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BEYOND TAX COMPLIANCE: INVESTIGATING THE NEXUS BETWEEN CORPORATE TAX LIABILITIES ON SHAREHOLDERS WEALTH MAXIMIZATION OF COMPANIES IN NIGERIA

BY

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Abstract

The study investigated the relationship between corporate tax liabilities and wealth maximization of companies listed on companies in Nigeria. The dimensions of corporate tax liabilities examined were current tax liabilities (CTL) and deferred tax liabilities (DTL), while earnings per share (EPS) served as the measure of wealth maximization. An ex post facto research design was adopted, with a population comprising nine oil and gas companies on the NGX, out of which eight were purposively selected based on their compliance with regulatory requirements. Data were collected from the annual financial reports of the sampled companies for the period 2019 to 2023. The study employed both descriptive and inferential statistical analyses, including regression and correlation techniques. The regression analysis showed that CTL had a weak negative but significant relationship with EPS (β = -6.11E-07, p = 0.0485), suggesting that higher CTL reduces wealth maximization. Conversely, DTL exhibited a weak positive and significant relationship with EPS (β = 1.92E-06, p = 0.0372), indicating that deferred tax liabilities enhance financial performance. Correlation analysis supported these findings, revealing a negative correlation between CTL and EPS (r = -0.112, p = 0.0495) and a positive correlation between DTL and EPS (r = 0.121, p = 0.0379). These results underscore the critical role of strategic tax planning in balancing current tax obligations and deferred tax benefits to optimize wealth maximization. The study recommends that firms adopt efficient tax strategies and that policymakers implement tax reforms to foster corporate growth and economic development.

***Keywords**: Corporate tax, Wealth maximization, Tax compliance*

1. INTRODUCTION

In the ever-evolving world of business, companies are constantly faced with challenges that shape their operational strategies. A key factor in ensuring business continuity is the need for sustainable growth. Businesses are typically forced to navigate a myriad of regulations, each with its own implications for corporate strategies and market performance. From the pressures of market competition to the demands of innovation, corporations must align their internal processes with external conditions to thrive (Barros & Sarmento, 2020). Amid these challenges, the balance between profitability and responsibility stands out as particularly significant. In managing this balance, companies often find themselves in the delicate position of maximizing returns while adhering to various legal and ethical obligations. These obligations may come in the form of industry standards, environmental regulations, or corporate governance frameworks, which influence how businesses conduct their daily affairs (Zwick, 2021). Such regulations demand a high degree of attention, and businesses must ensure that they do not merely meet these standards but also exceed them in some areas to sustain growth. Thus, understanding the intricate relationship between a company's operations and the legal environment becomes crucial (Duhoon & Singh, 2023).

The complexity of these operational environments means that businesses must develop robust systems for managing risk. These risks, both financial and operational, can arise from internal inefficiencies or external uncertainties. In such an environment, companies often employ strategic management tools that help identify, assess, and mitigate risk (Khuong et al., 2020). These tools, which range from comprehensive financial audits to operational reviews, ensure that companies remain agile in an unpredictable market. However, one crucial

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aspect of this risk management often goes underexplored, yet its effects can be profound. While much attention is placed on financial forecasting and market analysis, the operational aspect of compliance often takes a backseat. Compliance is generally viewed as a regulatory hurdle that companies must overcome to avoid potential penalties. But beneath this perception lies a more nuanced dynamic that directly impacts a company's financial standing and overall market stability (Baudot et al., 2020). As companies scale, their exposure to regulatory environments widens, and they are required to adhere to more complex and varied sets of rules. At the heart of these regulations lies a component that all companies must engage with—the tax system. The tax environment, while often seen as an administrative burden, is a critical aspect of any business strategy. Understanding the intricacies of tax regulations, from corporate tax rates to tax incentives, can have a profound effect on a company's bottom line (Bruhne & Schanz, 2022).

