Tax Incentive Practices and Financial Performance of Consumer Goods Companies in Nigeria

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Abstract: Tax cuts are being implemented in Nigeria to encourage domestic manufacturing investments and the expansion of local manufacturing sectors, which will reduce imports. Thus, this study took a critical look at Nigerian consumer products companies' financial performance and their use of tax incentives. One of the objectives of this study was to determine the relationships between capital allowance, investment tax allowance, and return on assets for consumer goods companies in Nigeria. Another goal was to determine the relationship between tax holidays and return on assets for consumer goods companies in Nigeria. In this study, the ex post facto research design was employed. The study's population and sample size as of 2022 on the floor of the Nigerian Stock Exchange were twelve (12) consumer products enterprises (NSE). The proposed study questions were evaluated using descriptive statistics. Multiple regression analysis was conducted with E-View to evaluate the hypotheses (10). The main resource for the study is secondary data. The study's findings, among other things, demonstrated that capital allowance and return on assets have a strong relationship for Nigerian consumer products companies. The investment tax allowance and the return on assets of consumer products companies in Nigeria are not strongly associated. The return on assets of Nigerian businesses that produce consumer items and the tax holiday do not significantly correspond. Based on the findings, among others, it was suggested that food product companies maintain and look into additional capital allowance charges since they increase return on assets. Due to the complexity and fluidity of Nigeria's tax laws, food product manufacturing companies in Nigeria should employ tax professionals, incorporate investment allowance (tax incentive) planning into their strategic financial planning, and make effective use of all readily accessible all-inclusive tax planning strategies. Return on assets will be significantly impacted by this. In order to maximize return on assets, food businesses should also train their accountants on where to find, how to evaluate, and how to use tax holiday incentives.

Keywords: Tax Incentive Practices, Financial Performance, Tax Holiday, capital allowance, capital allowance.

Introduction

Tax Incentives are unique tax policy arrangements permitted by the tax rules with the goal of luring, keeping, or boosting investment in a certain area. Additionally, it aims to support businesses or people engaged in particular activities, as well as to encourage growth in certain regions (Okauru, 2009). A tax incentive is a purposeful decrease in or deletion of a tax obligation that is given by the government to compel a particular economic unit to perform in a particular way. The desired actions could include

increasing investments, employment, exports, sales, consumption, imports, pollution reduction, and so forth (Sanni, 2017). Tax provisions that are given to eligible investments or investors and that give them a favorable break from the main tax code are known as tax incentives (also known as tax policy incentives) (Ndajiwo, 2018). To put it another way, tax incentives give the recipients of them some tax exemptions, deductions, or exclusions (Berkeley, 2019).

Holland and Vann (2015), some examples of these incentives are yearly, pioneer, tax-free dividend, export processing zone, personal, capital, investment, loss, rollover, development, and tax-free holidays. Tax exemptions, investment allowances, investment reliefs in rural areas, tax incentives, capital allowances, tax-free dividends, R&D, and research and development were among the tax incentives listed by Oriakhi and Osemwengie (2013) as being employed in Nigeria. As said by Tennyson (2014), the Nigerian government needed to permit charge motivations, including for spearheading organizations (as an expense exception), a commodity free zone, mining of strong minerals, lodging incomes, spare parts creation, privately delivered establishment, substitution of an obsolete production line, speculation help, country venture alleviation, tax-exempt revenue help, deductible venture help, innovative work, tax-exempt profits, charge concurrences with different nations, impetuses for the gas business, and a rate for independent companies.

Financial execution in the food and refreshment enterprises can be estimated utilizing different proportions, the most important of which are net interest edge, return on resources, and return on value (Alexandru, 2018). Income per share (EPS), which may be found on the accounting report, is a monetary ratio that indicates how much profit a company made in comparison to the total amount of investor value given. The investors look for ROE as a trade-off for their business. A company that generates a lot of profits each offer must be set up to generate money internally. Therefore, the company is better off in terms of benefit age the greater the ROE. Furthermore, Khrawish (2011) explains that ROE is the percentage of total gain after expenses divided by full value capital. It concerns the rate of return obtained on the resources invested in the pharmaceutical company by its investors. ROE shows how effectively executives are using the resources of their stockholders. From the aforementioned rationale, it follows that the administration will be more successful in using the investor's cash if the ROE is higher.

