Retained Earnings and Company Income Tax for Consumer Goods Firms in Nigeria That Are Listed

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***Abstract*—This research looked at how retained earnings from listed consumer goods businesses in Corporation income tax has an impact on Nigeria. The study employed an ex-post-facto research design. Secondary sources provided the information. The representative data for the independent variable (corporate income tax) and the dependent variable (retained earnings) came from the audited financial reports of each of the selected listed consumer goods companies. The study's sample size was determined using the census sampling technique. OLS regression was used to examine the data, and Pearson correlation was used to estimate the mode. Numerous robustness tests, such as tests for data normality, unit root, multicollinearity, and heteroskedasticity, were also performed on the findings. The study's findings demonstrated that the listed consumer goods companies' retained profits were greatly impacted by corporation income tax. In order to encourage businesses to continue functioning, the report suggested that the government take into account measures meant to lessen the tax burden on consumer products firms and, if required, provide tax exemptions.**

***Keywords*—Taxation, Corporate Income Tax, Financial Performance and Retained Earnings**

I. INTRODUCTION

The federal political organization of Nigeria, which closely follows the same fiscal regime principles, has a major effect on how the tax system is administered. It is typified by needlessly complicated, distorted, and generally unfair tax regulations that are rarely used in the formal sector, which controls the majority of the economy. Since taxes are required of taxpayers, they are an essential source of government funding and help cover its expenses [24] Taxes are a useful tool for public finance whose amount influences an economy's degree of economic activity. They are used to control the way the economy performs economically as well as to raise money for government programs.

Nigeria's tax structure is dynamic and constantly changing to meet the needs of its citizens since it is a socio/political and economic model that reflects society's social, political, and economic needs and aspirations at any given time [4]

Tax systems differ from one nation to another. Taxation is a means of raising money from corporations or private individuals to support government development projects. Rather, it is a mandatory payment that the government makes to taxpayers in return for the observable advantage of being in a community that is secure, healthy, and fairly educated.

In order to regulate the production of specific goods and services, taxes are imposed, safeguard emerging or important sectors, control inflation, and cover government operating expenses. Nigeria imposes taxes to control a number of economic activities, such as influencing the nation's general economic activity, reducing the wealth disparity, reducing the consumption of needless goods and services, balancing the country's budget, and attracting investment.

As a result, no business does not occasionally decide to make investments that need careful and efficient planning of taxes (such as information and communication taxes, education taxes, corporate income taxes, etc.) in order to meet the aims and objectives of the business. the light of these realities. This research sought to ascertain the impact of taxes on the retained earnings of Nigerian consumer goods businesses that were publicly traded.

The findings of this investigation conclusions on Taxes' effects on listed consumer products' retained profits businesses in Nigeria are current because it utilized the most recent data. The results of Prior studies on how taxes affect business performance have been mixed. Several of these studies, including those conducted separately in [29], [11], Kenya and in Europe by [2], have demonstrated a negative correlation between tax collection and investment. In China, many studies found a favorable relationship between tax collection and retained earnings [10]. [9] and Research from Nigeria by [8] showed that taxes and retained earnings were negatively correlated.

A positive association was found in a related study carried out in Nigeria by [6] Consequently, this study is crucial to addressing the discrepancies identified by the earlier research. Furthermore, the majority of these research were conducted outside, and Contributing to the corpus of knowledge already existing in Nigeria was the aim of this one.

II. LITERATURE REVIEW

A. Company Income Tax

Since its initial implementation in Nigeria in 1961, CIT has had a number of modifications. Both the Finance Act of 2019 and the CIT Act of 2004 [21], which alters several CITA-related issues, are subject to these modifications. The Finance Act of 2019 amended the Among other things, certain subsections were eliminated from the table of tax exemptions on interest on foreign loans, and added others, particularly in the areas of franked investment incomes and company dividends paid (from retained earnings and profits) [12]. Nigerian businesses are formed and registered in accordance with the Company and Allied Matters Act (CAMA) or the Corporate Affairs Commission (CAC).

CAMA claims that a foreign company is one that was established for commercial purposes outside of Nigeria. According to [5], CAMA defines CIT only to assist in determining and following the required incorporation procedures before launching a business in Nigeria and to secure a registration exemption. Regardless of where they are located, Nigerian businesses pay corporation Federal Inland Revenue Service (FIRS) tax.

According to audited accounting, corporate taxes are applied to total earnings, which are subject to revisions, and receive compensation determined by the volume of earnings made.