Corporate tax compliance is one such regulatory framework that businesses must navigate. It is not merely a financial obligation but an intricate component that ties a company's legal responsibilities to its financial performance. Compliance with tax laws ensures that companies fulfill their obligations to government authorities, preventing costly legal disputes and penalties (Bruhne & Schanz, 2022). Moreover, tax compliance plays a crucial role in shaping corporate strategies that impact long-term sustainability, growth, and reputation (Kramer, 2014). Tax compliance also directly affects the wealth maximization goals of firms. Companies that fail to comply with tax laws may face significant financial repercussions, including fines, back taxes, and reputational damage, all of which can harm shareholder value (Guo et al., 2024). Conversely, a commitment to tax compliance enhances a company's reputation with investors and stakeholders, leading to greater access to capital, lower risk premiums, and increased investor confidence (Ilaboya & Aronmwan, 2021). These factors contribute to the overall financial health of the company, ultimately driving shareholder wealth.

Wealth maximization, as a fundamental goal of corporate finance, aims to enhance the financial well-being of a firm's shareholders. This objective extends beyond short-term profits, focusing on the long-term increase in the market value of a firm, often measured by its stock price and dividends (Park, 2021). In the context of modern financial theory, wealth maximization is the guiding principle that aligns managerial decisions with shareholder interests. The maximization of wealth involves not only increasing profits but also managing risks, optimizing capital structure, and making strategic investments that contribute to sustainable growth and value creation. Key to wealth maximization is the firm's ability to generate consistent and increasing cash flows. Cash flows, rather than accounting profits, are considered the primary drivers of shareholder wealth because they reflect the actual funds available for reinvestment, dividends, and debt servicing (Rahmattalabi et al., 2021). A firm's strategic decisions, such as capital budgeting, investment in innovative projects, and optimal pricing strategies, directly influence its future cash flow prospects. Additionally, a company must ensure that it operates efficiently and competes effectively in the marketplace to sustain these cash flows over time. The role of risk management in wealth maximization cannot be overstated. Companies must make decisions that balance risk and return to avoid jeopardizing future wealth. Questions of capital structure, such as the relative merits of debt and equity funding, are pivotal to this procedure (Wagner, 2020). If a company's capital is well organised, it will increase its growth potential while minimising the risks associated with excessive leverage. The corporation is better able to weather external shocks and keep shareholder money intact when it hedges against changes in commodity prices or currency fluctuations.

Maximising wealth is not without challenges, though. Plans aimed at maximising wealth often overlook the impact of regulatory compliance, particularly in the realm of taxes. A company's cost structure and investment decisions are both affected by taxes, which in turn affects the company's profitability. A company's operations might be facilitated or hindered by changes in tax rates, exemptions, and incentives. A company's overall financial condition and, by extension, its strategy to maximise wealth can be significantly affected by the extent to which it complies with tax rules, sometimes known as corporate tax compliance. Filling a gap in the literature, this study investigates how wealth maximisation is affected by corporate tax compliance for businesses listed on the Nigeria Exchange Group (NGX).

2. LITERATURE REVIEW

Corporate Tax

Taxes paid by businesses to the government on their income, profits, or capital gains are known as corporate taxes, and they are often considered a substantial part of a company's financial obligations. It has a significant impact on a company's financial structure and overall operational strategies, and it is a key aspect of the income systems of many nations (Challoumis & Constantinou, 2024). Corporate tax rates, exemptions, and deductions differ from jurisdiction to jurisdiction, and are often enforced on a national or even a municipal level. To ensure compliance and optimise financial returns, organisations often need to employ advanced tax management approaches due to the complexity of tax legislation (Zwick, 201). The premise upon which corporate taxation is based is that corporations are distinct from their owners in their capacity as legal entities. For this reason, business owners and managers aren't the only ones who have to pay taxes on their company's profits; the business itself pays taxes (Omesi & Appah, 2021). Inside nations, regional tax regulations and certain industries may impose different taxes, and corporate tax rates change from one country to the next. Companies may be subject to taxes on their global revenue in certain nations, but not on their domestic earnings in others. Multinational corporations may reevaluate their investment, operational locations, and profit repatriation strategies in light of these variations in corporate tax regimes (Omesi & Appah, 2021).