The study of Uwaoma and Ordu (2016) found that sufficient tax incentives enhance industrial growth and economic development. *Tasie and Akinyomi (2009) looked at how tax incentives affected the economy as a whole. John (2010) investigated how tax economics affected the financial efficiency of Nigerian manufacturing companies. The corporate financial performance of listed manufacturing businesses in Nigeria improved significantly as a result of tax benefits, according to the data. To determine the short-term performance of various taxes, Dickson and Presley (2013) look at the tax incentives and revenue productivity of the Nigerian tax system from the 1981 to 2009 timeframes. Overall, the analysis finds that the nation's total tax revenue productivity is below average.*

According to Oriakhi and Osemwengie (2013), Kuewumi (2018), and Guiltless and Fabian (2019), the issue is that the venture environment is strained with the assortment of duties forced by the public authority on the coordinated confidential area. At most times, other than the recommended charges as founded by the constitution of Nigeria, there are circumstances of twofold tax collection or inordinate arrogation of force by the nearby and provincial government specialists that break the typical course of equity. This has prevented the alleged quick industrialization of the nation by burdening the assembling area vigorously. A pursuit through the writing appears to demonstrate that the expense motivations bundle fundamentally affected the speculation and creation choices of business firms in Nigeria [Bariyima, 2013; Shauna and Fredoun, 2006; Raphael et al., 2019]. As Raphael et al. (2019) noticed, the rundown of existing impetuses may show up lengthy, yet there is reasonable no proof of their basic importance in the

venture and creation choices of business firms in Nigeria. In the interim, a few journalists are of the assessment that charge motivating forces are figuratively a gooney bird. In spite of the motivator plot, many assembling firms in Nigeria are as yet failing to meet expectations or near liquidation. Some are consolidating or being obtained by others, pronouncing misfortunes toward the finish of the bookkeeping time frame.

Another dearth of empirical research on tax breaks and the financial success of manufacturing firms in Nigeria and other African nations is a serious problem that may not accurately reflect or represent the outcome in Nigeria. Additionally, the studies that concentrated on small and medium-sized businesses and a handful on manufacturing organizations from the Webmetrix empirical analysis the absence of research in some manufacturing sectors   The study concentrated on the listed food and beverage manufacturing industry particularly and introduced "share capital" in order to objectively fill the lacking scope and substance gap. By using investment allowance, tax holidays, and capital allowance as parameters and measures of return on equity and return on assets, the study further filled the content vacuum. The study is especially distinctive since it addresses the issue of the obsolescence of empirical information data over an 11-year time horizon (2010–2020). The researcher's motivation to write on tax incentives and the financial performance of consumer goods companies in Nigeria was therefore sparked by the aforementioned premises. Therefore, the primary goal of this research was to empirically establish a link between tax incentive policies and Nigerian consumer products companies' financial success. The following are the precise goals:

1. Determine the relationship between capital allowance and return on assets of consumer goods companies in Nigeria, and the specific objectives are:

2. Determine the relationship between investment tax allowance and return on assets of consumer goods companies in Nigeria

3. Determine the relationship between tax holiday and return on assets of consumer goods companies in Nigeria.

4. Determine the relationship between capital allowance and return on earnings per share of consumer goods companies in Nigeria.

5. Determine the relationship between investment tax allowance and earnings per share of consumer goods companies in Nigeria.

6. Determine the relationship between tax holiday and earnings per share of consumer goods companies in Nigeria.

The study was guided by the following research questions

1. What is the relationship between capital allowance and return on assets of consumer goods companies in Nigeria?

2. What is the relationship between investment tax allowance and return on assets of consumer goods companies in Nigeria?

3. What is the relationship between tax holiday and return on assets of consumer goods companies in Nigeria?

4. What is the relationship between capital allowance and return on earnings per share of consumer goods companies in Nigeria?

5. What is the relationship between investment tax allowance and earnings per share of consumer goods

companies in Nigeria?

6. What is the relationship between annual tax holiday and earnings per share of consumer goods companies in Nigeria?

The following null Hypotheses guided the study:

HO$_1$: There is no significant relationship between capital allowance and return on assets of consumer goods companies in Nigeria.

HO$_2$: There is no significant relationship between investment tax allowance and return on assets of consumer goods companies in Nigeria.

HO$_3$: There is no significant relationship between tax holiday and return on assets of consumer goods companies in Nigeria.

HO$_4$: There is no significant relationship between capital allowance and earnings per share of consumer goods companies in Nigeria.

HO$_5$: There is no significant relationship between investment tax allowance and earnings per share of consumer goods companies in Nigeria.

HO$_6$: There is no significant relationship between tax holiday and earnings per share of consumer goods companies in Nigeria.

