
Effect of corporate social responsibility on tax planning of listed consumer goods firms in Nigeria

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ABSTRACT

This research investigates the intricate relationship between corporate social responsibility (CSR) and tax planning, with a specific focus on consumer goods firms in Nigeria. Past studies have primarily concentrated on the philanthropic dimension of CSR, overlooking economic, legal, and ethical dimensions. The study addresses this gap, examining the period between 2012 and 2022, considering the evolving landscape of the Nigerian consumer goods sector, changes in tax legislatures, and the introduction of regulations impacting tax planning strategies. Utilizing a correlational research design, the study explores the connection between various dimensions of CSR, namely economic, legal, ethical, and philanthropic responsibilities, and the Book Tax Difference (BTD) as a measure of tax planning aggressiveness. Findings reveal that economic responsibility correlates negatively with BTD, indicating that firms engaging in economic CSR activities may adopt more aggressive tax planning. Legal responsibility positively influences BTD, emphasizing the importance of tax regulation compliance. Ethical responsibility does not significantly impact BTD, suggesting a nuanced relationship. Philanthropy responsibility positively affects BTD, implying that philanthropic activities might attract increased tax scrutiny. The study concludes by recommending that consumer goods firms integrate CSR objectives into their tax planning processes, establish cross-functional teams to assess legal implications, and conduct ongoing assessments for proactive compliance. These recommendations aim to align CSR and tax planning strategies effectively, contributing to a more comprehensive understanding of their relationship.

Keywords: Tax Planning Corporate Social Responsibility Consumer Goods Firms.

1. INTRODUCTION

The responsibilities of corporate tax managers involve minimizing tax liability, as it directly impacts a company's profitability (Oyemimi & Onakoya, 2016). Tax planning, tax avoidance, and tax evasion are strategies utilized for this purpose (Nike et al., 2014). Tax planning, which involves legally reducing tax payments, can also enhance shareholder value (Suandy, 2011; Silvy & Alexander, 2019). Various tactics such as jurisdictional tax rate differentials and tax incentives aid in minimizing tax burdens (Fallan et al., 1995 as cited in Moore et al., 2017).

Taxes significantly impact profitability and shareholder value, influencing business decisions (Graham, 2003). Discretionary tax-cutting strategies are influenced by incentives such as Corporate Social Responsibility (CSR) (Sikka, 2010). CSR, a commitment to stakeholders' interests beyond legal requirements, encompasses economic, environmental, and social concerns (Bennett, n.d.; KPMG, 2007). CSR involves voluntary, broad responsibilities with transparency and integration into business operations (Carroll, 1999 as cited in Knuutinen, 2014).

Critics challenge CSR's validity due to its perceived conflict with profit maximization and shareholder value (Tsoutsoura, 2004). Nevertheless, responsible tax behavior is considered part of CSR, aligning with ethical principles (Preuss & Sikka, 2010). In Nigeria, certain CSR expenses are tax-deductible, encouraging tax planning through CSR (Section 25(1)(b) of the Companies Income Tax Act (CITA) 2004). CSR, when aligned with tax behavior, is seen as a profit-maximizing strategy (Van-Eijsden, 2013).

Initial attention to the relationship between CSR and tax planning was prompted by scholars like Freedman (2003) and Christensen and Murphy (2004) (Rasmus, 2015). However, prior research predominantly focused on philanthropy, overlooking other CSR dimensions and their impact on tax planning (Oboh & Nosa, 2021). Sector-specific studies, such as those in the banking sector, underscore the need for comprehensive research specific to industries like consumer goods manufacturing (Favour, Irokwe, & John, 2023).

To address these gaps, this study aims to explore the relationship between various dimensions of CSR, including economic, legal, and ethical aspects, and tax planning within the Nigerian consumer goods manufacturing sector from 2012 to 2022. By examining Carroll's pyramid and its interconnection with tax planning, this study seeks to contribute to both managerial practices and scholarly understanding of CSR and taxation.

2. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Conceptual Review

Given that tax planning can result in a higher after-tax return (Scholes & Wolfson, 1992) as cited in Tanko (2023), shareholders' perceptions of tax planning may contradict the conventional wisdom that tax planning has a negative impact on CSR, as discovered by Desai and Dharmapala (2009) as cited by Siyanbola and Samaila (2021), who found that tax planning of US companies is valued positively by the market. This indicates that engaging in tax planning is not in favour of stakeholders but shareholders by increasing their wealth. While the primary goal of a company is to maximize shareholder value, these writers agree that companies should strive to meet the needs of all stakeholders in order to improve their credibility and reputation (López-González et al., 2019). In this regard, some researchers (Preuss, 2010 and Sikka, 2010 in Tanko et al., 2022) discovered that corporations appear to be ethical and socially responsible even though they engage in tax planning. Huseynov and Klamm (2012) reaffirm this by stating that even as firms develop tax planning techniques, they are still committed to improving their social and environmental efficiency.

Landry et al. (2013) affirmed that tax benefits resulting from avoidance strategies planning may be way less than the cost of loss of credibility that these activities may mean. These authors confirm it by supporting how tax assessment can encourage the managerial team to make short-term financial decisions that favour shareholders. While the negative effects of tax avoidance on shareholders can be offset by social and environmental efforts (Hoi et al., 2013; Laguir et al., 2015), shareholders still tend to endorse tax savings and thereby increasing their wealth (Hoi et al., 2013; Laguir et al., 2015). In addition, according to Groen (2014), tax is a return on a societal investment from which the companies benefit from. Companies take advantage of the socioeconomic benefits created by the countries in which they work.

This may be the infrastructure, the citizens trained by the state, the legal system, healthcare, security, subsidies and public goods (Van-Eijsden, 2013). The state is directly selling goods and services to the firms. It is only natural that a price, in the form of taxes, be charged for the use of social capital. CSR also involves working equally with vendors. It is only fair that the state, as a supplier, be paying taxes in the same way as other suppliers are paid for their products and services rendered (Jenkins & Newell 2013). Furthermore, all stakeholders that contribute capital must see a return on their investment. Shareholders contribute financial resources and earn dividends in exchange. Employees have human resources and earn in exchange

wages and bonuses. The state provides social capital and should collect in return taxes which are used to fund and retain this social capital (Sikka, 2010 in Davis et al., 2013).

Empirical Review

Lanis and Richardson (2012) studied the relationship between corporate social responsibility (CSR) and corporate tax aggressiveness. Based on a sample of 408 publicly listed Australian corporations from 2008 to 2009 financial year, the study documented that the higher the level of CSR disclosure of a corporation, the lower is the level of corporate tax aggressiveness. The findings showed a negative and statistically significant relationship between CSR disclosure and tax aggressiveness, consequently, they assert that more socially responsible corporations are likely to be less tax aggressive. Davis et al. (2013) assessed the link between corporate tax payments and social responsibility in USA from 2006 to 2011. Using both ordinary least squares and a system of simultaneous equations, the study estimates the relationship between corporate social responsibility programmes and the amount of corporate taxes charged and the amount spent in tax lobbying activities. The study used cash ETR to measured taxes while environmental, social and governance aspect were used as CSR indexes. Corporate social responsibility is found to be negatively linked to five-year cash effective tax rates and positively related to tax lobbying expenses, according to the study.

Laguir et al. (2015) study documented positive relationship between CSR and ETR. The study is based on a sample of French listed companies, more so, the study asserts that a higher level of CSR on the economic dimension relates to a higher level of tax aggressiveness. Ling and Abdul-Wahab (2016) investigates the relationship between equity value, CSR and tax planning in a Malaysian setting. The sample of the study is non-financial industrial products of 85 Bursa Malaysia's public listed companies over seven years, from 2008-2014. Financial data was gathered from Thomson Reuters Datastream, while CSR and tax data were manually collected from annual reports. The data were analysed using two panel regression models: the first was used to regress equity value on CSR with aggregated tax planning, and the second was used to regress equity value on CSR with disaggregated tax planning steps, which included permanent differences, temporary differences, and statutory tax rate differences. The study uncovers evidence of negative relationship between CSR and tax planning. The study revealed that shareholders equity has positive effect on CSR, but they place a negative value on tax planning activities. Permanent differences and statutory tax rate differences are also negatively valued by shareholders, which is consistent with the aggregated tax planning measure. The relationship between

equity value, CSR, and tax planning was found to be unaffected by temporal differences.

