Least Square Method and Correlation Analysis. The Correlation Coefficient (0.2034) in hypothesis one established a positive relationship between ETR and Share Price of listed banks in Nigeria. The result from Hypothesis two (-0.1606) indicate a negative insignificant influence of Tax Planning on the Investors' Confidence. It was recommended that the management should exercise caution in implementing an Aggressive Tax Scheme as some has more damaging effects on the firm through Reputational costs than associated benefits. Government should sensitize the public about the danger of aggressive tax planning so as to boost its tax revenue.

Keywords: corporate tax planning, investors confidence, share price, tax evasion, tax avoidance.

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I.   Introduction

The various arms of governments in the Federal Republic of Nigeria are looking inwards for a more reliable and sustainable means of revenue generation since the income from crude oil is not longer sustainable due to the decline in the International Crude Oil Price. The resulting impact of this monumental decline has crippled the effective discharge of responsibilities by the government thereby inducing a renewed tax collection and administration drive of the government, one of which can be achieved through the implementation of the Voluntary Assets and Income Declarations Scheme (VAIDS). This initiative is as a result of the growing concerns among firms on the issues of Tax Planning and Aggressiveness considering the culmination of factors such as Political, Economic and Technological Driven Tax Reduction Schemes used by managers (Guenther et al., 2017). Tye, Nor &Abdul Wahab (2018) state that positive efforts by the government to encourage socially responsible dealings by corporations can help boost tax contributions in order for a country to achieve its mandate of providing basic needs of the nation.

Firms in most cases utilise the services of professionals such as Accountants and Auditors in unlawfully reducing the revenue due to the government for the provision of basic infrastructure and public utilities with the aid of Tax Evasion Schemes (Otusanya, 2011). Unlike Tax Evasion, Tax Avoidance is considered lawful by majority of scholars though both have the same consequences of reducing the tax payable by a firm (Brown, 1983; Flesch, 1968; Sommers, 1998). Palan et al. (2010) argued that companies and well-to-do individuals access a wide range of Tax Evasion and Avoidance schemes such as Tax Havens, Shell Companies and Inter-Group Structures to achieve a targeted Tax objective in order to improve profits and capital. This might be in consonant with the primary objective of maximising the wealth of the shareholders in the short-run.

Despite Tax Avoidance being regarded as the use of legal means of reducing the tax liabilities of an entity, excessive application might result in Tax Aggressiveness which has a Reputational and Negative responses from customers and other stakeholders that will eventually affect the firm negatively (Blaufus et al. 2016). Therefore, the big question is: at what point will Tax Avoidance become Tax Aggressiveness?

Braithwaite (2005) posit that Tax Aggressiveness is a plan or arrangement established for the sole or dominant purpose of avoiding tax. Martinez (2014) contended that the management of a firm are aware of the tolerable and admissible reduction to their income tax liability. They often stretch the limits of the tax laws based on the nature of their remuneration mechanisms and personal penalties of getting caught. The distinction between

Tax Avoidance and Tax evasion is why Lanis &Richardson (2012) describe Tax Aggressiveness as the downward review of taxable income through Tax Planning Activities.

There had been calls from different quarters for firms to see tax as part of their Social Responsibilities as a result of monumental tax revenue losses being suffered by the government caused by Tax Dodging locally and internationally (Tye et al., 2018). In their arguments, big Multinationals Organisations such as Google, Apple, Facebook, Starbucks, IKEA, Amazon, GAP and Microsoft were not left out as they have at one time or the other being accused of Aggressive Tax Planning resulting in huge revenue loss by the government (Chew, 2016). This Anti-Social Tax Practices was equally brought to the lime light through the leak of the Panama Papers and this had intensified the calls for companies to be more Socially Responsible (Web, 2016).

Management of most of these firms are often ignorant of some of the negative implications of Aggressive Tax Planning. For instance, AbdulWahab & Holland (2012) observed that shareholders consider tax planning as one of the major causes of Reputational Damage to the firm. This explains why Li et al. (2016) associate the Investors' Confidence to the level of Stability and Healthy development of the Stock Markets. Therefore, it can be argued that investors who are considered to be irrational in their investment decisions by often displaying a sheep-flock mentality expect the firm to be at least on the good side of the law. In order for the management to sustain the confidence of the investors therefore, Li et al. (2016) identified key factors like Good Management Status (Newell & Wilson, 2002) and Good Corporate Value and Growth. This left us with the question: to what extent does Aggressive Tax Planning affect the Investors' Confidence?