Review of Literature

Conceptual Review

Concept of Tax Incentives

The government changes the amount of taxes that a specific demographic or kind of business must pay, or alters the tax code to their advantage (Kaplan, 2013). Anything that motivates someone to take action is considered an incentive. Therefore, a tax incentive is a catch-all word for all government policies used to purposefully alter the tax code in favor of future tax payers (Dotun, 2016). A tax incentive, according to Wikipedia (2020), is a provision in a nation's tax laws that lowers a corporation's tax obligations within that nation in order to promote or reward a particular economic activity.

The tax burden that applies to a certain class of people or type of organization is altered by the government, or the tax code is altered to the government's benefit (Kaplan, 2013). An incentive is anything that encourages someone to take action. As a result, the term "tax incentive" is used to refer to all government initiatives used to intentionally change the tax system in order to benefit future tax payers (Dotun, 2016). According to Wikipedia (2020), a tax incentive is a provision of a country's tax laws designed to encourage or reward a certain economic activity by reducing a corporation's tax obligations in the mentioned country. Tax incentives, according to the Oxford Advanced Learners' Dictionary, are a reduction in the effective tax burden placed on the favored activity relative to that which is currently placed upon it in the expectation that the decrease in government revenue (due to the tax forgone) will be made up for by an anticipated expansion of the national economy and, ultimately, by increases in total revenue from such a broadened economic basis.

Capital Allowance

Kalu (2019) To put it simply, a capital allowance is a way for someone to pay less in taxes when they invest in things that will help their firm in the long run. "Qualifying expenditure" refers to the cost of purchasing the item. Capital allowances are sometimes referred to as a program that enables a business to

receive tax relief for a selection of capital expenditures by allowing them to be deducted from the company's yearly assessable profits. based on Modugu et al. (2012), A capital allowance is a type of tax break given by the appropriate tax authority to a person in accordance with the current tax laws for incurring a qualifying expenditure on a specific asset used for that person's trade or business in producing income during the basis period for which that asset was used. It is important to note from this definition that a corporation may only claim capital allowance when it has incurred a qualifying expense in relation to a specific asset, and at the end of the base period, the acquired asset must still belong to the company and be employed by it for the purposes of a trade or business it is engaged in. Thus, it is given when a business buys specific commercial assets to use in order to make money. Additionally, a capital allowance is deducted from the taxpayer's taxable profits, lowering the tax due. Since it is an offset against taxable profits and one must be a taxpayer to benefit from it, the plan often does not apply to assets owned by businesses that are exempt from paying taxes under Section 23 of the CITA 2007 (as amended).

Investment Tax Allowance

This is awarded on eligible capital expenditures made on machinery and equipment for commercial purposes. For the initial use of such a qualifying capital asset, this incentive is available once a year. The rate is 10% of the cost that can be claimed for machinery used in manufacturing, agriculture, and other businesses. In addition to the typical initial and yearly allowances, Ariwodola's (2015) visual representation suggested that an investment allowance is given in the first year after the purchase of an asset (plant and/or machinery) used in industrial and agricultural activities.

Uwuigbe, et al. (2016) stated that a deduction of a portion of an investment from the profit that is taxable is known as an investment allowance (in addition to depreciation). On qualified expenditures made for tools, equipment, implements, and other items, there is a withholding investment allowance claimable at a rate of 10%. Usually only given once during an asset's lifetime, it must take place in the year the asset was initially used for commercial or industrial purposes. The initial allowance regulations of the CITA also apply to investment allowance, with the exception that investment allowances cannot be subtracted from asset costs to determine the residue qualified expenditure. Additionally, the following investment allowance will be claimable when a corporation makes capital investments in power and tarred roads: I. The cost of providing electricity, dihydrogen nitrate, and tarred roads will be 100% of the cost; II. The cost of providing electricity will be 50% of the cost; III. The cost of providing dihydrogen nitrate will be 30% of the cost; and IV. The cost of providing tarred roads will be 15% of the cost.

Tax Holiday

A tax holiday is a type of government incentive program that offers tax reductions or elimination to businesses. Tax holidays are regularly used by local governments to reduce sales taxes, but they are also frequently used by governments in developing countries to promote foreign investment. A tax holiday is a temporary reduction or abolition of a tax. It is the same as a tax reduction, tax subsidy, or tax abatement. Tax holidays are typically created by governments as incentives for corporate investment. To encourage the investment of new enterprises or the retention of existing ones, tax relief might be offered in the form of property tax exemptions. Governments at the federal, state, and local levels have given tax breaks, which have included sales, VAT, property, and other taxes. Some tax holidays are extra-statutory concessions, which occur when governing bodies offer a tax break that isn't always permitted by the law. Governments in developing nations occasionally lower or do away with company taxes in an effort to entice foreign direct investment or spur expansion in a few specific industries. A tax holiday may be offered to certain activities, particularly those that develop a specific industry of business or certain taxpayers. According to research, households buy more clothing and shoes during sales tax holidays than they do on average—by almost 49% and 45%, respectively.

