BOARD ATTRIBUTES AND TAX PLANNING OF LISTED NON-FINANCIAL COMPANIES IN NIGERIA

[1]Zachariah Peter, [2]Tahir Kabir Hamid and [3]Mohammed Ibrahim
[1]Department of Accounting, Federal University, Wukari, Nigeria
[2]Department of Accounting, Bayero University, Kano, Nigeria
[3]Department of Accounting, Gombe State University, Nigeria

Abstract

This study examined the effects of board attributes on tax planning of listed non-financial companies in Nigeria. It aims at finding out using quantitative research method, board attributes that increase tax planning, thus, reducing tax liability of listed non-financial firms in Nigeria. Data for the study were collected from the annual reports and accounts of the sampled companies for a period of ten years (2008 to 2017). The data collected were analysed using descriptive statistics to provide summary statistics for the variables, and correlation analysis was carried out using Pearson product-moment correlation to determine the relationship between the dependent and independent variables. Regression analysis was also conducted. The study revealed that board independence has a significant negative effect on tax planning; foreign directorship has a non-significant negative effect, while gender diversity, board size, and board meetings have non-significant positive effect on tax planning in listed non-financial companies in Nigeria. In addition, profitability has a significant positive effect on tax planning as leverage depicts significant negative effect on tax planning. The study is limited to non-financial companies in Nigeria; hence, the findings are useful to the stakeholders of those companies. In addition, the findings can be generalized to emerging economies that have similar economy, politics, and code of corporate governance with Nigeria. The findings imply that having independent and foreign directors on the board of directors increase tax planning, thereby reducing tax liabilities. Therefore, independent and foreign directors have similar ideas towards tax planning. Also, board size, gender diversity, and board meetings do not contribute towards tax reduction via tax planning activities. Findings from this study contribute to the literature on corporate governance and tax planning in Nigeria by encouraging management of listed firms to be more proactive in tax planning. Theoretically, the study is significant for its contribution to agency and stakeholder theories as they explain relationship between board attributes and tax planning.

Keywords: Board independence, board size, gender diversity, foreign directors, tax planning.

Introduction

Tax is a cost to firms and its shareholders and as a result, a reduction in cash flow available to them as profit, and shareholders prefer tax planning activities in an effort to increase not only profit after tax but also cash available to shareholders (Khurana & Moser, 2013). However, tax is a major source of revenue to government. Pniowsky (2010) pointed out that tax planning is the process of structuring one's financial affairs in order to defer, reduce or even eliminate the amount of taxes payable to the government. Tax planning is aimed at reducing income tax, and presence of effective board members is important towards its achievement.

The principal objective of the board of directors is to ensure that the company is properly managed. It is the responsibility of the board to oversee the effective performance of the management in order to protect and enhance shareholder value and to meet the company's obligations to its employees and other stakeholders. In Nigeria, Companies and Allied Matters Act (CAMA) (2004) as amended requires every registered private company to have at least two directors on its board. On the other hand, the Nigerian Code of Corporate Governance (2018) provided that board should be of a sufficient size to effectively undertake and fulfill its business; to oversee, monitor, direct and control the company's activities and be relative to the scale and complexity of its operations. The directors have a statutory duty to act at all times in what they believe to be the best interests of the company as a whole so as to preserve its assets, further its business and promote the purposes for which the company is formed. Therefore, whether board attributes have effects on tax planning in enhancing shareholders' wealth is yet to be confirmed.

Prior studies (Aliani & Zarai, 2012; Aliani, 2013; Ahmed & Khaoula, 2013; Ahmed & Mounira, 2015; Christopher, Jennifer, Alan, & David, 2015; Oyeleke, Erin, & Emeni, 2016; Sunday, 2017; Yinka & Uchenna, 2018; Onyali & Okafor, 2018) showed mixed results in both developed and emerging economies. Despite decades of empirical studies in corporate taxation, little attention has been focused on whether board attributes have effects on tax planning especially in emerging markets like Nigeria. In addition, most available studies concentrate on deposit money banks as non-financial services companies are yet to receive expected attention.