Nadiah, et al. (2017) studies CSR disclosure and its impacts towards corporate tax aggressiveness. The study employed public listed companies in Malaysia and content analysis on CSR report and other discrete reporting documents for financial year end were analysed to gather all relevant information relating to the disclosure. The computation of Effective Tax Rate (ETR) was used to measure corporate tax aggressiveness. The study found that disclosure items related to the environmental dimension, social dimension and governance dimension give positive significant effect on corporate tax aggressiveness. Similarly, Abdul-Rahman (2017) assessed the relationship between corporate social responsibility and the extent of tax planning. The study used data for CSR (environmental, social and economic) dimension which was extracted from Thompson Reuters Datastream. The sample frame of the study are the non-financial companies listed on the London Stock Exchange (LSE) for the period from 2005 to 2014. The data for tax planning, include book tax differences (BTD) which was extracted from the companies published financial reports in their tax note disclosures. The study found a weak positive association between aggregate CSR dimensions and the extent of tax planning. Wang (2017) also documented same positive result which is also consistent with findings of Abdulman (2017).

In same vein Rahmat and Kustiawan (2018) examines the relationship between corporate social responsibility (CSR), firm size and corporate tax aggressiveness. The study used sampled 11 public companies listed in Indonesia for financial year 2013-2015. The study used ETR as measurement for tax aggressiveness and dummy variables were used to measure CSR. The results of multiple regression analysis show that there is negative and insignificant relationship between corporate CSR activities and corporate tax aggressiveness. This indicate that CSR encourages tax aggressiveness. Similarly, Ratmono and Juliarto (2019) examine the effect of CSR disclosure on tax aggressiveness Indonesia. The sample consisted of non-financial companies listed on the Indonesia Stock Exchange (IDX) from 2015 to 2017 with companies' study observation of 370. Statistical testing is done by using ordinary least squares (OLS) regression analysis techniques. The result shows a negative relationship between CSR and ETR. The results showed that the lower the level of CSR disclosure of a company, the higher the level of tax aggressiveness.

Pratiwi and Siregar (2019) examined the effect of CSR towards tax avoidance and earnings management practices as well as the role of political connections as moderating variable. The sampled used in the study is 936 companies listed on the Indonesia Stock Exchange from 2014 to 2016. Multiple regression was used to

analysed the data generated from secondary source. The study finds that CSR has a positive effect toward tax avoidance (ETR and BTD). Contrary is the study of Heuvel (2019) who examines the relationship between CSR and tax avoidance in European firms. The sample comprising of 5,219 European firm-year observations from 2002 to 2017, multiple analyses was used. The relationship was tested by grouping firms domiciled in the UK and firms not domiciled in the UK. Additionally, earnings quality and periodic differences are used to examine the relationship. The study shows that firms domiciled in the UK do reflect prior results better and differ from the CSR cultures in other European countries. The study documented that CSR components encouraging tax avoidance. Conclusively, environmental performance negatively related to tax avoidance for UK firms and positively for non-UK firms, lending credence to the idea that UK firms do not consider environmental performance and tax avoidance complements.

On the other hand, Goldstein and Goldstein (2020) conducted a qualitative study into the viewpoints, perceptions, and perception of taxation and CSR of tax practitioners. The study used semi-structured interviews and open-ended questions to collect data relating to CSR and taxes. Tax practitioners from the target population of tax practitioners for corporate clients were sampled for the analysis. The study interviewed fifteen (15) tax practitioners for corporate clients from New York City and surrounding areas. The study uncovered important information about tax practitioners' views on the relationship between CSR and taxation, including their inability to identify CSR.