Financial Performance

Financial performance are most crucial ratios to consider when measuring the food and beverage sectors' performance are new interest margin, return on equity, and return on assets (Alexandru, 2018). A company's profitability is determined by its return on equity (ROE) ratio, which compares its net income to the total amount of invested or reported shareholder equity. The shareholders seek a ROE, or return on equity. High return on equity businesses is more likely to be able to create their own cash flow. The higher the ROE, the better the company is at making profits. According to Khrawish (2011), ROE is the proportion of net income after taxes to total equity capital. The rate of return on the capital shareholders invested in the company is shown pharmaceutical company. ROE measures the efficiency with which pharmaceutical management spends shareholders' money. Therefore, it follows from the aforementioned assertion that management is more effective at using shareholder capital when ROE is higher.

Financial performance no matter what kind of change management strategy a business chooses, measurement is a critical component. It provides data regarding the success of the financial strategies and how well they were carried out (Holland & Ritvo, 2008). According to Warren (2011), one of the crucial functions of performance measurement systems is the reporting of businesses' historical financial performance. Financial performance has traditionally been measured utilizing financial measures such as cash flow, return on investment, and sales growth. Finance officials, however, are growing more worried about performance criteria that depend excessively on financial resources. A company's financial performance, according to Abdallah (2018), is a subjective indicator of how successfully it can use resources from its primary line of business to generate profits. Since it offers a thorough evaluation of a company's entire financial health over a particular time period, it can also be used to compare businesses in the same industry or sectors. According to Anderson (2011), an organization's capacity to produce high-quality services, maximize profit, improve its ability to pay employees, vendors, and creditors on time, and maintain a positive reputation are all advantages of financial stability credit risk score and tax payment.

Return on Assets

Return on asset technique is a tool used by financial analysts to evaluate an organization's potential for profitability. According to Rosikah et al. (2018), return on assets can predict a business's success and produce income. All of a company's assets, including those that result from liabilities to creditors and money invested by investors, are taken into account when calculating return on assets. Instead of net assets, total assets are used. So, for instance, a company's mazuma holdings, which were borrowed, are now balanced by a liability. Similar to receivables, payables balance out the company's balance sheet and are a liability.

Earnings Per Share (EPS)

According to Tryfino (2009) claims that earnings per share (EPS) are a measure that has been used to calculate net profit or to forecast probable net profit from a stock sheet. This tactic can be used to assess how effectively the company is operating in terms of turning a profit. Investors can calculate the EPS ratio to find out how much profit is generated from each share. The company performed and continuing to perform better the higher the EPS. EPS, which is determined by dividing net income by the total number of outstanding shares, according to Sihombing (2008), represents the net profit realized by each share. One indicator for assessing managerial performance and company performance is EPS. The term "EPS" stands for "return earned per share." This ratio determines the company's share market value. It shows if the company's earning power has improved or decreased. It is the portion of earnings allotted to each share of common stock by the corporation after taxes and dividends on preferred stock have been paid.

Theoretical Review

Agency Theory of Tax Incentive

This Agency theory in tax incentive theory serves as the study's foundation. Well (2001) claimed that governments still provide fiscal incentives despite the fact that there is no proof of their effectiveness or efficiency. In other words, tax incentives offer a convenient way to offset other barriers erected by the government in the business environment. In other words, fiscal incentives respond similarly to market and public failure. It is much more difficult and time-consuming to solve the investment hurdles itself, such as low skill bases, regulatory requirements, and compliance expenses, rather than adopting a grant or tax scheme to help offset these barriers. The second-best alternative is to provide a subsidy to compensate for an existing distortion, although this is typically what takes happened.

Additionally, there are problems with agency between the government agencies in charge of attracting capital and those in charge of the overall business environment. Organizations that encourage investment can assist the government in organizing its efforts to do so, but they typically push incentives without considering the consequences to the economy as a whole (Zee, 2002).

According to Allen and Morisset, governments may legitimately feel that strict horizontal equity with government taxation and expenditure does not efficiently satisfy policy objectives and inherent market weaknesses in particular industries (2001). The objectives of the policy may include increasing investment in a certain field that, as a result of knowledge gaps, does not receive as much funding as it should give the economic situation.