CIT is a direct tax levied on company earnings, claims [15] Businesses must pay businesses income tax on their profits if they are registered in accordance with the modified Businesses and Allied Matters Act of 1990. According to the Companies Income Tax Act's (CITA) Section 8(1), CIT must be paid on a business's profits regardless of whether they were made in Nigeria, received by the business there, or both. People's spending patterns are subject to the indirect tax known as VAT [15]

[7] states that all newly established businesses in Nigeria must pay corporate income tax on all earnings made in, derived from, imported into, or received inside Nigeria. It is owed by both private and public limited liability corporations and covers taxes on the income of non-resident businesses operating in Nigeria. The Companies Income Tax Act (CITA) of 1979, which created CIT, was based on the Income Tax Management Act of 1961. The Federal Inland Income Service (FIRS), which administers and collects this tax, makes a substantial contribution to the government's revenue profile.

Whether they have originated globally or arrived in Nigeria or been received there, these gains would be considered to have accrued in Nigeria [11] as referenced in [17]. These include earnings from any kind of business or commerce, rental income from real estate, annual revenue streams such as dividends, interest, royalties, discounts, charges, annuities, and service fees. Therefore, Nigeria's Company Income Tax Act applies to both domestic and foreign companies. Corporation income tax is one of the most important sources of money for the Nigerian government.

The current enabling law that regulates the collection of taxes on profits generated by businesses operating in Nigeria, with the exception of those involved in petroleum exploration, is the Companies Income Tax Act, 1990. This tax, which has a 30% rate, is necessary when a company's earnings are assessed yearly [23] [27] cite [2] as saying that Nigerian companies' income tax management falls short of acceptable levels. If the standard metrics of administrative effectiveness, convenience, equality, and clarity were utilized, Nigeria would score low. People in the self-employed and unquoted private enterprise categories avoid paying taxes because of little oversight.

Despite the fact that business income tax is a significant source of revenue for the country, [29] study on corporate income tax and the Nigerian economy claims that there is widespread taxpayer noncompliance with tax rules and regulations due to inadequate inspection. Comprehensive tax reform is necessary for Nigeria's business income tax system.

B. Retained Earnings

Retained earnings are one of a listed company's main internal sources of working capital. There is growing interest in managing the short-term obligations and assets that a company may utilize to fund its ongoing operations [18] Retained earnings are defined by the Oxford Dictionary of Economics as a portion of a company's profits that are reinvested in the firm rather being distributed as dividends or taxes [26] as quoted in [23]

The net profit available for distribution less any distribution made is known as retained profits, according to the Oxford Dictionary of Finance and Banking [27] as quoted in [22] You have two options when your business turns a profit: either keep the money or provide a dividend to your shareholders. Every year, quarter, or month, you either deduct your losses and dividends from the retained earnings account or add your profits for the time to it [18]

It can be used to pay off debts, fund fixed investments, finance acquisitions of other businesses, give credit to consumers, or boost liquid assets (John et al., 2013 as referenced in [34] Retaining earnings is an option to borrowing money from outside sources or issuing shares to raise equity capital for additional investments [25] The profit and loss reserve include retained earnings [17]. The amount from profits or net income that is set aside to be utilized for dividend payments, debt reduction, or reinvestment in the business is known as retained earnings, and it is found in the shareholders' equity area of the balance sheet [25]

A significant portion of working capital and liquid resources are made up of retained earnings; without them, losses would mount and might have a detrimental impact on the year's profit after income tax deductions and returns due to shareholders for distribution. According to [11], as referenced in [30], if there is a net loss, the loss is carried over into retained earnings as a negative figure and subtracted from any remaining retained profits from previous quarters. Consequently, a negative stockholders' equity may indicate that a business has experienced losses for a number of years, to the extent that current retained profits and any money obtained from the issuance of shares have been surpassed [14] as referenced in [18]

Retained loss, also known as accumulated deficit, appears on the balance sheet when the company's debt exceeds its earnings. The firm could be accepting a significant loss now in order to make more money later if it is just starting out or is taking on debt to grow [31] as referenced in [27] However, negative shareholder equity a warning sign for stock investors could arise from cumulative losses over a number of years. It is evident that future earnings would only be utilized to gradually lower the loss if the amount in the Accumulated Loss account is not cleaned out. Similarly, until the amount in the accumulated loss account is paid off, the business cannot announce a dividend or distribute bonus shares.

III. THEORETICAL REVIEW

A. Agency Theory of Tax Incentives

One of the Nigerian government's most significant sources of income is corporation income tax. Means of making up for other economic environment-related obstacles imposed by the government.