I.1   Statement of the Research Problem

The Captain of firms while trying to maximise the wealth of the shareholders can go by the way of using an Aggressive Tax Planning which is aimed at reducing the taxable income of such firm. The implication of this is that more profit is available for the existing shareholders through dividend. Studies have shown that Regular and Constant dividend payments positively affect share value of firms (Rehman & Hussain, 2013; Waithaka et al., 2012; Ajanthan, 2013).

However, Excessive Aggressive Tax Planning can put the company on the other side of the law therefore resulting in risk of future penalty payments, the moral perception and therefore potential Reputational Costs (Blaufus et al., 2016).Investors' Confidence is one of the hotspot topics among domestic and overseas scholars during and after the Global

Financial Crises of 2007 triggered by America Subprime Mortgage Crises (Li et al., 2016). Since then many researches had been conducted both locally and internationally to see the Influence of Corporate Tax Planning on the shareholders vis a vis the value of the firm. Some of these studies abroad include the famous work of Desai & Dharmapala (2009) on Corporate Tax Avoidance and Firm Value which concludes that Corporate Tax Avoidance as a transfer of resources from the state to shareholders is incomplete given the Agency Problems characterizing shareholder-manager relations. Other works on the topic of Tax Aggressiveness and related concepts in recent years abound (Seyram, 2014; Sanjay, 2002; Kalbitz & Eichfelder, 2016; Gribnau, 2015; Bae, 2017).

These researches are not limited to the Developed countries; series of efforts had been made in Africa and Nigeria in particular. For instance, Ahmed & Mounira (2015) examine the Impact of Governance Mechanisms on Tax Aggressiveness: Empirical evidence from Tunisian context. Amidu (2016) reckon: Do Firms Manage Earnings and Avoid tax for Corporate Social Responsibility? In Nigeria, Bariyama & Cletus (2014) examines Tax Planning and Corporate Governance in Nigeria banks for a five years period between 2007 and 2011. Otusanya (2011) also made a qualitative review the Role of Multinational Companies in Tax Evasion and Tax Avoidance: the case of Nigeria.

A closer look at all the available literatures provides a strong basis for this research effort as the author was unable to access any prior article on the relationship between Corporate Tax Planning and Investors Confidence. Also, some of the works in Nigeria provided a simplistic and non-robust analysis of the subject matter. For instance, Bariyama & Cletus (2014) model was as simple as firm's value is a function of Tax Savings. The implication of this is that the model failed to incorporate some basic determinant of firm's value. Equally, the work of Otusanya (2011) suffers the basic problem of a conventional qualitative method of research which is subjectivity and non-replicability.

Therefore, a look at Corporate Tax Practices and its influence on the Confidence of the Investors which is an essential element for a sustainable growth in the market value of firm's will be of utmost interest managers and owners of the business. To this end, this research will attempt to consider the influence of Corporate Tax Planning on the Confidence of Investors as a determinant of the value of shares.

I.2   Objective of the Study

The primary objective of this study is to examine Corporate Tax Planning and Investors' Confidence as a determinant of Share price of listed banks in Nigeria. This

primary objective will be narrow down to the following secondary objectives which include the examination of the:

     i.   relationship between Tax Burden Reduction Scheme and Share Price of listed banks in Nigeria.

     ii.   extent to which Tax Avoidance influence Investors' Confidence of listed banks.

     iii.   degree to which Investors Confidence determines the Share Price of listed banks in Nigeria.

I.3   Research Questions

As a fall out of the above stated objectives, an attempt will be made at answering the following questions:

     i.   Is there a significant relationship between Tax Burden Reduction Scheme and share prices of listed banks in Nigeria?

     ii.   Does tax avoidance influence the Investors' Confidence of Nigerian listed banks?

     iii.   To what extent does the Investors' Confidence determine the share prices of listed banks in Nigeria?