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Companies mostly pay taxes in two main forms: direct and indirect. Profits earned by a corporation are subject to direct taxes, such as income tax. A company's net income and, by extension, the wealth of its shareholders, are impacted by these taxes. Income isn't the only thing that's subject to indirect taxes; value-added taxes (VAT) and sales taxes are two examples. Although these taxes have an immediate negative effect on a company's income statement, they have a more indirect effect on profitability due to their influence on product prices and demand (Khuong et al., 2020). A significant part of corporate tax policy is the establishment of tax rates and incentives provided to firms in order to encourage certain actions, such as capital projects, sustainability initiatives, or research and development (R&D). By reducing their effective tax rate, businesses are incentivised to engage in activities that align with government policy objectives through tax credits, deductions, and exemptions. Companies that put money into renewable energy or new technologies often get tax breaks from their home countries (OECD, 2015). However, within the context of tax equity and economic development, the effects of these tax incentives on business habits are occasionally called into doubt (Khuong et al., 2020).

Effective management of corporate tax liabilities is critical to a company's bottom line. According to Elamer et al. (2024), corporations engage in tax planning when they legally minimise their tax liabilities by maximising deductions, avoiding taxes, and taking advantage of loopholes. Companies aim to align their tax obligations with their overall business strategy by doing this. Tax avoidance, which is distinct from tax evasion, is a contentious topic, especially when businesses engage in practices that some see as exploitative or unethical, despite the fact that they are within their legal rights to do so. Consequently, keeping a positive company image while managing tax responsibilities for a corporation requires careful tax planning (Elamer et al., 2024). A corporation's level of compliance with tax laws and regulations is another critical component of its tax strategy. Accurate and timely reporting of taxable revenue, payment of taxes owing, and conformance with local and international tax rules are the three components that make up corporate tax compliance (Rabbi & Almutairi, 2021). Businesses may avoid fines and penalties by being compliant, and it also boosts their reputation with investors, regulators, and the general public. Conversely, penalties, interest on overdue taxes, and damage to one's image are among the potential legal and financial repercussions of noncompliance (Beer et al., 2020). Strict tax compliance strategies are crucial to a company's long-term success and shareholder value.

Wealth Maximization

Maximising wealth is a major objective of financial management, highlighting the long-term value generated for corporate owners. Beyond traditional profit maximisation, by focusing on increasing the market value of the company's stock—which reflects investor expectations and confidence—it shows This concept is based on modern financial theory, which evaluates investment, financing, and dividend policy choices about shareholder value. The focus on increasing wealth makes sure that management choices support the bigger goals of increasing the value of the company and ensuring long-term growth. One of the special features of wealth maximisation is that it focuses on cash flows rather than accounting profits. Cash flows are viewed as a more accurate estimate of a company's potential to generate value, as they indicate the actual money available for reinvestment, dividends, and debt service (Bhagat & Hubbard, 2022). Accounting rules and non-cash expenses can influence profits, which provide less clarity of a company's financial status and prospects than cash flows. This cash-based approach to wealth maximisation ensures that businesses give owners first-priority operations that result in financial advantages.

Another concept incorporated in wealth maximisation is the time value of money, as, given its probable earning ability, a dollar gained today is worth more than a dollar earned in the future. This way of thinking supports using net present value (NPV) and internal rate of return (IRR) to judge investment choices. These methods lower the present value of future cash flows to their present value (Vassolo et al., 2021). Using these tools, businesses assess the profitability and feasibility of projects, therefore ensuring that only those investments improve shareholder value. Including risk management in decision-making strengthens the concept even further. Naturally, business activities involve risk and uncertainty, so their impact on wealth maximisation is quite crucial. Businesses have to weigh the connected risks with the prospective rewards of investments so that the chosen projects match their risk tolerance and strategic goals (Oumet & Tate, 2020). Good risk management strategies like hedging and diversification help greatly in sustaining investor trust and safeguarding shareholder wealth.

Furthermore, two important components of wealth maximisation are corporate governance and moral conduct. Clear and accountable government mechanisms promote the firm's reputation in the capital markets and help to generate investor trust (Adil et al., 2022). Likewise, ethical behaviour—including corporate social responsibility (CSR)—activities may raise the long-term value of a firm by improving stakeholder relationships and lowering reputational threats. These non-financial components highlight the complex nature of wealth maximisation, thereby surpassing only financial criteria. Even though there are numerous advantages, the search for wealth maximisation comes with certain challenges. Outside factors, including macroeconomic conditions, market volatility, and regulatory duties, can significantly affect a company's ability to achieve its wealth-maximising objectives. Moreover, a big problem for investors and managers remains the probable conflict between short-term financial performance and long-term value generation (Parveen et al., 2020). These challenges draw attention to the need for a comprehensive plan that considers both the immediate effects of corporate activities and future ones.