Van-Renselaar (n.d) studies the relation between CSR and corporate tax avoidance. The study used sample of 3304 observations between 2002 and 2014. The study revealed that the CSR score of companies is negatively related to their effective tax rate. This indicate that CSR reduces firms tax incidence through tax avoidance. The study also documented that economic performance and environmental performance are positive significant related towards tax avoidance. This indicates that shareholder and client loyalty, as well as resource and emission reduction, relate to a higher extent of corporate tax avoidance. Inconsistent with their finding is the study by Karundeng, et al. (n.d.) who analysed the effect of corporate social responsibility on tax avoidance with profitability and firm size as moderators. The study shows that the higher the level of CSR activities, the higher the company's responsibility for its tax obligations. Moreover, CSR has stronger influence on decreasing tax avoidance if CSR is carried out by large companies.

H01: economic responsibilities has no significant effect on tax planning

Ho2: legal responsibilities has no significant effect on tax planning

Ho3: ethical responsibilities has no significant effect on tax planning

Ho4: philanthropic responsibilities has no significant effect on tax planning

3. METHODOLOGY

The research design used for the purpose of this study is correlational research design. The reasons for using this research design are because correlations which examines the relationship between the independent and dependent variables. This also considers the association among the independent variables themselves. Correlational research allows you to investigate the relationships between two or more variables (Tanko, 2023).

The study employed two-point filters in order to arrive at 17 working population of the study out of 21 listed consumer goods firms. The two-point filters that; firstly, a company must have been listed on the NGX on or before 31 December 2012. Secondly, it must have easily accessible and complete annual report throughout the study duration. The first filter filtered out one company Bua Food Plc since the company was recently listed in 2022, while the second filter further filtered out additional three companies (DN Tyre & Rubber Plc, Golden Guinness Breweries Plc and Multi-Trex Integrated Foods Plc) because their annual reports were not available. Addition, the study employs census sampling technique to use the entire working population of the study, this is to considered relevant as all members of the working population are studied.

The Dependent Variable

Book Tax Difference (BTD): Book Tax Difference will be measured as $\{Profit\ before\ tax - \frac{current\ tax\ liability}{statutory\ tax\ rate}$ ((Maigoshi & Tanko, 2023; Rahman, 2017; Park, 2017; Pratiwi & Siregar, 2019). The BTD will be further attenuated by dividing it by the total asset. Hence, $Profore\ tax - \frac{current\ tax\ liability}{statutory\ tax\ rate}$

$$\frac{\text{Total Asset}}$$

The Independent Variables

a) Economic responsibility.

$$CSREc = \frac{\Sigma TDEcR}{\Sigma EDEcR}$$

CSREc = *Economic Responsibility of CSR*

$\Sigma TDEcR$ = Total disclosure by company on economic dimension

$\Sigma EDEcR$ = Total number of expected disclosures on economic responsibility dimension

Expected disclosures on Economical dimension are as follows:

1. Research and development (R&D)
2. Management performance
3. Economic performance
4. indirect economic impacts
5. procurement practices
6. contributions to economic development such as infrastructural investment and service supported

source: Roman and Grant (2012); Groen (2014)

b). Legal responsibility

$$CSRL = \frac{\Sigma TDLR}{\Sigma EDLR}$$

CSRL = *Legal Responsibility of CSR*

$\Sigma TDLR$ = Total disclosure by company on legal dimension

$\Sigma EDLR$ = Total number of expected disclosures on legal responsibility dimension

Expected disclosures on legal dimension are as follows:

- Environmental protection/improvement/betterment or awareness
- Explanation of major kinds of product/services
- Value added statement.
- Staff-engagement programs or employee satisfaction/job sustainability
- Disclosing information about customer service or customer relationship
- Providing a safe and harmonious working environment for the employee
- Employment of women, special persons, and minorities
- Product or service quality, quality-control system, measures, or procedures
- Implantation of trees to make the country green, green office project

source: Roman and Grant (2012); Groen (2014); (Rasmus, 2015)

c) Ethical responsibility

$$CSREt = \frac{\Sigma TDEtR}{\Sigma EDEtR}$$

CSREt = *Ethical Responsibility of CSR*

$\Sigma TDEtR$ = Total disclosure by company on Ethical dimension

$\Sigma EDEtR$ = Total number of expected disclosures on ethical responsibility dimension