Financial incentives ultimately provide a solution to both market and government disappointment. Implementing a grant or tax scheme that can mitigate the impact of such conditions is quicker and easier rather than dealing with the actual obstacles to investment (a lack of qualified personnel, the expense of compliance and regulations). Practically speaking, this frequently happens even if providing an endowment to offset a present twisting is the second-best option. Additionally, there are agency conflicts between government organizations in charge of luring investment and those who are in charge of establishing a more hospitable business climate. Organizations that promote investments can be crucial in coordinating government initiatives to draw in capital, However, they usually advocate for incentives without considering the economic implications [35] Governments may genuinely believe that high levels of government tax assessment and spending don't adequately meet strategic goals and innate market disappointments in particular sectors, according to Wells, Allen, [16]. Increasing investment in a certain location that doesn't receive as much as it should given the financial necessities because of data variances is one of the possible policy objectives.

B. Expectancy Theory

The basis for this research is the Tax Expectancy Theory. [36], government officials should only take the practicality test into account when selecting a tax policy, and every tax plan should pass this test. This theory, which is founded on the economic canon, describes how the economy works. The efficiency and efficacy of tools for collecting taxes According to [31] taxes provide the government with a variety of policy tools that ought to be employed to successfully address social, economic, and societal evils such as regional imbalances, unemployment, and income inequality.

Effective corporate tax administration might help alleviate Nigeria's present economic issues [34]. According to research by [1], Increased investment in the country leads to additional jobs thanks to sound corporate governance. Effective tax administration enhances a country's revenue base, which encourages economic growth and development, argue [10]

Both resident and non-resident businesses in Nigeria are exempt from company tax under CAP C21 2004 LFN, the Companies Income Tax Act (CITA).

An organization that is subject to Nigerian tax law and whose activities are communicated and monitored is considered a resident organization. A non-occupant organization, on the other hand, is one that can collect a portion of its revenue in Nigeria and is subject to any applicable regulations in any random nation beyond Nigeria. FIRS, or the Federal Inland Revenue Service, oversees and controls company tax through a number of sizable tax offices and incorporated tax offices. In order to ascertain whether certain expenses are expended entirely, solely, or reasonably in the course of producing money, businesses are subject to taxation. Every Nigerian organization that accumulates, brings into, receives from, or receives benefits from outside of Nigeria is required to give the government money for income taxes. However, the profits of any business involved in public religious, charitable, or educational endeavors are exempt from the CITA to the extent that such benefits are not gotten from an exchange or business carried on by such companies. Any business established to support athletic endeavors is likewise free from taxes under CITA if its profits are entirely used for that purpose. Large companies with annual revenue over $100 million are subject to 30% tax, medium-sized businesses with annual revenue over $25 million but under $100 million are subject to 20% tax, and small businesses with annual sales under $25 million are free from taxes.

IV. EMPIRICAL REVIEW

Ref [26] examined how retained earnings and corporate taxes affected Nigeria's dividend payout policy. The study specifically assessed the influence of corporate taxes and profits per share (EPS) on companies' dividend policies. It retained earnings according to the dividend policy of Nigerian businesses. Ref [36] and secondary data covering the years 2000–2011 were collected from a number of associations. According to the study's use of regression analysis, the banking sector performs the best among the chosen firms. Conglomerates, insurance, building and related industries, food and beverage businesses, breweries, marketing, and petroleum come next. Additionally, it was demonstrated that the variables do not exhibit Granger causality.

Ref [25] looked at how corporate income tax affected the investment choices made by NSE-listed businesses. Investments are the dependent variables in the study's model framework, whereas interest tax, corporation tax, depreciation tax, and control variable were the independent variables. Secondary data came from the NSE's financial statement records of firms. ANOVA, regression analysis, and correlation analysis were all performed in the review. The study's findings demonstrated that each component of corporate tax has an effect on the dependent variables, that the corporation tax, interest tax shield, and after-tax cash flow all affect investment, and that the depreciation tax shield has a minimal negative value. To ascertain how Company Income Tax [CIT] affects the rate of return, the appropriate rate acknowledged, and the investment selection criterion, [23] investigated how CIT affected the investment decisions of Nigerian firm, and surveying tax significance in investment choices.