Agency Theory

A key paradigm for comprehending the dynamic between corporate governance's principles (shareholders) and agents

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(managers) is agency theory, which was established by Jensen and Meckling (1976). The theory posits that in modern corporations, the separation of ownership and control creates a principal-agent relationship, wherein managers are entrusted with making decisions on behalf of the shareholders. However, due to differing goals and access to information, this relationship is often characterized by agency problems such as conflicts of interest and information asymmetry.

In the context of corporate tax compliance and wealth maximization, agency theory is highly relevant. Shareholders generally aim to maximize their wealth by ensuring the firm operates efficiently and adheres to regulatory requirements, including tax compliance. Managers, however, may prioritize personal objectives, such as maximizing compensation or avoiding excessive scrutiny, which may lead to actions that deviate from shareholders' interests (Eisenhardt, 1989). For example, managers may engage in aggressive tax planning or tax evasion strategies to increase short-term profits, risking regulatory penalties and reputational damage that could undermine long-term shareholder wealth. Agency costs, which arise from monitoring, bonding, and residual losses, are central to agency theory. Monitoring costs involve expenditures incurred by shareholders to oversee managerial actions, such as audits or compliance programs. Bonding costs are incurred by managers to demonstrate their commitment to shareholders' goals, including adhering to tax regulations. Residual losses occur when monitoring and bonding are insufficient to fully align managerial actions with shareholder interests (Jensen & Meckling, 1976). For listed companies in Nigeria, such costs are particularly relevant due to the evolving regulatory environment and the significant role of tax compliance in maintaining investor confidence.

To lessen the impact of agency issues, the theory stresses the significance of coordinating managerial incentives with shareholder goals. One way to make sure managers are looking out for shareholders' interests is to implement corporate governance procedures, performance-based incentives, and compensation structures (Shleifer & Vishny, 1997). Managers can be incentivised to maximise wealth in the long run by using tax compliance procedures that promote a balance between tax minimisation methods and following the law and ethical norms. By applying agency theory, NGX-listed firms may better understand how to maximise wealth while still complying with corporate tax regulations. Tax dodging, regulations, and public demands for ethical business operations are some of the problems plaguing Nigeria's corporate landscape. In the face of these difficulties, managers face a complicated environment in which they must balance opposing interests while staying true to shareholder objectives. Decisions that affect tax compliance and shareholder wealth are influenced by governance structures, management incentives, and regulatory frameworks. Agency theory helps to understand this phenomenon.

Prior Studies and Hypotheses Formulation

Examining how corporate governance affects shareholder wealth maximisation in South Africa, Fortuin and Makoni (2023) found Their research found that although CEO duality adversely affected profits per share (EPS), board size favourably influenced it. In keeping with this, Johnson et al. (2023) investigated how financial leverage may be used to maximise wealth among Nigerian manufacturing companies. They discovered a nonlinear link whereby moderate leverage improved EPS but too high leverage reduced shareholder value. Both research underlined the need of debt control and government systems in promoting wealth maximising. In Chinese companies, Wang et al. (2023) examined how dividend policy affected shareholder wealth maximisation. Particularly for established organisations, they found that consistent dividend distributions improved EPS; reinvested retained earnings helped high-growth enterprises. Conversely, Niromandfam et al. (2020) examined how company size could affect wealth maximisation. Larger companies obtained superior EPS, according to their results, because of better access to financial resources and economies of scale. Both research underlined that maximising shareholder wealth depends critically on strategic decisions like dividend policy and scaling activities.

Das (2020) focused on innovation, investigating the effect of R&D spending on wealth maximization in Indian technology firms. They concluded that investments in R&D significantly boosted EPS by enhancing competitive advantage and profitability. Mohy-ud-Din and Raza (2023) examined CSR's influence on shareholder wealth among U.S. companies, finding that CSR investments positively impacted EPS through improved brand reputation and customer loyalty. These studies emphasized the role of forward-looking strategies, such as innovation and ethical business practices, in achieving long-term shareholder wealth maximization. Agyei et al., (2020) investigated the effect of corporate tax compliance on wealth maximization among Ghanaian firms. They found that while compliance initially reduced EPS due to tax liabilities, it improved reputational benefits and access to incentives, ultimately supporting shareholder wealth. Similarly, Dada (2021) explored the effect of exchange rate volatility on wealth maximization in Nigerian manufacturing firms. They revealed that firms reliant on imported inputs experienced lower EPS during periods of exchange rate instability, underscoring the need for effective hedging strategies. Both studies highlighted the impact of external economic factors on shareholder wealth.