I.4   Research Hypotheses

The following hypotheses will be tested:

- There is a significant relationship between a reduced tax burden and share value of listed banks in Nigeria.
- Tax Avoidance influences the Investors' Confidence of Nigerian listed banks.
- Investors' Confidence significantly determines the share prices of Nigerian listed banks

II.   Literature review

Corporate Tax basically is a form of reduction in the available profit for distribution to the existing shareholders or the amount available for future expansion and growth by way of plough back of such profit. Since the management are saddle with the responsibility of maximising the shareholders wealth, therefore Cost Control and Cost Reduction schemes are veritable tools in the hand of the management for achieving its set goals and objectives. Tax payments and liabilities more often than not represent a major financial obligation to firms though serves as a major source of revenue to the government.

In order to provide a constant, consistence and predictable revenue base to the government, Tax Laws and Regulations are clearly spelt out to provide an equitable and justifiable basis of assessments. In attempt to interpret the provisions of these tax laws, firms often engage the services of professionals such as lawyers and accountants to achieve their targeted tax objectives (Otusanya, 2011). These professionals sometimes use both legal and illegal means (Tax Avoidance andTax Evasion) as a justification of the huge consultancy fees often paid to them.

II.1   Conceptual Framework

2.1.1   *Corporate Tax Planning and Share Price*

Tax Planning Strategies basically aimed at reducing the reported profit of firms by legally or illegally increasing the Cost Structure or reducing the revenue base of such entity. This motive if not carefully managed can have a triple effect on the firm. First, how will the investors react to a conservative reported profit? Second, the effect of the savings from the tax planning practices on the future earning capacity of the firm? Third, how will the government react to established cases of Aggressive Corporate Tax Planning?

In the first instance, an investor who based his judgement on the information content of the Financial Statements is likely going to be pessimistic about the prospects of the firm since profitability is a key measurement of Financial Resiliency and ultimately sustaining its Going Concern. Therefore, a Conservative reported profit might discourage a Risk Averse investor thereby affecting the forces of demand and supply which determine the market price of the firm's shares.

A situation where firms' successfully implement Tax Planning Strategies uncaught will result in savings that can improve the quality of the Distributed Earnings or Plough back for future growth and development. Either way the demand for the firm's share will increase thereby increasing the Market price of its shares. Conversely, the Reputational Damage on the goodwill of the firm might go a long way in impairing the future earning potentials of such firm in a failed Tax Evasion circumstances due to exposure Government Risks policies (Heitzman & Ogneva, 2015).

2.1.2   *Tax Planning and Investors' Confidence*

Li et al., (2016) maintained that the Investors' Confidence depend to a large extent on the stability and healthy development of the Stock Market. Thus, the Confidence of Investors will induce them pay a higher premium for firms with Good and Qualified Managerial Capabilities. Therefore, the prospect of a sustainable organisational growth and

development rest on Good Corporate Values which will boost the Investors' Confidence (Li et al., 2016).

Chen et al., (2010) submitted that the most important goal of every organisational policy is to increase the Net Income of the firm so as to create a positive signal to foreign investors. Going by this, it can be assumed that Aggressive Corporate Tax Planning which sort to improve the value created to the investors will naturally boost the confidence of prospective investors. By contrast Blaufus (2016) opined that where Reputational Cost exist, the Market Share Prices of firms with high consumer backlash risk react negatively to incidences of Corporate Tax Planning compared with firms with lower consumer backlash. Thereby concluding that the Cost of Corporate Tax Planning surpass the benefits to be derived from the scheme.

2.1.3   *Investors' Confidence and Share Value*

Previous studies have demonstrated how investors' confidence result in stock dealings (Barber and Odean 2001; Glaser & Weber 2007). However, the work of Hoffmann & Post (2013) posits that impeccable past returns from investment inform bullish expectations about the future returns on their investment (and vice versa). Therefore, where previous experience on aggressive tax practices of a firm results in good fortune, investors' confidence will increase thereby increasing trading. Antithetically, a situation where the cost outweighs the benefits of corporate tax planning scheme due to reputational damage and others, investors' confidence will be low thereby reluctantly trading in such firm's shares.

II.2   **Theoretical Framework**

This study evaluates Corporate Tax Planning and Share price in the context of both the Stakeholder Theory and Agency Theory as in most of the previous studies. The Stakeholder Theory increases the responsibilities of a manager to incorporate other parties that will be affected by the existence of the firm. The theory expects the firm to be of good image within the acceptable frame work for it to be able to attract needed labour, attracting customers and maintaining the existing ones and generating adequate inflows of capital (Hybels, 1995).The need to balance the interest of the various stakeholders explains why some firms chose not to engage in Tax Planning despite its perceived benefits (Weisbach, 2002).