Expected disclosures on Ethical dimension are as follows:

1. Code of ethics/business conduct
2. Corporate governance statement
3. Compliance with labour standards
4. Staff protection (safety and security)
5. The extent of the company's policy for countering bribery

Source: Groen (2014); (Rasmus, 2015)

Philanthropic responsibility

$$CSRPh = \frac{\Sigma TDPhR}{\Sigma EDPhR}$$

CSRPh = *Philanthropic Responsibility of CSR*

$\Sigma TDPhR$ = Total disclosure by company on Philanthropic dimension

$\Sigma EDPhR$ = Total number of expected disclosures on Philanthropic responsibility dimension

Expected disclosures on Philanthropic dimension are as follows:

1. Charitable contributions
2. Social investments
3. Employee volunteerism and engagement
4. Strategic philanthropy alignment
5. philanthropic activities impact measurement and reporting
6. Collaborative philanthropy

Source: Groen (2014); (Rasmus, 2015)

Control Variables

Profitability: This is represented by return on assets (ROA) which is measured as the ratio of profit before tax to total assets (Hogan & Noga, 2015; Salawu & Adedeji, 2017).

Firm size: The proxy of firm size is log of total assets (Salawu, 2017; Groen, 2014).

Techniques for Data Analysis

This study will use the Pearson Correlation analysis as a quantitative measure of the nature of relationship between a pair of variables. The relationship ranges from -1 to +1 with -1 and +1, indicating perfect relationship, and 0 means absence of statistical relationship. In addition, the strength of association among the independent variables, using correlation technique, may reveal early indication of presence of significant multicollinearity between or among the independent variables. Correlation analysis has been used by studies on tax aggressiveness, such as Goh *et al.* (2016), Halioui *et al.* (2016) and Hanlon *et al.* (2017).

Multiple regressions are statistical tools that enables an examination on how multiple independent variables are related to a dependent variable: that is, using the explanatory variables to predict variations in the response variable.

However, the selection of the appropriate technique among the many multivariate statistical tools available depends on the measurement of dependent variable. In this study, panel data regression method is found to be suitable and will thus be employed in the analysis of data. This is because, the panel character of the data, that is, its combination of time series, as well as cross-sectional attributes justify the application of a panel data method.

Model Specifications

Consistent with prior studies on tax planning, the study adapts the models of Groen (2014); Richardson *et al.* (2016), and Tanko (2020). The equations are as presented below:

$$BTD = \beta_0 + \beta_1 CSREc_{it} + \beta_2 CSRL_{it} + \beta_3 CSREt_{it} + \beta_4 CSRPh_{it} + \beta_5 ROA_{it} + \beta_6 FS_{it} + \varepsilon_{it} \text{-----} 2$$

BTD= book tax difference

CSREc= Economic Responsibility of CSR

CSRL= Legal Responsibility of CSR

CSREt= Ethical Responsibility of CSR

CSRPh= Philanthropic Responsibility of CSR

ROA= return on assets;

FS = firm size;

i = firms 1 – 17;

t = the financial years 2012 – 2022;

β_0 = the intercept;

β_1-6 = the slope coefficient of explanatory variables; and

ϵ_{it} = error term.

4. RESULT AND DISCUSSION

Table 1
Descriptive statistics (N=187)

Variables	Mean	Std Dev.	Minimum	Maximum
BTD	0.0301	0.6357	-2.4746	6.1540
CSREc	0.5824	0.1778	0.1427	0.8571
CSRL	0.6595	0.1619	0.1111	0.8888
CSREt	0.6705	0.1538	0.20000	0.80
CSRPh	0.5473	0.2084	0.0000	0.875
ROA	0.1111	0.6186	-0.1340	0.5715
FSize (N000)	144,000	174,000	57.287	825,689.552

Source: Authors Analysis

Table 1 shows that BTD has mean of 0.0301. In addition, the results also show standard deviation of BTD at 0.6357, indicating a wide variation around the mean since the standard deviation is greater than the mean. It also implies that there is significant difference in BTD among the sampled consumers goods firms. The minimum value of -2.4746 for Union Salt Dicon Plc in 2018 is due to a high difference between profit/loss before tax (accounting profit) -N134,851 and taxable profit of N6,913.333. This value was scaled by the company's total assets of N57,287. The maximum value stood at 6.1540. The maximum value was the result of large book difference between the profit before tax of N685,961 and actual taxable profit of N4,333.333 of Union Dicon Salt Plc in 2020.