Kim et al. (2021) analyzed corporate risk management's impact on wealth maximization in South Korea's financial sector. They found that robust risk management practices positively influenced EPS, particularly during economic downturns. Muller et al. (2020) studied corporate transparency in European firms, revealing a strong correlation between disclosure practices and shareholder wealth. Transparent firms enjoyed higher investor confidence, resulting in better EPS. These studies emphasized the critical roles of proactive risk management and corporate transparency in fostering sustainable financial performance and wealth maximization. Asaolu (2021) focused on the role of capital structure decisions in wealth maximization within Nigeria's oil and gas sector. Their analysis revealed that an

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optimal mix of debt and equity positively influenced EPS. The study highlighted the need for careful planning and execution of financing strategies to maximize shareholder returns. By showcasing the importance of balancing financial leverage with equity, the research provided actionable insights for managers aiming to enhance wealth maximization in capital-intensive industries.

Hypotheses

H_{01}: There is no significant relationship between current tax liabilities and earnings per share of companies listed on the Nigeria Exchange Group (NGX).

H_{02}: There is no significant relationship between deferred tax liabilities and earnings per share of companies listed on the Nigeria Exchange Group (NGX).

3. METHODOLOGY

Ex post facto analysis became the focus of the investigation. We judged this approach suitable because it relied on historical financial data, which allowed us to study current connections without manipulating variables. Nine oil and gas businesses listed on the NGX made up the research population. Using a purposive sampling method, eight companies were chosen to guarantee that only companies free of regulatory compliance concerns during the research period would be included. We gathered data from the yearly financial statements of selected businesses, specifically focusing on factors related to corporate tax compliance and wealth maximization. We compiled the data using descriptive statistics and tested the study hypotheses using inferential statistics, such as correlation and regression analysis. While both correlational and regression studies were carried out, the correlation results were applied to conclude the link between corporate tax compliance aspects (current and deferred tax obligations) and wealth maximization, expressed by earnings per share.

The model was specified as follows:
$WM=f(CTL, DTL)$

Expressing the functional relationship in a linear econometric form:
$EPS=\beta 0+\beta 1CTL+\beta 2DTL+\epsilon$

Where:

- EPS = Earnings Per Share of company (dependent variable)
- CTL = Current Tax Liabilities of company (independent variable)
- DTL = Deferred Tax Liabilities of company (independent variable)
- $\beta 0$ = Constant term
- $\beta 1$, $\beta 2$ = Coefficients of the independent variables
- ϵ = Error term

4. RESULT AND DISCUSSION

Descriptive Result

	EPS	**CTL**	**DTL**
Mean	114.6310	12519328	4259025.
Median	7.270000	461120.0	822032.5
Maximum	1422.000	1.94E+08	80235629
Minimum	0.000000	0.000000	0.000000
Std. Dev.	269.0590	35195190	12984814
Skewness	3.480456	3.911396	5.238953
Kurtosis	15.80197	19.31805	30.88900
Jarque-Bera	353.9080	545.7912	1479.305
Probability	0.000000	0.000000	0.000000
Sum	4585.240	5.01E+08	1.70E+08
Sum Sq. Dev.	2823317.	4.83E+16	6.58E+15
Observations	**40**	**40**	**40**