All small and medium-sized businesses in the southwest zone were arranged widely as the population for the evaluation, which used a descriptive survey approach. The research questions were evaluated using a descriptive statistic. The results shown that the rate of return and the assessment of investments are impacted by the corporation income tax. Ref [27] examined the impact of taxes on the net investment of listed communication firms in Nigeria during a ten-year period from 2010 to 2019. Eight of Nigeria's eleven listed communication companies were selected by purposive sampling, with net investment serving as the dependent variable, with information communication tax, corporate income tax, and education tax serving as tax replacements. The study's hypotheses were assessed using the statistical software E-Views 10.0 and the Pearson Correlation Coefficient and Panel Least Square (PLS) Regression analysis. The study's conclusions demonstrated that, at a 5% significance level, the firm income tax, the education tax, and the information communication tax had a substantial negative impact on net investment.

The report suggests, among other things, that the Federal Government of Nigeria lower the taxes owed at the end of the year in order to free up money for additional investments. [13] research looked at investment in Nigeria's manufacturing sector's production and taxation. Data were gathered from publications issued utilizing an ex post facto research approach during the study period by the National Bureau of Statistics, the Federal Inland Revenue Service, and the Central Bank of Nigeria. Data on manufacturing production, petroleum profit tax, value-added tax, and personal income tax were evaluated using the ordinary least squares approach, and corporate income tax. VAT and CIT are not statistically significant, according to the study.

PIT and PPT, were, however, statistically significant and favorably correlated with manufacturing out, supporting the idea that business income taxes deter entrepreneurship.

Ref [33] assessed how corporation taxes affected Nigerian manufacturing businesses' investment intentions. Due to discrepancies in the firms' financial statement preparation, twenty (20) carefully chosen listed manufacturing companies' annual reports provided the data for this study. Golden Guinea Breweries Plc., Flour Mills Nig. Plc. (FM), Ag Leventis (AL), Cadbury Nigeria Plc. (CB), Denote Flour Plc. (DF), and Guinness Nig. Plc. (GN) were the businesses that were utilized.

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The companies that were used were Golden Guinea Breweries Plc., Flour Mills Nig. Plc. (FM), Ag Leventis (AL), Cadbury Nigeria Plc. (CB), Denote Flour Plc. (DF), and Guinness Nig. Plc. (GN). The study's conclusions indicate a positive relationship between corporation income tax (CIT) and the stated manufacturing firm's (INV) investment choice, which increases INV's investment in Nigeria. A statistically significant association between the indicated manufacturing firm's investment in Nigeria and company income tax (CIT) was found using the probability value.

This suggests that reduced investment in manufacturing firms is associated with higher corporate income taxes. Ref [14] investigated the relationship between Nigerian listed industrial companies' performance and the tax policies of the government using a dynamic panel data model.

The study examined the effects of government corporation tax laws on the 1990–2002 performance of 54 randomly selected Nigerian listed firms, comprising 17 non-financial sectors.

The Generalized Method of Moment (GMM) is utilized to the study discovered that, in contrast to expectations, the production performance and corporation tax policy of Nigerian listed industrial businesses were positively correlated. Given that almost all of the chosen manufacturing companies have their primary location in Lagos State, This might imply that government monies obtained through the company tax were prudently allocated to advantageous government projects, especially in Lagos State.

V. METHODOLOGY

A. *Research Design*

The effect of corporate income tax on the retained profits of consumer products businesses listed in Nigeria was investigated using an ex-post-facto research approach.

B. *Sources of data*

The secondary sources provided the data used in this investigation. The audited financial reports of each of the chosen listed consumer goods businesses provided the representative data for the independent variable (corporate income tax) and the dependent variable (retained earnings).

C. *The population of the Study*

All consumer goods businesses listed on the Nigerian Stock Exchange (NSE) floor made up the research population.

D. *Definition of Variable*

The study variables comprise corporate income tax (Independent Variable) and retained earnings (Dependent variable). This is in line with [18], [24[19] [17] [27] [12] [33].

Table I presents the measurements of the variables of the study. Table I presents the measurements of the variables of the study.

TABLE I.

Definition and Measurement of Variables	Definition/Measurements
Company Income Tax	It is measured as the company income tax as reported by the model at the end of each year and is defined as the company income tax in the model.
Retained Earnings	The model defines it as Retained Earnings. Additionally, the Model's reported Retained Earnings at the end of each year were measured.
Total Annual Investment (Control Variable)	It is quantified as the Total Annual Investment as reported at the conclusion of each model year and is described in the model as a Total Annual Investment.

TABLE II.