The average proportion of corporate social economic responsibility is 0.5824 which is about 58% indicating that consumer goods firms focus most on economic benefit of the shareholders which is the main objectives of the firms. This is supported with minimum values of 0.1429 and maximum value of 0.8571. This indicates that some company disclosed about 86% of their economic responsibility. The standard deviation of 0.1619, indicating low dispersion around the mean. The mean for legal responsibility of the sampled firms during the period of the study is approximately 66% an indication that firms meet up with their legal responsibility in terms of corporate social responsibility in order to avoid court case and sanction. The standard deviation is 0.1706 which implies low variation among the sampled firms

and over time. This implies that most of the firm carry out their legal responsibility, this is supported by minimum value of 11% and maximum 89%.

The results also indicate that on average, the ethical responsibility is 67% with standard deviation is 0.1538. This shows that there is low variation around the mean and there is no difference among the sampled firms in term of their ethical responsibility, since the mean is considerably greater than the standard deviation. It shows that the firms adhered to their ethical responsibilities. The minimum value is 20% while the maximum value is 80%. On the other hand, average philanthropist responsibility of the sampled firms during the period of the study is 55% with a minimum of 0 and maximum of 88%. The standard deviation of 0.2084 implies that there is no wide variation in the philanthropist responsibility of the sampled consumers goods firms during the period and among the firms.

In addition, ROA has a mean of 11% with a minimum of -13.4\$ negative and maximum of 0.5715 which indicates 57.15%. The standard deviation of 0.6186 indicates high dispersion in profitability among the sampled companies. Finally, on average the sampled companies have total assets of about N144,000 with a minimum of N57.287 and maximum of N826,000. The standard deviation of N174,000 implies low variation in the firm size. The minimum is total assets of Union salt Dicon Plc in 2018 while the maximum is the total assets of McNicolas Plc in the year 2018.

Table 2
Correlation matrix for CSR and BTD

Variables	BTD	CSREc	CSRL	CSREt	CSRPh	ROA	FSize
BTD	1.0000						
CSREc	0.0313	1.0000					
CSRL	-0.0411	0.2541	1.0000				
CSREt	0.1304	0.1402	0.0367	1.0000			
CSRPh	-0.0099	0.2040	0.2387	-0.2575	1.0000		
ROA	0.5499	-0.0821	-0.1292	0.1897	-0.0437	1.0000	
FS	0.2091	0.0352	0.0295	-0.0023	-0.0250	0.1924	1.0000

Note. Author(s) Analysis

From Table 2 it shows the relationship between corporate social responsibility on tax planning which include independent variables (economic responsibility of CSR, legal responsibility of CSR, ethical responsibility of CSR and philanthropic responsibility of CSR) and dependent variable (BTD) that economic responsibility, ethical responsibility, profitability and firm size have positive relationship with BTD with correlation coefficients of 0.0313, 0.1304, 0.5499 and 0.2091 respectively.

However, the relationships are weak except the relationship between ROA and ETR which is moderate are 55%. The positive results implied that the economic responsibility, ethical responsibility, profitability and firm size move towards the same direction with BTD.

This also indicates that the economic responsibility, ethical responsibility, profitability and firm size increase BTD. On the other hand, legal responsibility and philanthropist responsibility have weak and negative relationships with BTD with correlation coefficients of -0.0411 and -0.0099 respectively. This suggests that legal responsibility and philanthropist responsibility reduced BTD and do not move in same direction with BTD. More so, it indicates that legal responsibility and philanthropist responsibility does not encourage tax planning on aspect book tax difference.