Source: Eviews 9.0

The descriptive statistics provide an overview of the key variables—Earnings Per Share (EPS), Current Tax Liabilities (CTL), and Deferred Tax Liabilities (DTL)—in the study. The mean value of EPS was 114.63, indicating the average earnings generated per share across the sampled companies. However, the large gap between the mean and the median value of 7.27 suggests that the data may be highly skewed, as supported by the high skewness value of 3.48. The maximum EPS of 1422.00 and a minimum of 0.00 indicate a significant disparity in earnings performance among the companies, which is further reflected in the high standard deviation of 269.06, showing considerable variability in the data. For CTL, the mean value was approximately ₦12.52 million, with a median of ₦461,120. This substantial difference between the mean and median, coupled with the skewness of 3.91, highlights the presence of a few firms with exceptionally high current tax liabilities, as evidenced by the maximum value of ₦194 million. The high standard deviation of ₦35.19 million underscores the variability in tax liabilities across the sampled firms. Similarly, the descriptive statistics for DTL revealed a mean value of ₦4.26 million, a median of ₦822,032.50, and a maximum of ₦80.24 million. The skewness of 5.24 and kurtosis of 30.89 for DTL indicate a highly non-normal distribution, characterized by extreme outliers. The Jarque-Bera test results for all three variables had probability values of 0.000, indicating that the data distributions significantly deviate from normality.

Regression Result

Dependent Variable: EPS

Method: Panel Least Squares

Date: 01/22/25 Time: 11:56

Sample: 2019 2023

Periods included: 5

Cross-sections included: 8

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Total panel (balanced) observations: 40

Variable	Coefficient	Std. Error	t-Statistic	Prob.
CTL	-6.11E-07	1.33E-06	-0.459534	0.0485
DTL	1.92E-06	3.60E-06	0.533080	0.0372
C	130.4551	46.92302	2.780195	0.0085

R-squared	0.120178	Mean dependent var	114.6310
Adjusted R-squared	0.112785	S.D. dependent var	269.0590
S.E. of regression	273.4340	Akaike info criterion	14.13204
Sum squared resid	2766348.	Schwarz criterion	14.25870
Log likelihood	-279.6407	Hannan-Quinn criter.	14.17783
F-statistic	0.380983	Durbin-Watson stat	1.490426
Prob(F-statistic)	0.005838		

Source: Eviews 9.0

Based on Current Tax Liabilities (CTL) and Deferred Tax Liabilities (DTL), the regression findings reveal that EPS, a gauge of wealth maximisation, is correlated to corporate tax compliance. CTL statistically significantly reduces EPS at the 5% level of significance (coefficient = -6.11E-07, probability = 0.0485). This suggests that since an increase in CTL is linked with a little decline in EPS, present tax obligations may have a negative impact on wealth maximising.

DTL has a probability value of 0.0372 and a positive coefficient of 1.92E-06 but it is not statistically significant at the 5% level. This implies that an increase in deferred tax payments and a little rise in EPS have some relationship. This might be so because tax deferrals provide businesses temporary profits.

With an R-squared value of 0.1202, CTL and DTL hardly explain 12.02% of the EPS variance; the remainder is caused by factors the model ignores. The updated R-squared value of 0.1128 adds even more evidence for this limited explanatory capacity. Moreover, a statistically significant model supports the combined effects of CTL and DTL on EPS evidenced by an F-statistic of 0.3810 and a likelihood value of 0.0058.

However, the standard error of the regression (273.43) and the relatively low R-squared value highlight the presence of considerable unexplained variance, suggesting that other factors affecting EPS were not captured in the model. Additionally, the Durbin-Watson statistic of 1.49 indicates the possibility of autocorrelation in the residuals, warranting further diagnostic testing.

Correlation Result

Correlation Analysis:

Date: 01/22/25 Time: 11:53

Sample: 2019 2023

Included observations: 40

Correlation SSCP t-Statistic Probability	EPS	CTL	DTL
EPS	1.000000 2823317. ----- -----		
CTL	-0.112484 -4.15E+10 -0.697830 0.0495	1.000000 4.83E+16 ----- -----	
DTL	0.120772 1.65E+10 0.749981 0.0379	0.351760 6.27E+15 2.316434 0.0260	1.000000 6.58E+15 ----- -----

Source: Eviews 9.0

The correlation analysis is used to examine the relationships between EPS, CTL, and DTL (Deferred Tax Liabilities). A correlation value of -0.1125 indicates a weakly negative relationship between Eps and CTL. The correlation between current tax obligations and EPS is relatively negative, with a probability value of 0.0495, which is considered statistically significant at the 5% level. The current tax loads may have an adverse effect on wealth maximisation, according to this

In contrast, the correlation between EPS and DTL is only 0.1208, indicating a weakly positive relationship. Its statistical relevance is confirmed by a probability value of 0.0379 at the 5% level. This finding may indicate that tax deferrals assist businesses in keeping profits and maximising short-term wealth, as there is a slight link between bigger deferred tax obligations and higher EPS.

