Audit Committee and Tax Planning Of Listed Firms: Evidence from Nigeria

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ABSTRACT

This study investigates the effect of audit committee on tax planning of listed non-financial firms in Nigeria. It aims at finding out the audit committee structure that improves tax planning thereby reducing tax liability of the firms. Data for the study were extracted from annual reports and accounts of the sampled non-financial companies for a period of ten years (2008 – 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 reveals that the audit committee's compositions, frequency of meetings, and financial expertise have a negative effect on tax planning of listed non-financial firms in Nigeria. In addition, profitability shows a positive and significant effect on tax planning, and leverage has a negative effect. Theoretically, the study is significant for its contribution to agency and stakeholder theories as they explain relationship between corporate governance and tax planning. The findings have implications for the various stakeholders of listed non-financial firms in Nigeria. They should be assured of tax planning for companies who have a good number of non-executive directors in audit committees, frequent meetings which are attended by members, and financial experts.

Keywords: Tax planning, audit committee, corporate governance, tax expenses, non-executive directors.