Table 3
Regression Results (Fixed Effect)

Variables	Coefficients	t-value	p>t
Constant	-0.7240	-1.44	0.171
CSREc	-0.1837	-2.34	0.021**
CSRL	0.1398	3.21	0.002*
CSREt	-0.0198	-0.36	0.727
CSRPh	0.0070	2.67	0.009*
ROA	1.0131	86.85	0.000*
FSize	0.0384	1.31	0.210
R ² :			
within	0.9453		
between	0.3140		
overall	0.9225		
Wald chi2/Fstat	62862.87		
P-value	0.0000		
Hetest	0.0000		
Hausman	0.0000		

Source: Author(s) Analysis

Note: *, ** and *** indicate 1%, 5% and 10% level of significance respectively.

Table 3 shows the overall R² of effect of corporate social responsibility on tax planning which include independent variables (economic responsibility of CSR, legal responsibility of CSR, ethical responsibility of CSR and philanthropic responsibility of CSR) and dependent variable (BTB) the R² of 0.9225 which is the multiple coefficients of determination, gives the proportion of the total variation in the BTB explained by the corporate social responsibility (CSR) variables jointly. It implies that 92.25% of the total variation in BTB of listed consumer goods firm in

Nigeria is caused by economic responsibility, legal responsibility, ethical responsibility and philanthropist responsibility. The F statistics represent the fitness and the significant of mode two and the general hypothesis of the study model based on the F-statistics output of 62862.87 at a probability level of 0.0000 which is less than the critical value of 0.05 ($0.00 < 0.05$). Therefore, the study model is fit statistically significant in influencing the level of BTD of listed consumer goods firms in Nigeria.

On the other hand, Table 3 shows the results effect of corporate social responsibility on tax planning which include independent variables (economic responsibility of CSR, legal responsibility of CSR, ethical responsibility of CSR and philanthropic responsibility of CSR) and dependent variable (BTD) for model two, the results of the analysis indicate the effects of different aspects of Corporate Social Responsibility (CSR) economic responsibility, legal responsibility, ethical responsibility, and philanthropy responsibility on the Book Tax Difference (BTD) in conjunction with other factors like Return on Assets (ROA) and firm size. Let's interpret the findings and discuss their implications and connections to existing theories and previous empirical studies:

Table 3 shows a negative and significant effect of economic responsibility on BTB (coefficient value of -0.1837, probability value of 0.000) suggests that companies that prioritize economic responsibility tend to have lower BTB. This finding aligns with the notion that companies with a strong focus on financial transparency and accountability may have fewer discrepancies between their financial reporting and tax obligations. Prior research in this area may have emphasized the importance of financial management practices and ethical accounting behaviour in reducing tax discrepancies.

The negative impact has a coefficient value of -0.1837 and a probability value of 0.021 which is significant at 5% level of significance. This implies that 1% increase of economic responsibility would decrease tax planning by 18.37%. This finding is in agreement with the findings of Van-Renselaar (n.d); Park (2017). Thus, the finding is inconsistent with the findings of Abdul-Rahman (2017); Mgbame et al. (2017); Wang (2017). This also suggest that firm management give more focus on other tax-deductible expenses to increase tax planning. For instance, when engaged on research and development they benefit tax allowances on such amount used for the purpose of R&D. The study also provides enough evidence to rejects the null hypothesis since, the probability is less than 5% level of significance. Hence the study rejects that null hypothesis which states that economic responsibility does not have significant effect on BTB of listed consumer goods firm in Nigeria.

The results also show a positive and significant effect of legal responsibility on BTD (coefficient value of 0.1398, probability value of 0.002) this implies that companies that adhere to legal responsibilities in their CSR practices tend to have higher BTD. This finding could indicate that companies engaging in responsible legal practices might also adopt tax planning strategies within the boundaries of the law, leading to higher BTD. This also implies that 1% increase in legal responsibility other factors remaining constant has 13.98% increase in BTD of the companies and is statistically significant. The result indicates that legal responsibility encourages tax planning. Also, the study provides enough evidence to reject the null hypothesis which states that legal responsibility does not have a significant effect on ETR of listed consumer goods firms listed on the floor of Nigeria Exchange (NGX). Hence, the study rejects the null hypothesis.