Variables (Code)	Operational Definitions
Dependent Variable (Net Investment)	
RETE = Retained Earnings	Retained Earnings
Independent Variable	
Company Income Tax (CIT)	0% for small turnover less than 25 million, 20% for medium income between 25 million and 100 million, and 30% of the taxable profit for large turnover of more than 100 million
Control Variable	
Total Annual Investment (TOTAN)	Total annual investment

Source: Authors Compilation 2023

E. *Model Specifications*

Corporate income tax's effect on retained earnings of listed consumer products businesses in Nigeria was examined using the model created by [19] They used the autoregressive distributed lagged model (ARDL) to examine the short- and long-term impacts of internal security spending on Nigeria's economic development using quarterly data from 1999 to 2019.

Their model is stated below:

$$GDPGt = \alpha 0 + \alpha 1 INTESEt + \alpha 2\, GEt + \alpha 3\, POPGt + \alpha 4\, GCAt + \alpha 5\, INFt + \alpha 6\, FDt + \mu t \quad (1)$$

Where;
GDPGR = Gross domestic product growth rate
$INTESE$ = Internal security expenditure as a percentage of GDP
GE = Non-defense government expenditure as a percentage of GDP
$POPG$ = Population growth rate
GCA = Share of gross capital formation as a percentage of GDP
INF = Inflation rate
FD = Foreign direct investment as a percentage of GDP
Because it best suits our requirements and arouses our interest in the number of variables that are employed in the process of data analysis, the [5] model was selected. Consequently, the model is explained below to achieve the study's objective;

Model 1:

$$CIT = f(RETE) \quad (2)$$

$$CIT = f\left(RETE, \frac{TOTAN}{C}\right) \quad (3)$$

$$CGT = f\left(OTR, \frac{TOTAN}{C}\right) \quad (4)$$

Where;
Independent variable;
CIT = Company Income Tax
Dependent Variables
RETE = Retained Earnings
Control Variable
TOTAN /C = Total Annual Investment

The mathematical model is as follows;

Model 1:

$$CITit = \alpha o + \Sigma\, \alpha t\ Xit + \varepsilon t \quad (5)$$

$$CITit = \alpha 0 + \alpha 1 RETEit + \frac{TOTAN}{C} + \varepsilon t \quad (6)$$

Where;
α_o: The intercept of an equation
α_i: Coefficients of X_{it} variables
X_{it} : The different independent variables for corporate tax i at time t
t: Time = 1, 2,3,4,5……10 years.
ε_t: The error term.
Hypothesis:

Company income tax has a major effect on the retained earnings of Nigerian consumer goods companies that are listed.

$CIT_{it} = \alpha_0 + \alpha_1 RETE_{it} + TOTAN /C + \varepsilon_t$

F. *Techniques For Data Analysis*

The OLS regression method was used to examine the data, and Pearson correlation was used to estimate the model. The research also conducted many robustness checks on the results, including tests for heteroskedasticity and multicollinearity, unit root, and data normality. The study was performed using the Statistical Software Package for Social Sciences (SPSS) version 20.0.

Presentation and Analysis of Data

TABLE III. DESCRIPTIVE STATISTICS

	LOG_CIT	LOG_RETE
Mean	15.10621	17.51267
Median	14.48897	17.01503
Maximum	28.86284	25.18787
Minimum	7.133296	6.703188
Std. Dev.	3.882074	3.652478
Skewness	0.622171	0.190048
Kurtosis	3.330883	3.304023
Jarque-Bera	9.878145	1.322708
Probability	0.007161	0.516152

Sum	2160.188	2346.698
Sum Sq. Dev.	2140.010	1774.299
Observations	143	134

Source: Author's Computation using E-views Statistical Software.

Where**:**
LogCIT = Log of Company Income Tax
LogRETE = Log of Retained Earnings

CIT, and RETE have mean scores of 15.10621 and 13.69060, respectively. All the variables were positively skewed. The independent variable is having a lower Jacque-Bera probability value, leptokurtic than 0.05 except RETE with probability value of 0.166456. This shows the normality of the data.

TABLE IV. AUGMENTED DICKY-FULLER UNIT ROOTS TEST SUMMARY

VARIABLES	ADF STATISTICS @5% SIGNIFICANCE LEVEL	PROB. VALUE	ORDER OF INTEGRATION @5% LEVEL OF SIG.
LogCIT	95.2615	0.0000	First difference
LogRETE	49.1689	0.0080	First difference

Source: Author's Computation using E-views Statistical Software.

The results of the enhanced Dicky Fuller exam, which was utilized to choose the regression model to apply for the analyses of the hypotheses and to evaluate the stationarity of the variables under study. The variables were stationary, as indicated by first difference 1(1), indicating that the data is normally distributed.