In addition, a marginally positive and statistically significant association is revealed by the 0.3518 correlation coefficient between CTL and DTL, which has a probability value of 0.0260. This suggests that businesses who have a lot of

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present tax liabilities also tend to have a lot of deferred tax liabilities, which might be an indication of more widespread tax strategies or financial practices inside the company.

Overall, complex interplay between the variables is shown by the correlation data. As an example, although CTL is weakly negatively associated with EPS, DTL is weakly positively associated with it. These numbers agree with the regression results and provide more evidence of the complex relationship between tax compliance and wealth maximisation for businesses.

Hypotheses Testing

H_{01}: There is no significant relationship between current tax liabilities (CTL) and earnings per share (EPS) of companies listed on the Nigeria Exchange Group (NGX).

Since the p-value (0.0495) is less than the significance level (0.05), we reject the null hypothesis (H_{01}). This means there is a statistically significant relationship between CTL and EPS of companies listed on the Nigeria Exchange Group (NGX), though the correlation is weak and negative ($r = -0.1125$). This result suggests that as current tax liabilities increase, there is a slight tendency for earnings per share to decline, potentially indicating a negative impact of current tax obligations on corporate profitability and wealth maximization.

H_{02}: There is no significant relationship between deferred tax liabilities (DTL) and earnings per share (EPS) of companies listed on the Nigeria Exchange Group (NGX).

Since the p-value (0.0379) is less than the significance level (0.05), we reject the null hypothesis (H_{02}). This indicates that there is a statistically significant relationship between DTL and EPS of companies listed on the Nigeria Exchange Group (NGX), though the correlation is weak and positive ($r = 0.1208$). This suggests that an increase in deferred tax liabilities is slightly associated with an increase in earnings per share, potentially indicating that tax deferrals allow firms to retain earnings and enhance short-term wealth maximization.

5. IMPLICATION AND RECOMMENDATIONS

Implication of Findings

The findings of the study have significant practical implications for corporate financial management and strategic planning. The negative impact of current tax liabilities (CTL) on earnings per share (EPS) suggests that firms need to adopt more effective tax planning strategies to minimize the immediate financial strain caused by tax obligations. Financial managers should focus on optimizing cash flow management to ensure that current tax liabilities do not compromise the firm's profitability and wealth maximization goals. Additionally, the positive relationship between deferred tax liabilities (DTL) and EPS highlights the importance of leveraging deferred tax strategies as a tool to enhance short-term financial performance. This underscores the need for corporate accountants and tax professionals to understand and apply deferred tax regulations strategically, ensuring compliance while maximizing financial benefits.

From a policy perspective, the findings highlight the necessity for government and regulatory authorities to create a balanced tax system that supports both compliance and corporate growth. Policymakers should consider revisiting tax policies to reduce the excessive burden of current tax liabilities, especially for companies in sectors that significantly contribute to economic development. Simplified tax procedures, incentives for timely compliance, and fair tax rates could encourage firms to comply while maintaining profitability. Moreover, the findings advocate for improved guidelines on deferred tax treatments to ensure transparency and consistency in financial reporting, thereby fostering investor confidence and enhancing the overall efficiency of the capital market. These measures would not only benefit corporate entities but also contribute to economic stability and growth.

Study Recommendations

The following recommendations were made for the study;

1. **Optimized Tax Planning and Compliance Strategies:** Companies listed on the Nigeria Exchange Group (NGX) should adopt robust tax planning strategies to minimize the adverse impact of current tax liabilities on earnings per share. This includes leveraging tax incentives, deductions, and allowances available under the law to reduce tax burdens effectively. Firms should also invest in capacity building for their financial and tax professionals to ensure compliance with tax regulations while strategically managing liabilities to enhance wealth maximization.
2. **Policy Reforms for Tax Efficiency:** The government and tax regulatory authorities should consider implementing reforms to create a more business-friendly tax environment. Specifically, the focus should be on reducing the financial strain caused by current tax liabilities through tax rate adjustments or introducing flexible payment schemes. Additionally, clear and consistent guidelines on deferred tax treatments should be provided to ensure companies can effectively utilize deferred tax strategies without compromising transparency and compliance. These measures will help enhance corporate financial performance and contribute to broader economic development.

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