Empirical Review

Stephen (2013) used panel data estimate techniques to examine how tax incentives had an impact on the value added and gross sales of Ugandan manufacturing companies. The study's findings show that businesses that obtain tax incentives outperform their rivals in terms of value added and gross sales. The performance of the organization is positively impacted by its size, age, and educational level. The study's key policy recommendations are that the administration increases the effectiveness of tax incentives for better corporate performance. In order to take advantage of the current tax incentives and have competent managers with strong management skills, access to high-quality technical education and skill development is required.

Efobi et al. (2016) examine Cameroonian companies as a case study for the effect of fiscal incentives on enterprises' productivity. To determine a firm's productivity, we use information from the World Bank Enterprise Survey for more than 300 businesses. The Enterprise Survey also includes special metrics for evaluating whether businesses have benefited from various tax breaks, including exemptions from import duties, profit taxes, and export financing. The propensity score matching technique enables us to undertake an effect study because these measures are accessible at the firm level. Our findings demonstrate a large and favorable influence on the productivity of businesses that receive export finance and profit tax exemption. However, this variable's relevance varied depending on whether import duty exemption was taken into account. Thus, the article suggests that the government's engagement in the corporation should be focused on rewarding outcomes rather than supporting processes, and as a result, it offers a crucial component of an industrialization strategy.

Hammed (2018) looked explored how the corporate tax policies of the government affected the performance of 54 randomly chosen listed firms in Nigeria over the course of 17 non-financial categories between 1990 and 2002. Contrary to expectations, the study's use of the Generalized Method of Moments (GMM) revealed a positive correlation between corporation tax policy and the output performance of

listed manufacturing enterprises in Nigeria. This could be a sign that the government's corporation tax revenue was wisely spent on worthwhile public investments, notably almost all of the manufacturing companies have their main offices in Lagos State. The report consequently suggested that the Federal Government reduce or completely eliminate tax breaks, exemptions, and incentives for specific manufacturing companies in Nigeria.

Ogundajo and Onakoya (2016) used the annual reports and accounts of the 10 selected businesses from the 28 businesses mentioned in the food industry and beverage industry to assess how corporate tax planning affects the financial success of industrial companies listed on the Nigerian Stock Exchange. The study used the Generalized Least Square (GLS) method of regression based on the outcomes of the Hausman's model estimation test. The study finds that aggressive tax planning strategies such thin capitalization, tax law incentives, and other benefits of tax law loopholes have not been properly utilized by Nigerian enterprises. The study advised manufacturing companies in Nigeria to incorporate tax planning into their strategic financial planning, hire tax experts, and effectively use all of the available tax planning strategies in order to further improve financial performance. This is because Nigerian tax laws are complex and dynamic.

Methodology

The Research design, study population, sample size, sampling technique, instrumentation for data collection, instrument validity, instrument reliability, method of data analysis, model specification, and model estimation technique are all covered by methodology. These factors will all be used to complete a thorough study.

Population of the Study

The target population for the study consisted of twenty-one (21) consumer goods companies on the floor of the Nigerian Stock Exchange (NSE).

Sample Size and Sampling Techniques

Dike According to (2014), either probability or non-probability techniques are used in the sampling process. The probability method was used in this investigation since it involves a population selection. The researcher can use a variety of strategies from sampling techniques to lessen the amount of data he has to gather by focusing on data from a subset rather than all potential cases. As a result, the sample size was established using the Taro-Yame formula, which Baridam (2001) adopted and is illustrated below:

$$n = \frac{N}{1 + N(e)^2}$$

Where:

n = Sample size

N = Population

1 = Constant

e = Level of errors $(0.05)^2$

Thus: sample size sought (n) is

$$n = \frac{N}{1 + N(e)^2}$$

N = 21 = level of significance of 0.05

n = <u>21</u>

1+12(0.05)2

= <u>21</u>

1+0.03

= <u>21</u>

1.05 = 20

The sample size for this study is 20.

Instrumentation

The Secondary data from the company's published financial report or financial statements over a period of eleven (11) years, from 2010 to 2020, is the study's main data source. The investment allowance, tax holidays, annual allowance, return on assets, and earnings per share were among the financial statement data that was gathered, examined, or estimated.

Method of Data Analysis

The formulated research questions were analyzed with descriptive statistics. The hypotheses were tested using multiple regression analysis with the aid of E-View (10). The regression analysis was adopted because according to Baridam (2001), in studies of independent and dependent variables that are both measurable in terms of scales, the regression method is most suitable as it expresses the relationship between the variables. In the linear regression model, the criterion variable (y) is assumed to be a function of the predictor/explanatory variable (x). The value of the independent variable is defined as a function (Ex) or linear combination of the independent variables plus an error term. $Y = B0 + B_1X_1 + Et$ (Pohlman & Leitner, 2003).