The Agency Theory on the other hand expects the managers to always act in the best interest of the shareholders. Managers sometimes are fond of playing roles antithesisto the interest of the owners and the extent of this conflict can determine the level of tax

aggressiveness of the firm. Scholes et al., (2005) maintained that Tax Planning activities of the management will bring about an improve savings in tax payable while the associated costs are: the possibility of tax fines and penalties, implementations cost of Tax Evasion, Reputational Costs and Political Costs.

II.3   Empirical Framework

Blaufus et al., (2016) examine corporate tax minimization and stock price reactions from listed German firms between the periods 2003 to 2014. It was demonstrated that the market responds differently to the news of tax avoidance and tax evasion scheme. Their findings provide no evidence of reputational costs where a firm engages in tax avoidance. Desai & Dharmapla (2009) reported no relationship between tax avoidance and firm value under a situation where there is proper monitoring and control in containing the excesses of some managers. Also, the research of Soufiene (2015) on the tax risk and stock return volatility found that tax risk activities increase firm's risk. This implies that the Effective Tax Rate of a firm will have a serious future implication on the Expected Stock Returns.

Conversely, Desai & Hines (2002) studied 850 listed firms in the US to establish the relationship between firm's performance and tax planning behaviour. The study concluded that Aggressive Tax Planning is associated with higher performance of firms and this is similar to the submission of Chen & Chen (2010).

Li et al. (2016) measures the influence of Corporate Governance on Investors' Confidence using listed firms on shanghai stock exchange in China between 2011-2013. The study provides strong evidence that Corporate Governance significantly influences the confidence of the investors. Therefore, the corporate tax planning strategy adopted by a firm will influence the level of confidence placed by prospective investors.

III.   Research methods

III.1   Research Design

3.1.1   *Sample selection and data source*

The study adopted an Experimental Research Design to establish the relationship between the dependent and the independent variables. The Population of the study are the fifteen (15) Deposit Money Banks listed on the Nigerian Stock Exchange between 2010 and 2017. The adoption of 2010 as the based year is to avoid the associated volatility during the Credit Crunch of 2007 and 2009.The sample size of fourteen (14) was calculated using the Yamane (1967) method of sample size determination.

That is, $n = N/[1 + N(e)^2]$ *(1)*

where n = Sample Size, N=15, e=5%.

Therefore, n = 14

These were further scaled down to ten (10) using the Purposive Sampling Technique based on the availability of the required data for estimation. Therefore, Table 1 below shows the lists of studied banks between 2010 and 2017 representing a total of eight (8) years:

Table 1- List of Sampled Deposit Money Banks in Nigeria

S/N	NAME
1	Access Bank Plc
2	Diamond Bank Plc
3	Guarantee Trust Bank Plc
4	Fidelity Bank Plc
5	United Bank for Africa Plc
6	Zenith Bank Plc
7	Stanbic IBTC Plc
8	Sterling Bank Plc
9	WEMA Bank Plc
10	First City Monument Bank Plc

3.1.2   Method of Data Analysis

The Eight (8) years Data gotten from the Selected Banks were Analysis using Panel Least Square Methods and Correlation Analysis in order to examine the relationship between the dependent and the independent variables. Unit Root Test, Hausman Test and Normality Test were conducted to ensure Reliability of the tests.

3.1.3   Model Design

The study modified the model formulated by Olowoniyi and Ogenike (2012) on the Determinant of Stock Return of Nigerian Listed Firms. Therefore, the paper adoptedthe model below in testing the formulated hypotheses:

$Log (SP) = \alpha_0 + B_1 Prof_{it} + \beta_2 Siz_{it} + \beta_3 Tan_{it} + \beta_4 ETR_t + \beta_5 Exgr_{it} + \beta_6 Log (INCON)it + \varepsilon it$ *(2)*