This study therefore, aims at investigating the effects of board attributes (board size, gender diversity, board independence, foreign directors, and board meetings) on tax planning in non-financial companies listed on the Nigerian Stock Exchange (NSE). The study is significant as it adds to existing literature on the relationship between board attributes and tax planning. More so, the study depicts to shareholders and management those attributes that contribute towards tax planning. It further gives insights to policy makers especially the Securities and Exchange Commission (SEC), tax authorities on how board attributes affect tax planning of companies. This will therefore guide in policy formulation by the agencies as it identifies board attributes that reduce government revenue through tax planning practice.

The remaining parts of the paper are organized as follows. In the next section, related literature and theoretical background on board characteristics and tax planning are reviewed. Then the methodology is presented, followed by discussion of results, and finally conclusion and recommendations.

Literature Review

Concept of Tax Planning

The concept of tax planning has received attention from researchers. Harvey (2011) defined tax planning as drawing strategies throughout the year in order to reduce tax liability, for example, by choosing a tax filing status that is most helpful to the taxpayer. Such tax planning can be achieved by waiting until the next tax year to sell an asset, so as not to realize capital gains. The author added that, tax planning can mean making a company's investment decisions based on determined revenue and projected tax laws. Pniowsky (2010) sees tax planning as the process of structuring one's affairs in order to defer, reduce or even eliminate the amount of taxes payable to the government. Moreover, tax planning has been identified as the best option, within legal guidelines, to reduce the tax burden. This is achieved through differing of tax rates between distinctive jurisdictions and economic activities, as well as many of the tax incentives provided under tax laws (Fallan, Hammervold, & Gronhaug, 1995).

Donald, John, and William (2005) view tax planning as a broad set of tax avoidance and evasion schemes that affect only financial arrangements of firms. Here, tax planning is contrasted with tactics in which firms move physical operations to avoid a higher tax which is termed location distortions of tax policy. Firms may also respond to corporate taxation by altering the input mix or production technology, though no attempt is made to measure the implications of this third effect. Tax planning exploits differences in state tax policies and often involves sophisticated arrangements where firms create one or more subsidiaries for the purpose of shifting income from high to lower tax jurisdictions. Donald et al. (2005) stated that tax planning strategies are often legal, but some may fall into a legally gray area or even be blatantly illegal methods of tax evasion such as underreporting taxable income or overstating tax deductions.

From the different definitions of tax planning, this study sees tax planning as any activity carried out by management which is aimed at reducing tax expenses/liabilities without breaching any provisions of tax laws (i.e Company Income Tax Act). Decisions related to tax planning can be taken by board of directors which is to be implemented by the management. Board attributes such as gender diversity, board independence, board size, foreign directors, and board meetings may have positive or negative effect on tax planning. Thus, the need to examine the effect of these attributes on tax planning of listed non-financial companies in Nigeria.

Gender Diversity and Tax Planning

Leadership styles between men and women differ. Women tend to have better communal characteristics, like being kind, helpful and sensitive. While men want to always dominate (Eagly & Johannesen-Schmidt, 2001). The differences are also reflected, among other things, in the board of directors of companies. Diversifying the board of directors in terms of gender has theoretically possible impacts on various firm features. The communal characteristics of women are associated with better communication among board members, and better board participation, like attending board meetings (Adams & Ferreira, 2009).

In assessing the attitude of men and women towards compliance with rules and regulations, Simon and Corbett (1996) pointed out that ethically, women tend to have a stronger attitude towards compliance than men. In a similar vein, when it comes to tax compliance, there is also evidence that women have a stronger attitude towards compliance than men (Hasseldine, 1999; Kastlunger, Dressler, Kirchler, Mittone & Voracek, 2010).

There have been submissions that diversity could improve the effectiveness of the board and specifically recommendations that companies can benefit from the existence of professional women in their boards. Higher participation of women on corporate board is generally promoted as women members are believed to bring important information and knowledge to the board due to more wide-ranging professional experiences (Bellucci, Borisov, & Zazzaro, 2010; Srinidhi, Gul, & Tsui, 2011). Mhamid and Hachana, (2010) claim that diversity on the board of directors boosts performance. They therefore suggest the necessity to integrate gender diversity as a governance variable when studying the boards' attributes. Based on this, the following hypothesis is formulated.

Ho_1: Gender diversity has a negative effect on tax planning of listed non-financial companies in Nigeria.