From the stated formula, B represents the regression co-efficient, X are the independent variables, and Et represents the error term. The regression coefficients are interpreted as the change in the anticipated value of Y associated with a unit increase in the independent variable, with other variables being constant. However, the errors are regarded as being normally distributed within the range of the expected zero value and Constance. (Pohlmann & Leitner, 2003).

Model Specifications

In this study, combining the two models will yield a richer econometric model that will facilitate estimation. The tax incentive practices (TIP) components in the study are "capital allowance (CAP), investment allowance (INVALL), and tax holiday (TAXH)" defined as three components used in the study; this modification will help us investigate the impact of tax incentive practices and financial performance (FINPER) of consumer goods companies in Nigeria.

Hence;

$Y = f (ao + bX_1) + Et$

Where:

y = Criterion variable

f = Function

x = Independent (explanatory) variables

a = Intercept

b = Slopes

In functional form, our hypotheses model are:

H0$_1$: ROA = f (CAP)……………………………………………… (i)

Where:

ROA = Return on Assets

CAP = Capital Allowance

H0$_2$: ROA = f (ITA)……………………………………………… (ii)

Where:

ROA = Return on Assets

ITA = Investment Tax Allowance

H0$_3$: ROA = f (TAXH)…………………………………………… (iii)

Where:

ROA = Return on Assets

TAXH = Tax Holiday

H0$_4$: EPS = f (CAP)……………………………………………. (iv)

Where:

EPS = Earnings Per Share

CAP = Capital Allowance

H0$_5$: EPS = f (ITA)……………………………………………. (v)

Where:

EPS = Earnings Per Share

ITA = Investment Tax Allowance

H06: EPS = f (TAXH)……………………………………………. (vi)

Where:

EPS = Earnings Per Share

TAXH = Tax Holiday

Results and Discussion of Findings

Table 4.1. Descriptive Statistics

	CAP	ITA	TAXH	ROA	EPS
Mean	890.2303	177.9154	98.10277	67.85714	0.336943
Median	108.6000	113.7300	59.23333	40.10000	0.420000
Maximum	11700.00	668.6700	334.3333	243.2000	0.539000
Minimum	0.000000	1.150000	0.576667	0.800000	0.001000
Std. Dev.	2641.706	218.9673	117.4864	72.08091	0.219996
Skewness	3.726061	1.317501	1.145224	1.094444	-0.821483
Kurtosis	15.19818	3.309042	2.765133	3.148731	1.839613
Jarque-Bera	298.3727	10.26483	7.731080	7.019466	5.900177
Probability	0.709700	0.345902	2.020952	1 .029905	0.152326
Sum	31158.06	6227.040	3433.597	2375.000	11.79300
Sum Sq. Dev.	2.37E+08	163018.7	469304.2	176652.3	1.645544
Observations	220	220	220	220	220

Source: Researcher's E-view (v.12) computation Result, 2021

Table 4.1 shows the descriptive statistics of the data collected for the in-criterion variable's dimensions of the study. The capital allowance (CAPALL), investment tax allowance (ITA), and tax holiday (TAXH) have a mean value of 890.2303, 177.9154, and 98.10277, respectively. The maximum and minimum values of capital allowance (CAPALL) were 11700.00 and 0.000000, investment tax allowance (ITA) was 668.6700 and 1.150000, and tax holiday (TAXH) was 334.3333 and 0.576667 On the other hand, the standard deviation values of 2641.706, 218.9673, and 117.4864 signify that the data deviates from the mean values of the three study dimensions, which implies that there is a wide dispersion of the data from the mean because the standard deviation is close to the mean.

On the other hand, Skewness and Kurtosis calculated mean values, which is a measure of the departure of a distribution from symmetry above, for three study dimensions: capital allowance (CAPALL), investment tax allowance (ITA), and tax holiday (TAXH), show a positive skewness value that is greater than 1. This indicates that the three study dimensions are normally distributed. The kurtosis result, which measures the extent of flatness of a distribution in relative terms to a normal distribution, confirms that capital allowances (CAP), investment tax allowances (ITA), and tax holidays (TAXH) are normally distributed and are not platykurtic (not having negative values or flattened curved) as their kurtosis coefficient is more than 3.0. Also, the p-value for the three study dimensions for Jarque-Bera statistics is [JB (P Value > 0.05) = Accept Ho (Normal Distribution) and JB (P Value 0.05) = Reject Ho (Non-Normal Distribution)]. Thus, the values of 0.709700, 0.345902, and 0.20952, respectively, for capital allowance (CAPALL), investment tax allowance (ITA), and tax holiday (TAXH), of Jarque-Beta and its statistical probabilities, were accepted. The result strengthens the normality test of variables that are normally distributed.