Table 2- Definition of Formulated Model

Variable Type	Name	Repr	Measurement
DependentVariable	Share Price	SP	Market Price Per Share
IndependentVariables	Expected Growth	EXGR	Capital Expenditure/ Total Assets
	Profitability	Prof	Ratio of Earnings Before Interest and Tax to Total Assets
	Tax Burden	ETR	Tax Expenses/Accounting Net Profit before Tax
	Investors' Confidence	ICON	Market Price Per Share/ Book Value Per Share
	Size	SIZ	Logarithm of Total Assets
	Tangibility	TANG	Total Fixed Assets/Net Profit After Tax

III.2   Data analysis

3.2.1 Descriptive Statistics

Table 3 below shows the Descriptive Statistics of the major variables used in the research. The Standard Deviation results shows that Investors Confidence (INCON) had the highest deviation about it mean (144852.3) which is an indication of unpredictability. Skewness being a measure of the asymmetry of the distribution of the series around its mean indicates that most of the variables used are positively skewed with the exemption of profitability, size and expected growth with -0.387372, -0.303997 and -0.558810 respectively. Most of the values are closer to zero which is an indication of the normality of the variables. The Jarque-Bera result shows that the only variable that is normally distributed is the SIZE at 5% level of significance having a probability of 0.279115.

**Table 3-** Descriptive Statistics of Research Variables

	SP	PROF	SIZ	TANG	ETR	EXGR	INCON
Mean	8.631125	0.019972	9.094216	21.29666	0.164472	0.045113	16860.28
Median	4.660000	0.019931	9.101917	9.381397	0.166849	0.005709	525.8504
Maximum	41.23000	0.060565	9.747821	342.1754	0.832348	3.479829	1296237.
Minimum	0.500000	-0.042385	8.336429	-166.2100	-0.328258	-3.682984	0.116462
Std. Dev.	9.204078	0.018173	0.341406	56.64192	0.161153	0.606494	144852.3
Skewness	1.558628	-0.387372	-0.303997	3.130517	1.182808	-0.558810	8.775139
Kurtosis	5.158180	4.264454	2.370697	20.14505	8.671209	31.64073	78.00634
Jarque-Bera	47.91676	7.330238	2.552261	1110.511	125.8625	2738.468	19779.88
Probability	0.000000	0.025601	0.279115	0.000000	0.000000	0.000000	0.000000
Sum	690.4900	1.597795	727.5373	1703.732	13.15773	3.609061	1348822.
Sum Sq. Dev.	6692.489	0.026091	9.208082	253456.3	2.051658	29.05893	1.66E+12
Observations	80	80	80	80	80	80	80

Source: Authors Computation With aid of E-View 10, 2018

The study provided evidence of corporate tax planning among the sampled firms through a graphical presentation of the relationship between the Corporate Tax Rate and the Effective Tax Rate paid by the firms over the years was presented in Figure 1 below:

Figure 1- Graph Showing the Relationship between Effective Tax Rate and the Corporate Tax Rate
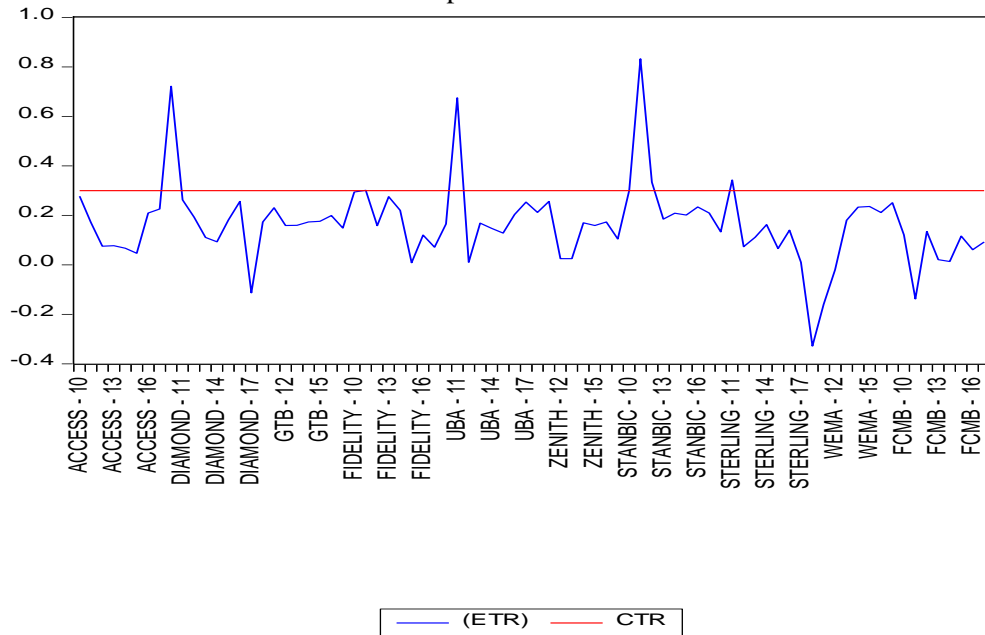
From the graph it can be seen that majority of the firms under consideration planned their Corporate Tax as majority of the observed firms paid below the 30% Corporate Tax Rate. The legality or otherwise of the methods used in achieving these defines the extent of Tax Aggressiveness.