TABLE I: MULTICOLLINEARITY TEST

	LOG_CIT	LOG_RETE
LOG_CIT	1.000000	0.918134
LOG_RETE	0.918134	1.000000

Source: Author's Computation using E-views Statistical Software.

The aforementioned result implies the presence of multicollinearity problems since the correlation matrix has no pairwise correlation coefficients greater than 0.8 or -0.8. The factors were thus dissected. This clarified the models we used to achieve the study's objectives. Note that all of the variables were retained for estimation.

VI. TEST OF HYPOTHESIS

The Random Influence Model of the Panel Ordinary Least Square Regression Technique was used to analyze the impact of the independent variable on the dependent variable.

HO1: Retained earnings of listed consumer goods businesses in Nigeria are significantly impacted by company income tax

TABLE II: EFFECT OF CIT ON RETE

Dependent Variable: LOG_RETE				
Method: Panel EGLS (Cross-section random effects)				
Date: 11/24/22 Time: 16:47				
Sample: 2012 2021				
Periods included: 10				
Cross-sections included: 20				
Total panel (unbalanced) observations: 131				
Swamy and Arora estimator of component variances				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
LOG_CIT	0.392798	0.066756	5.884047	0.0000
C	11.71224	1.116849	10.48686	0.0000
	Effects Specification			
			S.D.	Rho
Cross-section random			1.791954	0.4465
Idiosyncratic random			1.995039	0.5535
	Weighted Statistics			
R-squared	0.195646	Mean dependent var		6.794433
Adjusted R-squared	0.189411	S.D. dependent var		2.725127
S.E. of regression	2.095659	Sum squared resid		566.5406
F-statistic	31.37715	Durbin-Watson stat		0.949687
Prob(F-statistic)	0.000000			
	Unweighted Statistics			
R-squared	0.377119	Mean dependent var		17.48954
Sum squared resid	1071.616	Durbin-Watson stat		0.502079

Source: Author's Computation using E-views Statistical Software.

VII. DISCUSSION OF FINDINGS

The study looked at how Nigerian quoted consumer goods companies' retained earnings were affected by corporate income tax. The hypothesis concentrated on how corporation income tax affected the retained earnings of Nigerian consumer goods businesses that were listed. The findings showed that the listed consumer goods businesses' retained earnings are significantly impacted by corporation income tax. This suggests that the corporation's retained earnings are significantly impacted by company income tax. This result supports the argument made by [6] that taxes have a beneficial effect on the economy since they generate income. Similarly, as taxes are the main source of funding for the majority of governments' activities and initiatives, [29] believe that taxes promote economic growth.

In a similar vein, [16] said that taxes are a substantial source of money for the [21] and [15] looked at how retained profits and corporate taxes affected Nigeria's dividend payout policy and discovered that retained earnings were significantly impacted by corporate taxation. The results, however, contradict the argument made by [14] that while taxes are crucial to achieving growth and development in any known human society because they help the delivery of basic infrastructure and social amenities, but if they are not well managed to promote investment possibilities, they may potentially have the reverse impact on manufacturing sectors.

VIII. CONCLUSION

The effect of corporate income tax on retained earnings for publicly listed the primary focus of this study was Nigerian consumer products firms. The findings demonstrated that the cost of corporate social responsibility, or retained earnings, and other reserves are significantly impacted by company income tax. The study's conclusions indicate that the impact of corporate income tax for the long-term survival of consumer products companies cannot be overstated.

Therefore, a company's capacity to endure and grow is greatly impacted by corporate income tax.

This clearly shows that, although giving the government a way to raise funds to support and improve the economy, The success of consumer goods firms is significantly impacted by corporate income tax.

The study's findings supported the tax expectancy theory. The tax expectation theory states that any change in the tax rate would affect work, production, and employment, all of which would eventually affect the performance of the affected businesses. The findings showed that the tax revenue components of capital gains tax, business income tax, and tertiary education tax had a considerable influence on retained profits and corporate social responsibility and other reserves. Consequently, the investment would be immediately impacted by any change to any of the factors.

IX. RECOMMENDATIONS

According to the report, in order to motivate businesses to continue functioning, the government should think about implementing policies that lower the tax burden on consumer products firms and, if required, provide tax exemptions. By offering tax breaks and pioneer status, the government will also encourage both local and international investment, which will support the expansion of the consumer products sector. Over time, this would boost the government's tax collection and promote national economic growth.

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