The table also indicates the three measures of the criterion variable of the study: return on assets (ROA) and earnings per share (EPS) have a mean value of 67.85714 and 0.336943, respectively. The maximum and minimum values of return on assets (ROA) were 243.2000 and 0.800000, while earnings per share (EPS) were 0.539000 and 0.001000. On the other hand, the standard deviation values of 72.08091 and 0.219996 signify that the data deviates from the mean values of the two study measures, which implies that there is a dispersion of the data from the mean because the standard deviation is close to the mean.

On the other hand, skewness and kurtosis calculated mean values, which are a measure of the departure of a distribution from symmetry, for the measure of [return on assets (ROA) and earnings per share (EPS)] show a positive skewness value that is greater than 1. Meanwhile, the relevance value, which is also positive and also very closes to 1, is also high. This indicates that all the distributions were positively skewed, indicating that they were not symmetrically distributed. The Kurtosis result, which measures the degree of peakedness or flatness of a distribution in relative terms to a normal distribution, confirms that the entire data series is normally distributed and is not platykurtic (not having negative values or flattened curves) as their kurtosis coefficient is greater than three (3) except for HDI (1.839613). For the Jarque-Bera statistics, the p-value for all variables is significant [JB (P-value > 0.05) = Accept Ho (normal distribution) and JB (P-value 0.05) = Reject Ho (non-normal distribution)]. Thus, the values of 1.029905 and 0.152326 for the real gross domestic product (ROA) and earnings per share (EPS) of Jarque-Beta and their statistical probabilities were accepted. The result strengthens the normality test of variables that are normally distributed.

Table 4.2. Summary Stationary Test Result

Variables	Order of Diff. & Intercept	ADF Statistics	Test critical values at		probability
CAP	First difference and individual intercept	-3.809971	1%	-3.737863	0.0085
			5%	-2.991878	
			10%	-2.636542	
ITA	First difference and individual intercept	-5.627271	1%	-3.737853	0.0002
			5%	-2.991878	
			10%	-2.626542	
TAXH	First difference and individual intercept	-3.967641	1%	-3.737853	0.0003
			5%	-2.991878	
			10%	-2.626542	
ROA	First difference and individual intercept	-5.924530	1%	-3.670170	0.0000
			5%	-2.963972	
			10%	-2.621007	
EPS	First difference and individual intercept	-5.789090	1%	-3.646342	0.0000
			5%	-2.954021	
			10%	-2.615817	

Source: Researcher's E-view (v.12) computation Result, 2022

From the above table, all the variables are stationary since the ADF values are greater than the corresponding critical values and the probability is less than 0.05 for all variables. As a result, apart from the log of, the data becomes stationary at the first difference integrated of order 1, which is 1(1), for capital allowance (CAPALL), investment tax allowance (ITA), tax holiday (TAXH), and return on assets (ROA), earnings per share (EPS), and firm size (FMSZ). See Results, Appendix B.

Results Findings

Table 3: Summary Computation of Hypotheses Results

Hypotheses	Coefficient	Std. Error	T-Stat	P-Value 0.05	Statistical Decision	Result
$H0_1$	33.58081	7.140005	4.703191	0.0001	Significant	Rejected $H0_1$
$H0_2$	8.614787	160.6966	2.053609	0.9576	Not significant	Accepted $H0_2$
$H0_3$	03.43391	287.5789	3.151033	0.8809	Not significant	Accepted $H0_3$
$H0_4$	0.005484	0.001325	4.138777	0.0002	Significant	Rejected $H0_4$
$H0_5$	-0.048418	0.029822	-1.622667	0.1146	Not significant	Accepted $H0_5$
$H0_6$	0.600547	0.053368	1.125287	0.1000	Not significant	Accepted $H0_6$

Source: Researcher's Computation, 2022

There is a Significant Relationship between Capital Allowance (CAP) and Return on Assets (ROA) for Consumer Goods Companies in Nigeria

The result of the descriptive statistics analysis of Table 4.1 for capital allowance and return on assets revealed a mean of 890.2303 and 67.85714, respectively. On the other hand, null hypothesis one was rejected with a P-value of 0.0001 0.05 and a coefficient value of 33.58081. Hence, there is a significant relationship between capital allowance (CAP) and return on assets (ROA) for firms that sell consumer products in Nigeria. This result was consistent with Kalu. (2016), who discussed the implications of capital allowances for companies' income tax purposes in Nigeria.

There is no Significant Relationship between Investment Tax Allowance (ITA) and Return on Assets (ROA) for Consumer Goods Companies in Nigeria.