3.2.2   *Data Stationarity Test*

The paper established the Stationarity of the used data by conducting the Unit Root Test on both the Dependent and the Independents Variables using both the Augmented Dickey-Fuller (ADF) and Levin, Lin &Chut (LLC) criteria. The test result shows that the variables of consideration: EXGR, Log (INCON), Prof, Log (Sp), Tang, Sizand ETR are all Stationary at Level. The result of this test is presented in Table 3 below:

Table 4- Unit Root Results

Test @ Level			
Variables	**ADF**	**LLC**	**Comment**
EXGR	0.0000	0.0000	I (0)
Log(INVCON)	0.0036	0.0000	I (0)
Prof	0.0000	0.0000	I (0)
Log(SP)	0.0415	0.0000	I (0)
Tang	0.0000	0.0000	I (0)
Siz	0.0415	0.0000	I (0)
ETR	0.0000	0.0000	I (0)

Source: Authors Computation with aid of E-View 10, 2018

III.3 Regression Analysis and Analysis of Model

Table 5 below shows the result of the Regression Model estimating both the Fixed Effect Model and the Random Effect Model. A Comparative Analysis of both results indicate that individually, the Random Effect Model is better than the Fixed Effect Model as Prof, Siz, ETR and Log (INCON) significantly predict the Share Price that is P-Value of 0.0000, 0.0170, 0.0008 and 0.0004 respectively against Prof (0.0002) and Log (INCON) (0.0004) under Fixed Effect Model. Globally, the models are statistically significant in predicting the share prices of the Nigerian listed banks. However, the Fixed Effect Model exhibits a strong relationship between share prices and the explanatory variables. This is evidence from the R-Squared value of 0.904030 for the Fixed Model as against 0.381173 recorded under Random Effect Model. The Fixed Effect Model also has a very high explanatory power of 88.15% against 33.03% for Random Effect Model. This is an indication that the Fixed Effect Model was able to account for factors responsible for the dependent variable more than the Random Effect Model. The P-values of 0.000000 and 0.000003 provide evidence that the models are statistically significant and fit in explaining the Dependent Variable.

The Hausman Test was conducted, the result of which is shown in Table 6below was used in selecting the best model. The result from the test indicated that the Fixed Effect Model is appropriate; therefore, the study adopts it in testing the formulated hypotheses.

Table 5- Regression Analysis

Dependent Variable: Share Price		
Independent Variables	**Fixed Effect**	**Random Effect**
PROF	15.59584(0.0002)	24.90590(0.0000)
SIZ	-0.405863(0.1663)	0.539462(0.0170)
TANG	7.41E-05(0.9472)	-0.001621(0.1212)
ETR	0.301704(0.4172)	1.170911(0.0008)
EXGR	-0.076435(0.3704)	-0.017730(0.8322)
LOG(INCON)	0.129668(0.0010)	0.082783(0.0004)
R-squared	0.904030	0.381173
Adjusted R-Squared	0.881537	0.330311
F-Statistic	40.19173	7.494187
P-Value	0.000000	0.000003

Source: Author Computation with aid of E-View 10, 2018

Table 6- Hausman Inspection Result

	Chi-Sq Statistics	**P-Value**	**Fixed/Random**
Model 1	80.122037	0.0000	Fixed

Source: Author Computation with aid of E-View 10, 2018

Table 6 above is the Hausman Test result and the Null Hypothesis is that the Random Effect Model is appropriate at 5% Level of Significance. P-Value of 0.0000 is an indication that the Fixed Effect Model is appropriate.