Board Independence and Tax Planning

Independent directors include any non-employee board members as well as any members who work on their own (example, consultants, lawyers, accountants, amongst others). Similarly, a director is independent when he has no link of interest with the firm or his team (Beasley & Petroni 2001; Fernández & Arrondo, 2005). The independence and the expertise of the external directors allow them to make objective decisions. Several researchers postulate that the increase of the number of independent directors within the board improves the performance of the firm. Minnick and Noga (2010) argue that the independent directors concentrate also on the reduction of the foreign taxes. They find that increase in the number of independent directors increases the domestic tax rates. Richardson and Roman (2011) suggest that firms having a high percentage of independent directors can reduce significantly tax planning.

The independent non-executive directors are always viewed as a balancing force on the board; their existence shows a symptom of good CG; shareholders are willing to authorize the management to be tax sensitive (Bhagat & Bolton, 2008). Yeung (2010) result suggests that increase in board independency decreases the effective tax rates. It indicates that under good CG companies follow tax planning policy.

It can be argued that unlike inside directors, outside directors are independent of the company's management, so it is expected that they perform their supervisory role more effectively and it is also expected that independent boards be in a better position to propel the resources of companies towards tax management. As independent boards contribute to monitor managers, it is also expected that they contribute to lower ETRs due to a more efficient management of tax burden.

Ho_2: Board independence has a negative effect on tax planning of listed non-financial companies in Nigeria.

Board Size and Tax Planning

Board size is one of the most studied corporate governance mechanisms. Prior studies show that board size can be positively or negatively associated with CG effectiveness (Abdul-Wahab & Holland, 2012). The positive effect of board size results from the fact that larger boards benefit more from the diversity of its directors. Larger boards of directors have the advantage of the skills, expertise and experience of its members. Different skills contribute to a better advice on strategic decision since larger boards can have a broader perspective about economic environment and can easily identify business opportunities (Pearce & Zahara, 1991). Eisenberg, Sundgren, and Wells (1998) highlight the problems that arise from increasing board dimension. Communication and coordination problems accentuate as the number of board members increases. Additionally, larger boards have a reduced ability to control management. In the presence of larger boards it is also more difficult to achieve consensus about decisions which can make implementation of good investment opportunities difficult.

The effect of board size has been examined in a number of studies which have reached contradictory conclusions. The earliest literature on board size argues that smaller board sizes are more effective monitors (Jensen, 1993; Lipton & Lorsch, 1992). In fact, a smaller board could result in more meaningful discussions, since expressing opinions and communication within a small group is generally easy and takes less time. It is therefore expected that smaller board size is negatively related to lower ETR.

Ho_3: Board size has a negative effect on tax planning of listed non-financial companies in Nigeria.

Foreign Directorship and Tax Planning

Foreign directors refer to the board members who are not from the country where the companies are domiciled or operating. Developing markets are willing to attract foreign direct investment. However, the internal governance of companies is problematic in such markets especially in transitional economies. Youssef (2003) claimed shortage of management resources as one of the problems. In this respect, foreign directors can play a unique and significant role. The presence of foreign members on the board is one of the forms of importing western corporate governance system into a country. Other board members can benefit from it by getting more knowledge on managerial issues and decision making.

The foreign directors' knowledge can contribute towards strategic tax decisions. Since tax is a cost to companies, it needs to be reduced. Therefore, foreign board members who have wider experience in area of tax can aid in better tax planning activities. The presence of foreign members on the board may signal the ability of the company to deal with acceptable tax planning. Moreover, it can be expected that companies with foreign directors may encourage tax planning without violating tax laws to signal their managerial capabilities and to distinguish themselves from other companies.

Ho_4: Foreign directorship has a negative effect on tax planning of listed non-financial companies in Nigeria.

Board Meetings and Tax Planning

Meeting is one of the principal ways of conducting business of the board and successfully fulfilling the strategic objectives of the company. Board meetings are used to obtain information, consider issues, exchange views, and make decisions that are in stakeholders' interest. In order to effectively perform its oversight function and monitor management's performance, the Nigerian Code of Corporate Governance (2018) provides that the board should meet at least ones every quarter. It also provides that every director should endeavor to attend all board meetings. Meeting attendance is among the criteria for re-election of a director. It is expected that during meetings, directors consider issues related to cost reduction through tax planning.

Ho_5: Board meeting has a negative effect on tax planning of listed non-financial companies in Nigeria.