However, the results show a negative and insignificant effect of ethical responsibility on BTD (coefficient value of -0.0198, probability value of 0.727) suggests that ethical CSR practices do not have a significant impact on BTD. This finding might be unexpected, and it could indicate that ethical practices might not directly influence tax differences. The negative effect indicates that 1% increase of ethical responsibility would lead to 1.98% decrease tax planning, thus, the decrease is insignificant. The study does not provide enough evidence to reject the null hypothesis. In respect to this, the study fails to reject the null hypothesis which states that ethical responsibility has no significant effect on BTD.

On the other hand, Table 3 shows a positive and significant effect of philanthropy responsibility on BTD (coefficient value of 0.0700, probability value of 0.000) indicates that companies engaging in philanthropic CSR activities tend to have higher BTD. This finding could imply that companies with higher BTD might be more inclined to engage in philanthropy, possibly to improve their public image or demonstrate corporate citizenship. Previous research might have explored the motivations behind philanthropic CSR activities and their potential implications on financial and tax-related metrics

This finding is in agreement with (Campopiano & De-Massis, 2015). The finding also implies that the more disclosure of philanthropic responsibility higher level of tax relief in the sampled consumer goods companies. This suggests that as firms engage more on philanthropic donation and contribution such as donation to bodies approved by Joint Tax Board would increase tax planning of listed consumer goods firms. For instance, the Finance Acts 2020 provide reliefs to firms that make donations in the period of pandemics, donation to Internal Displaced Person (IDP).

Similarly, there is positive and significant effect of Return on Assets (ROA) on BTD (coefficient value of 1.0131, probability value of 0.000) suggests that higher profitability is associated with higher BTD. This finding might indicate that profitable companies have more resources and flexibility to engage in tax planning activities, leading to increased tax differences. Prior studies may have examined the relationship between financial performance and tax outcomes. The results further show a positive and insignificant effect of firm size on BTD (coefficient value of 0.0384, probability value of 0.171) suggests that the size of the company does not significantly impact BTD. This finding may be surprising and could lead to further investigation. Previous empirical studies might have differing views on the relationship between firm size and tax differences.

5. CONCLUSION AND RECOMMENDATIONS

Conclusion

Economic responsibility showed a negative and significant effect on the Book Tax Difference (BTD), indicating that firms engaging in economic CSR activities tend to adopt more aggressive tax planning strategies.

Legal responsibility demonstrated a positive and significant effect on the BTB, highlighting the importance of compliance with tax regulations.

Ethical responsibility did not significantly impact BTB, however positive effect on BTB, suggesting that ethical CSR activities may not directly influence tax planning decisions.

Philanthropy responsibility exhibited a positive and significant effect on BTB, implying that firms involved in philanthropic activities might face higher tax scrutiny.

Recommendations

Consumer goods firms should conduct a comprehensive analysis of their CSR initiatives and tax planning strategies to identify synergies and align them effectively. They should integrate CSR objectives into their tax planning process, ensuring that tax incentives and deductions are maximized. Also, the integration of CSR and tax planning should be an ongoing process, with regular assessments and adjustments as business operations and tax regulations evolve. In addition, the responsibility for implementing this recommendation lies with the finance and CSR departments, working in collaboration to align objectives and strategies effectively. The finance manager and CSR manager should work closely to ensure that CSR initiatives are

taken into account during tax planning, and the entire finance team should be involved in executing the tax strategies.

In addition, consumer goods firms should establish a dedicated cross-functional team comprising legal, finance, and CSR experts to assess the legal implications of CSR initiatives on tax planning. The team should communicate effectively and update tax strategies accordingly. This team should be established as soon as possible to ensure proactive compliance with changing legal requirements and timely adjustments to tax planning strategies. The responsibility for implementing this recommendation lies with the executive leadership team, which should oversee the cross-functional team's operations. The legal counsel, finance manager, and CSR manager should lead the cross-functional team, with support from other relevant stakeholders.

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