III.4   Correlation Analysis

Correlation Analysis was conducted to establish the degree of relationship between Share Prices of listed Nigerian banks and the Independent Variables: Profitability, Tangibility, Size, Effective Tax Rate and the Investors' Confidence. The Correlation Coefficients as contained in Table 7 below are generally low, the highest being 0.6615 signifying a low probability of Multicollinearity Problem.

Table 7- Correlation Results

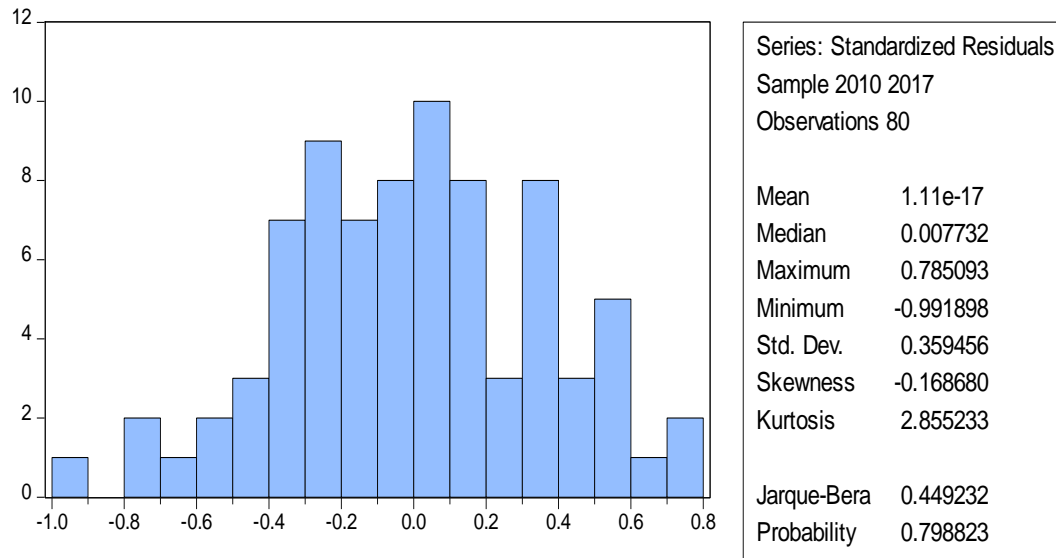|	**Log(SP)**	**Prof**	**Siz**	**Tang**	**ETR**	**Exgr**	**Log(Incon)**
Log(Sp)	1						
Prof	0.6615	1					
Siz	0.5567	0.4558	1				
Tang	-0.1272	-0.0127	-0.1559	1			
ETR	0.2034	-0.0323	0.0161	0.2770	1		
Exgr	-0.0354	0.0274	-0.0515	0.4081	0.0249	1	
Log(Incon)	0.0903	-0.0794	-0.0993	-0.1205	-0.1606	0.0238	1

Source: Author Computation with aid of E-View 10, 2018

III.5   Residual Diagnostics Test

The confirmation that the error term in the model is Normally Distributed was presented in Figure 2 below. The Null Hypothesis for the test is that the error term is Normally Distributed. A look at figure 2 shows that the P-value of 0.798823 indicates that the Null Hypothesis will be accepted at 5% level of significance.

Figure 2- Normality Test

Series: Standardized Residuals	
Sample 2010 2017	
Observations 80	
Mean	1.11e-17
Median	0.007732
Maximum	0.785093
Minimum	-0.991898
Std. Dev.	0.359456
Skewness	-0.168680
Kurtosis	2.855233
Jarque-Bera	0.449232
Probability	0.798823

Source: Author Computation with aid of E-View 10, 2018

III.6   Test of Hypotheses

Hypothesis One

There is a significant relationship between a reduced Tax Burden and share value of listed banks in Nigeria.

The proxy of tax burden in the model is ETR which is a measurement of the Actual Rate of Tax suffered by the firm. From Table 5, the Coefficient of ETR (0.301704) shows that ETR is positively related to Share Price; and that 0.3% increase (decrease) in the tax planning activities of the firm will result 30% increase (decrease) in the share price of Nigerian listed banks. This shows that ETR affect Share Price in a significance way.