Theoretical Framework

This study is guided by agency and Hoffman's tax planning theories. Agency theory is a theory that "identifies the agency relationship where one party, the principal, delegates work to another party, the agent. In the context of corporation, the owners are the principal and the directors are the agents" (Mallin, 2007:12). Based on agency theory, managers may engage in tax planning in order to seek their own interests, and they will occupy the company resources from tax savings and damage the interests of other shareholders. At the same time, big shareholders may also advocate some tax planning activities to damage the interests of small shareholders and other stakeholders in order to seek personal gain in the enterprise with the dominant equity structure. This is through managerial activities that protect management's interest, and shareholders who have block ownership will be interested as it will fetch them more returns/value than small shareholders. This has implications for, among other things, CG and business ethics. The interaction between tax planning decisions and managerial opportunism is the foundation of agency perspective in tax planning as claimed by Desai and Dharmapala (2008). The authors emphasize that the relationship between CG and taxation could exist in three settings which are; characteristics of a tax system, the nature of CG environment and manager's potential to capture a share of tax planning benefits.

Hoffman tax planning theory is a theory that supports firms redirecting corporate returns to other firms other than flowing to government authorities (Hoffman, 1961). Due to the sophisticated nature of tax process and structures, loopholes in the legal system are unavoidable enabling tax payers to benefit on tax position. Hoffman (1961) argued that tax planning seeks to divert cash, which would ordinarily flow to tax authorities, to the corporate entities. Tax planning activities are desirable to the extent that they reduce taxable income to the barest minimum, without sacrificing accounting income. The theory is premised on the fact that firms tax liability is based on taxable income rather than accounting income. The idea is thus to intensify activities that reduce taxable income for more accounting profit.

Methodology

The study is quantitative research; hence, it adopts a correlation research design, and is for period of ten years (2008 – 2017). The population of the study comprises of 106 non-financial companies quoted on NSE as at 31st December 2017. The size of the sample is 48 quoted non-financial companies in Nigeria. The sample was arrived at based on two-point filter; (i) the companies must be quoted for entire period of the study, and (ii) should have required data needed to achieve the objectives of the study. The study used secondary data which were collected from annual reports and accounts of the sampled companies, and analyzed using descriptive statistics, pearson correlation, and multiple regressions.

The variables of the study consist of dependent and explanatory variables. They are measured as follows:

Table 1: Measurement of Variables

Variables	Measurement
Dependent: Tax planning	effective tax rate: total tax expenses to pre- tax income as used by Streefland (2016), Mohammed (2017).
Independent: Gender diversity	Ratio of female directors to total board size, as used by Aliani et al. (2012), Oyeleke, Erin, and Emeni (2016), Streefland (2016).
Board size	number of directors that compose the board, as used by Richardson and Roman (2011), Aliani et al. (2012a), Uchendu, Ironkwe, and Nwaiwu (2016).
Board independence	Percentage of independent directors sitting on the board, as used by Ahmed and Khaoula (2013), Mahdi and Mahdi (2015).
Board meetings	number of meetings held by the board within a year (Samaila, 2014)
Foreign directorship	a dichotomous variable that takes 1 if there is a foreigner on the board of directors and 0 if otherwise (Garko, 2015).
Control: Profitability	In line with Aliani et al. (2012b), Aliani (2013), this study measured profitability using return on assets (ROA) which is the ratio of profit before tax to total assets.
Leverage	total debts by total assets as used by Chen, Chen, Cheng, and Shevlin (2010)

Industry effect	A dummy variable to assess variation in tax planning across different industries as used by Aliani and Zarai (2012b).

Source: Various literature as shown in the table

The model of the study is as follow:

$$ETR_{it} = \beta_0 + \beta_1 GEND_{it} + \beta_2 BS_{it} + \beta_3 BI_{it} + \beta_4 FD_{it} + \beta_5 BM_{it} + {}_{c1}ROA_{it} + {}_{c2}LEV_{it} + IND_{it} + e_{it}$$

Where: ETR = effective tax rate (tax planning), GEND = gender diversity BS = board size BI = board independence FD = foreign directors BM = board meetings ROA = Profitability Lev = leverage IND = industry effect

Results and Discussion

Robustness tests such as multicollinearity, heteroskedasticity, normality of dependent variable and hausman specification test were carried out. The study adopts Variance Inflation Factor (VIF) in checking for the presence of multicollinearity between the explanatory variables in the model. Result from VIF test is less than 10 for all the study variables which is an indication of absence of multicollinearity. Result of Breusch-Pagan/Cook-Weisberg test for heteroskedasticity reveals that there is absence of heteroskedasticity in the model with probability of chi square 0.0000. This is corrected using ordinary least square robust regression. Furthermore, Shapiro-Wilk normality test shows that data are normally distributed as the p-value of the variables is 0.0000.