The answer to the research question is 177.9154 and 67.85714, respectively, in two descriptive statistics analyses of investment tax allowance and return on assets invested. On the other hand, null hypothesis two was accepted with a P-value of $0.9576 > 0.05$ and a coefficient value of 8.614787. Hence, there is no significant relationship between investment tax allowance (ITA) and return on assets (ROA) for consumer goods companies in Nigeria. This result is in line with Stephen (2013), who analyzed the effects of tax incentives on the performance of Ugandan manufacturing firms in terms of gross sales and value added, employing panel data estimation techniques. The study findings show that firms with tax incentives perform better in terms of gross sales and value added than their counterparts.

There is no Significant Relationship between Tax Holiday (TAXH) and Return on Assets (ROA) of Consumer Goods Companies in Nigeria.

On the third research question and hypothesis, the descriptive statistics reveal a mean of 98.10277 and 67.85714 for tax holidays and return on assets, respectively. On the other hand, null hypothesis three was accepted with a P-value of $0.8809 > 0.05$ and a coefficient value of 43.43391. Hence, there is an insignificant relationship between the tax holiday (TAXH) and return on assets (ROA) of consumer goods companies in Nigeria. It is in line with Uwaume and Ordu (2014), who carried out a study to establish the impact of tax incentives on economic development in Nigeria from 2004 to 2014.

There is a Significant Relationship between Capital Allowance (CAP) and Earnings Per Share (EPS) of Consumer Goods Companies in Nigeria

The fourth research question revealed that descriptive analysis revealed an average value for capital allowance and earnings per share of 890.2303 and 0.336943, respectively. On the other hand, null hypothesis four was rejected with a P-value of 0.0002 and a coefficient value of 0.005484. Hence, there is a significant relationship between capital allowance (CAP) and earnings per share (EPS) of consumer goods companies in Nigeria. The findings were in line with Arzizeh et al. (2018). This study focused on the effect of tax incentives on foreign direct investment in the petroleum industry in Nigeria.

There is no Significant Relationship between Investment Tax Allowance (ITA) and Earnings Per Share (EPS) of Consumer Goods companies in Nigeria.

The fifth research question revealed that descriptive analysis revealed a mean value for investment tax allowance and earnings per share of 177.9154 and 0.336943, respectively. On the other hand, null hypothesis five was accepted with a P-value of 0.1146 > 0.05 and a coefficient value of (-0.048418). Hence, there is no significant relationship between investment tax allowance (ITA) and earnings per share (EPS) of consumer goods companies in Nigeria. The study findings are in line with Ugwu (2018), tax incentives, and foreign direct investment (FDI).

There is no Significant Relationship between Tax Holidays (TAXH) and Earnings Per Share (EPS) of Consumer Goods Companies in Nigeria.

The sixth research question revealed that descriptive analysis revealed an average mean value for tax holiday (TAXH) and earnings per share (EPS) of 98.10277 and 0.336943, respectively. On the other hand, null hypothesis six was accepted with a P-value of 0.1000 > 0.05 and a coefficient value of 0.600547). Hence, there is no significant relationship between tax holidays (TAXH) and earnings per share (EPS) of consumer goods companies in Nigeria. This finding was in corroboration with Uwaoma and Ordu (2016), who examined the impact of tax incentives on economic development in Nigeria.

Conclusion and Recommendations

A tax incentive is a government-provided decrease or complete cancellation of tax burdens in order to encourage a certain economic unit to operate in certain desired ways. According to the findings of this study, food product companies in Nigeria are eligible for government tax breaks. Furthermore, tax incentives improve the amount of money available to finance capital projects among Nigerian manufacturing companies. As a result, the growth of the companies and, by extension, the economy as a whole, is boosted. Finally, as seen by the selected samples, tax incentives do not always result in increased corporate financial performance in Nigeria. Tax incentives are critical to the food products industry's growth, development, and long-term survival, according to this study. Food product firms, on the other hand, do not benefit from the majority of the tax benefits offered under the statute. Based on the findings of the study, the following recommendations were made:

1. Food product companies should maintain and explore more capital allowance expenses as they contribute to return on assets.

2. Due to the complexity and dynamism of Nigeria's tax laws, food product manufacturing companies in Nigeria should make investment allowance (tax incentive) planning a part of their strategic financial planning, hire tax experts, and effectively use all-inclusive tax planning strategies available in order to significantly influence return on assets.

3. Food products companies should on training the accountant on fetching out and analysis of tax holiday incentives and make use of the tax reliefs in other to increase return on

4. Food products companies should invest more during investment tax allowance in order to improve financial practices as it contributes to earnings per shares.

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