Also, the Correlation Coefficient (0.2034) shown in Table 7 established a positive relationship between ETR and Share Price of listed banks in Nigeria. Therefore, the

Alternative Hypothesis that a Significant Relationship exists between a reduced Tax Burden and Share Value of listed banks in Nigeria will be accepted.

Hypothesis Two

Tax Avoidance influences the Investors' Confidence of Nigerian listed banks.

This hypothesis seeks to test the influence of Tax Avoidance on the confidence of investors. The Correlation Analysis in Table 7 was used to substantiate the influence. From the table the correlation coefficient was -0.1606 which indicate a negative insignificant influence of Tax Avoidance on the Investors' Confidence. Therefore, it can be concluded that tax avoidance influences the investors' confidence in a negative way.

Hypothesis Three

Investors' Confidence significantly determines the share price of Nigerian listed banks.

Table 5 on the Regression Analysis result shows that the coefficient of investors' confidence (0.129668) is positively related to the share price. That is, a 13% increase (decrease) in the Investors' Confidence will result in a corresponding 13% increase (decrease) on the Share Price. Also, the P-Value of 0.0010 shows that Investors' Confidence significantly determines the share price. Furthermore, the correlation coefficient of 0.0903 further corroborate the existence of positive but insignificant relationship between investors' confidence and share price of listed banks in Nigeria. Therefore, there is a sufficient evidence to accept the alternative hypothesis that investors' confidence determines the Share Price significantly.

IV.   Discussion of findings

This paper empirically examines the influence of Corporate Tax Planning activities of firms on the Confidence of Investors as a Determinant of Share Price. The result of Hypothesis One shows that deliberate Tax Reduction activities by listed banks in Nigerian has a positive and a significant effect on the Share Price of listed firms. This result is in line with the submission of some authors that Aggressive Tax Planning positively influences the market valuation of firms (Frischmann et al. 2008; Hill et al. 2013). This is because most shareholders and investors consider tax as "Cost" like other costs to be reduced by the management (Avi-Yonah, 2006). Therefore, tax reduction should naturally increase the available profit to be distributed and this is one of the indices of measuring the financial health of the firm.

The risk of reputational damage is a major consideration when taking an investment decision. Evidence from this paper has demonstrated how Investors' Confidence in a firm can become weaken as a result of allegations of sharp tax practices on the firm. This was in line with the results of Gallemore et al. (2014) that the market response to firm's tax sheltering activity is negative.

The result from Hypothesis Three shows that the confidence of the investor is a major determinant of the share prices. Therefore, firms should appropriately weigh the cost and the benefit of aggressive tax planning strategy so as act in the best interest of the shareholders and investors. Where the cost in terms of penalties and sanctions from the government is outweigh by the corresponding benefits, the investors will naturally consider management being effective in the utilisation of funds entrusted in their care. This will lead to an increase in the demand for such firm's shares which in turns will increase the market price of such share due to the renewed confidence by the investors.

V.   Conclusion

The study was an attempt to establish the influence of corporate tax planning on Investors' Confidence as a determinant of the price of listed banks shares in Nigeria. From the selected samples, it was discovered that tax avoidance and tax evasion scheme positively determine the share price, aggressive tax planning negatively affect the firm and that the investors' confidence goes a long way in determining the prices of shares of listed banks in Nigeria.

Implication of findings and recommendations

The implications of the findings from the study will be considered under the following headings:

i.   To the Government: efforts should be improved to sensitise the firms on reasons not to be too aggressive in the pursuant of their tax planning strategies has it weaken the revenue generating capability of the government. They should be made to see tax payment as a social responsibility.

ii.   To the Management: the management of the firm should carefully plan their tax avoidance strategies in order not to be seen as an aggressive measure thereby facing the wrath of the laws.

iii.   To the Investors: prospective investors should endeavour to obtain information about the tax planning strategies adopted by the investing firm by computing

some ratios. This will avert an unnecessary future reputational damage that may lead to loss of fortune being invested in such firm.

iv.   Tax Practitioners: tax practitioners and accountants offering different Accounting Technologies of managing the earnings of the respective firm hold duty of care to their clients. Therefore, a careful analysis of the suggested tax avoidance scheme should be conducted through the cost-benefits analysis lens.

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