Table 2: Descriptive Statistics of the Variables

Variables	Obs.	Mean	Std. Dev.	Min.	Max.
ETR (%)	480	0.183	0.216	-1.474	1.612
GEND (%)	480	0.112	0.102	0	0.444
BS (Number)	480	9.390	2.781	4	21
FD (%)	480	0.53	0.499	0	1
BM (Times)	480	4.604	1.320	2	13
BI (%)	480	0.332	0.221	0	0.917
ROA (%)	480	0.091	0.172	-0.697	1.392
LEV (%)	480	0.165	0.228	0	1.894

Source: STATA 14.0 Output

Table 2 shows that the mean ETR is 18.3% with standard deviation of 0.216. The minimum value is -1.474 with a maximum value of 1.612. The mean ETR is below the statutory tax rate of 30% which is indicative of tax planning practice in the sampled non-financial services companies in Nigeria. The standard deviation of 0.216 shows that there is low variation in ETR of the sampled companies during the period of the study. The minimum value of -1.474 is an indication of tax computed based on loss before tax. The maximum value of 1.612 is as a result of tax credit enjoyed by some companies that reported loss but paid taxes.

The mean gender diversity is approximately 11%. This means that about 11% of board members of sampled firms are female while 89% are male directors. The standard deviation is 0.102 which implies low variation in the number of female seated on the board of directors of the sampled non-financial companies. The minimum value of 0 shows non-existence of female members of the board in some of the sampled companies while the maximum number of female directors of the companies is approximately 4. The mean board size is 9 members with a minimum of 4 and maximum of 21 members. The standard deviation of 2.781 implies that there is high variation in board size of the sampled non-financial companies. The average proportion of foreign directors is about 53% with values ranging from 0 to 1. This indicates that about 53% of the selected companies have foreign members on the board while 47% of the companies do not have foreign directors. The standard deviation 0.499 is indicative of moderate variation in the presence of foreigners on the boards of directors of the sampled firms.

Furthermore, on average, the frequency of board of directors meeting is 4 with a minimum of 2 meetings and maximum of 11 in a financial year. The standard deviation of 1.320 means that there is high variation in the number of meetings held by the selected non-financial companies in a financial year. Board independence has an average of 33% with a minimum value of 1 and maximum value of 9 independent directors. The standard deviation is 0.221. These indicate that independent board members are few in the sampled companies and there is a low variation in board independence under the period of the study.

Table 3: Correlation Matrix

Var	ETR	GEND	BS	FD	BM	BI	ROA	LEV	VIF
ETR	1.000								
GEND	0.044	1.000							1.35
BS	0.068	-0.001	1.000						1.14
FD	0.100	-0.392	0.223	1.000					1.77
BM	0.023	0.195	0.098	-.026	1.000				1.08
BI	-0.049	-0.045	0.113	0.016	-0.132	1.000			1.15
ROA	0.469	0.030	0.109	0.102	0.026	-0.062	1.000		1.22
LEV	-0.214	0.047	-0.038	-0.115	-0.054	0.194	0.023	1.000	1.22

Source: STATA 14.0 Output

Table 3 shows the correlation coefficients on the relationship between the dependent variable (tax planning) and explanatory variables (gender diversity, board independence, board size, foreign board members, board meetings, profitability and leverage). The values of the correlation coefficients range from -1 to 1. The sign of the correlation coefficient indicates the direction of the relationship (positive or negative), the absolute values of the correlation coefficient indicates the strength, with larger values indicating stronger relationships. The correlation coefficients on the main diagonal are 1.000 for all the variables, which indicate perfect positive linear relationship that each variable has with itself.

From Table 3, gender diversity, board size, foreign directors, board meetings, and profitability have weak positive relationship with ETR with correlation coefficients of 0.044, 0.068, 0.100, 0.023, and 0.469 respectively. This means that the variables and tax planning move towards the same direction. It implies that the variables increases ETR, thus, do not contribute towards tax planning. Also, board independence, and leverage have weak negative relationship with tax planning with correlation coefficients of -0.049 and -0.214 respectively. This means as board independence and leverage increase, ETR reduces which signifies increase in tax planning activities.

Table 4: Regression Results

Variables	OLS	RE
Constant	0.000*(0.277)	0.005* (0.232)
GEND	0.928 (0.010)	0.936 (0.010)
BS	0.960 (-0.002)	0.560 (0.003)
BI	0.064*** (-0.096)	0.028** (-0.137)
FD	0.279 (-0.025)	0.450 (-0.022)
BM	0.377 (0.007)	0.319 (0.008)
ROA	0.000* (0.267)	0.000* (0.283)
LEV	0.000* (-0.200)	0.018** (-0.119)
Industry		
Agriculture	0.038** (-0.093)	0.137 (-0.093)
Conglomerate	0.005** (-0.121)	0.053*** (-0.114)
Construction/R.E	0.090*** (-0.114)	0.228 (-0.115)
Healthcare	0.088*** (-0.059)	0.377 (-0.042)
ICT	0.000* (-0.268)	0.013** (-0.243)
Industrial Goods	0.081*** (-0.065)	0.350 (-0.048)
Natural Res.	0.004** (-0.154)	0.063*** (-0.138)
Oil and Gas	0.005** (-0.107)	0.041** (-0.107)
Services	0.012** (-0.086)	0.020** (-0.072)
R^2	0.20	
Adj. R^2	0.17	
F stat	7.08	
R^2:		
within		0.04
between		0.52
overall		0.19
p value	0.000	0.000

Source: STATA Output from Data Extracted from Annual Reports and Accounts 2008 - 2017
Note: *, ** and *** indicate 1%, 5% and 10% level of significance respectively

The figures in parentheses are coefficients of the variables while the ones without parentheses are the p values. Results presented in Table 4 show the cumulative R^2 (0.20) which is the multiple coefficient of determination gives the percentage of the total variation in the dependent variable explained by the board attributes variables in the model. While the remaining 80% of the total variation in tax planning is caused by factors not explained by the model.

Based on the RE result, Table 4 shows that gender diversity has a non-significant positive effect on tax planning of the listed non-financial services companies in Nigeria. This implies that an increase in gender diversity measured as a percentage of female directors on the board other independent variables remaining constant, increases ETR of listed non-financial services companies by the same unit and is statistically non-significant at 10% level of significance. This means that presence of female directors on board discourages tax planning practice of the sampled companies. The finding is in tandem with Aliani and Zarai (2012b), Oyeleke *et al.* (2016), Streefland (2016), Onyali and Okafor (2018) who documented that female directors have insignificant positive influence on tax planning as measured by the GAAP effective tax rate. However, the finding contradicts Barbara *et al*. (2010), Aliani and Zarai (2012a), Christopher *et al.* (2014), Manon (2015), Ahmed and Mounira (2015), Grant *et al.* (2016), who found that female directors have negative effects on tax planning. The result means that tax decision making process on tax planning are not influenced favorably with the presence of more female directors. This could be attributed to absence and negligible number of female directors in some of the sampled companies.

Board size has a non-significant positive effect on tax planning of listed non-financial services companies in Nigeria. The result implies that a unit increases in the number of directors other explanatory variables remaining constant, leads to an increase in ETR of listed non-financial services firms in Nigeria, and this is statistically non-significant at 10% level of significance. This means the larger the size of board, the lower the level of tax planning activities. This is in consonance with Kristina and Tracy (2010), Aliani (2013), Ahmed and Khaoula (2013), Mounira (2015), Uchendu *et al.* (2016), who revealed that board size has positive effect on tax planning. It however disagrees with Nik (2011), Aliani and Zarai (2012a), and Onyali and Okafor (2018) who found board size to have negative effect on tax planning of companies.

Furthermore, board independence measured as proportion of independent directors to total board members has negative association with tax planning and this is statistically significant at 5% level of significance. The result indicates that an increase in independent directors *ceteris paribus* encourages tax planning activities of listed non-financial services firms in Nigeria. This finding is consistent with Yeung (2010), Sakthi and Kasipillai (2011), Roman and Grant (2011), Grant, Grantley, and Roman (2013), Ibrahim (2015), Radu, Georgeta and Stefan (2016), who found board independence to impact negatively on tax planning. The finding contradicts Zhou (2011), Aliani and Zarai (2012a), Aliani and

Zarai (2012b), Aliani (2013), Ali and Mohammed (2014), Christopher *et el.* (2014), Mohammed (2017), Onyali and Okafor (2018), Kadir (2018) who found that board independence has positive relationship with tax planning of companies. The finding is in tandem with agency theory prediction that more independent boards should *ceteris paribus* serve to align the interests of the principal and agent.

Foreign board membership is seen to have a non-significant negative effect on tax planning of listed non-financial companies in Nigeria. This indicates that an increase in foreigner directorship on the board all other explanatory variables remaining constant increase the level of tax planning of the companies. But this is statistically insignificant at 10% level of significance. It therefore means that presence of foreign members on the board of directors encourages tax planning activities. The finding is in agreement with Ibrahim and Hairul (2015) who found that foreign directors have negative relationship with tax planning and contradicts Harry and Gaetan (2006) who found the relationship to be positive. The finding suggests having more local members is not better than having foreign directors. Therefore, appointing more foreign members brings international best practice in relation to tax planning.

Board meetings measured as frequency of meetings held by the board in a financial year has non-significant positive effect on tax planning. It signifies that board meetings do not encourage tax planning activities. As boards meet frequently, members may not be giving more attention to issues that affect tax planning of companies. Hence, boards that meet frequently are more likely to be ineffective in relation to tax planning practice. However, boards that meet rarely may only sign management plans and presentations without looking carefully at the presentations for better plans.
Table 4 shows that profitability (measured using return on assets) which is a control variable has a significant positive effect at 1% level of significance on tax planning. This implies that 1% increase in profit *ceteris paribus decreases the level of tax planning of listed non-financial companies in Nigeria.* This means that more profitable companies do not engage in tax planning activities. This finding aligns with Beryl (2014), Grant *et al.* (2016), Streefland (2016), Yinka and Uchenna (2018) who found significant positive relationship between return on assets and tax planning. *Leverage has a significant negative effect on tax planning. This means that a highly levered company engages more in tax planning activities.* The finding supports Derashid and Zhang (2003), Sunday (2017); and contradicts Reza (2017).This means that leverage influences tax planning in the sampled companies and therefore the leverage ratios of listed firms may offer them tax advantages in terms of corporate tax savings. *T*he result supports the argument of Gupta and Newberry (1997) that firms that have higher debt-equity ratios are more efficient at reducing ETR. Therefore, debt tax shield associated to the choice of debt financing contributes towards tax planning. Furthermore, industry effect shows that non-financial companies practice tax planning except consumer goods companies which is not glaring.

In view of the results on board attributes (gender diversity, board size, board size, board independence, foreign directors, and board meetings), the hypotheses are tested as follows:
Ho$_1$: The study fails to accept the hypothesis, thus, gender diversity has a positive effect on tax planning of listed non-financial companies in Nigeria.

Ho_2: The study accepts the hypothesis, therefore, board independence has a negative effect on tax planning of listed non-financial companies in Nigeria

Ho_3: Since the result shows a positive coefficient, the study fails to accept the hypothesis, hence, board size has a positive effect on tax planning of listed non-financial companies in Nigeria.

Ho_4: The study accepts the hypothesis, thus, foreign directorship has a negative effect on tax planning of listed non-financial companies in Nigeria.

Ho_5: The study fails to accept the hypothesis, therefore, board meeting has a positive effect on tax planning of listed non-financial companies in Nigeria.

Conclusion and Recommendations

Based on the results presented, the study concludes that board size, gender diversity, board meetings do not encourage tax planning activities while board independence and foreign directors encourage tax planning activities. The findings imply that having independent and foreign directors on the board of directors increase tax planning activities, thereby reducing tax liabilities. Therefore, independent and foreign directors have similar ideas and contributions towards tax planning. The result also imply that having foreign directors is a means of importing more knowledge and practice of tax planning activities

The study therefore recommends that shareholders of listed non-financial services companies should appoint more independent directors and foreign directors since they encourage tax planning activities. In order to increase revenue, government should reduce the level of tax planning activities by amending tax laws which may close the loopholes that companies take advantage of. Also, regulatory authorities should monitor board attributes that encourage tax planning activities in listed non-financial companies.

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