MODERATING EFFECT OF TAX EXPERTISE ON THE RELATIONSHIP BETWEEN CORPORATE TAX PLANNING STRATEGIES AND PROFITABILITY OF LISTED CONSUMER GOODS COMPANIES IN NIGERIA

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ABSTRACT

This study examined moderating effect of tax expertise on the relationship between corporate tax planning strategies and the profitability of Nigerian consumer goods companies. The study employed ex-post facto research design. The study focused on 15 sampled companies from a population of 21, covering a 16-year period (2007–2022). Data was collected from the sampled companies and analysed using panel corrected standard error regression technique. The findings reveal that effective tax rate and tin capitalization both have a negative and significant impact on return on capital employed. Capital intensity positively and significantly affects return on capital employed. Tax expertise positively and significantly affects return on capital employed. Tax expertise also significantly moderates the relationships between effective tax rate, thin capitalization, capital intensity, and profitability, amplifying the positive impacts of tax planning strategies. However, its moderating effect on the relationship between firm size and profitability is positive but insignificant. Based on these findings, the study recommends that companies focus on strategies to minimize effective tax rate, optimize debt levels, and invest in capital assets while leveraging the expertise of tax professionals on their boards to enhance profitability. Further research should explore the long-term impacts of these strategies, consider other sectors of the Nigerian economy, and examine additional corporate governance factors.

Keywords: *moderating effect, tax expertise, tax planning, roce*

Introduction

Profitability is a fundamental measure of a company's financial health and its ability to sustain operations in a competitive market. It serves as an indicator of business efficiency, reflecting a firm's capacity to generate revenue after covering all expenses, including production costs, administrative overheads, and taxes. High profitability allows firms to reinvest in business expansion, innovation, and workforce development, leading to sustained growth and long-term stability.

Conversely, low profitability can restrict a company's ability to compete effectively, attract investors, and fulfill financial obligations, ultimately threatening its survival (Abiola & Lateef, 2023). The significance of profitability extends beyond individual firms to the broader economy. Profitable businesses contribute to national economic growth through

job creation, increased consumer spending, and higher tax revenues that fund public services. A thriving corporate sector enhances economic stability by promoting financial inclusivity and facilitating infrastructure development. Additionally, profitability affects a company's ability to secure external financing, as lenders and investors assess a firm's financial performance before extending credit or equity investments. Firms with consistent profitability enjoy better access to funding, enabling them to undertake capital-intensive projects and drive further growth (Batra, 2022).In the Nigerian consumer goods sector, profitability is particularly crucial due to its direct impact on national economic output and employment. The sector includes businesses involved in the production and distribution of essential goods such as food, beverages, and household products, which are integral to daily consumption. However, maintaining profitability in this sector is challenging due to fluctuating production costs, currency depreciation, regulatory hurdles, and high tax burdens. Rising costs of raw materials, supply chain disruptions, and intense market competition further strain profit margins, necessitating effective financial management and strategic planning to ensure sustained business success (Kayode & Folajinmi, 2023).

Given the importance of profitability, companies actively seek strategies to optimize financial performance, and one of the most influential factors in this regard is corporate tax planning. Tax obligations represent a significant expense for businesses, directly affecting net profits. Strategic tax planning allows firms to legally minimize their tax liabilities, ensuring compliance with tax regulations while enhancing financial efficiency. Corporate tax planning encompasses various strategies, including optimizing capital structure, leveraging tax incentives, and managing deductions to reduce taxable income. When executed effectively, tax planning can improve cash flow, enhance reinvestment capabilities, and ultimately boost profitability (Dharmarathna, 2023).

Corporate tax systems vary across different countries, shaping the way businesses approach tax planning. For instance, Slovakia's corporate tax rate is 22%, while Hungary maintains a low rate of 9%. Switzerland applies a federal tax rate of 8.5% supplemented by cantonal taxes, and Germany imposes a corporate tax rate of 15%. Similarly, in Africa, tax structures differ significantly; Uganda levies a 30% corporate tax along with a 15% tax on repatriated profits, while South Africa applies direct corporate income taxation. In Nigeria, companies face a 30% corporate tax rate, in addition to a 2% tertiary education tax and a 0.005% net profit levy under the Nigerian Police Trust Fund Act of 2019 (Elias, 2023). These tax obligations consume a considerable portion of corporate earnings, making tax planning a critical component of business strategy. A well-structured tax planning strategy considers various factors, including business structure, investment decisions, and regulatory frameworks.

Companies can legally minimize their tax burden through methods such as thin capitalization, where businesses use debt financing to take advantage of interest deductions, thereby reducing taxable profits (Akabom & Ejabu, 2023). Additionally, firms investing in capital-intensive assets benefit from capital allowances, further lowering their tax obligations. Larger corporations with extensive resources can exploit these opportunities more effectively than smaller firms, giving them a competitive edge in profitability management (Onyeka-Iheme, 2023).

Despite the benefits of tax planning, its effectiveness is highly dependent on the expertise of tax professionals. Tax experts possess specialized knowledge that enables businesses to identify tax-saving opportunities while ensuring compliance with regulatory frameworks. They play a crucial role in navigating complex tax environments, structuring financial strategies, and mitigating risks associated with tax liabilities. In the Nigerian consumer goods sector, the impact of tax expertise on profitability remains an underexplored area, presenting an opportunity for further investigation.

Understanding the moderating effect of tax expertise on corporate tax planning strategies can provide valuable insights into how firms can enhance profitability through informed tax management. Therefore, this study aims to examine the moderating effect of tax expertise on the relationship between corporate tax planning strategies and the profitability of Nigerian consumer goods companies. By analyzing the sector's tax planning approaches and the role of tax professionals, this research seeks to offer practical recommendations that contribute to academic discourse and policy development. Ultimately, the study highlights the importance of tax expertise in enhancing corporate performance, providing a framework for more effective tax planning strategies that support business growth and economic development.

Notably, while numerous studies have examined the direct relationship between CTP and profitability (e.g., Ibrahim et al., 2023; Ogundajo & Onakoya, 2016; Kariuki, 2017), little is known empirically about how tax expertise moderates this relationship. Tax expertise could play a critical role by enabling companies to craft more sophisticated and profitable tax strategies, especially in sectors such as consumer goods, where companies face significant tax burdens. Investigating this moderating effect could offer new insights into the Nigerian context, where empirical research has largely focused on developed economies or the financial sector. Moreover, much of the existing research on profitability has relied on proxies such as return on assets (ROA) and return on equity (ROE), which focus on assets and shareholder equity, respectively. Return on capital employed (ROCE), which considers both debt and equity, provides a more holistic measure of profitability, especially for firms with significant debt (Hayes, 2021). Prior studies, such as Kayode and Folajinmi (2020), have overlooked critical components of ROCE in examining CTP strategies, leaving a gap in understanding its full impact on profitability. Lastly, existing research on CTP in Nigeria has primarily focused on financial institutions such as Abiola and Lateef , 2023, with limited attention given to consumer goods firms, despite their significant contributions to the economy. Studies that have examined consumer goods firms (e.g., Nwaobia et al., 2016; Junaidu & Saidu, 2018) have also been limited to small samples. To address this gap, this study focused on all listed consumer goods companies, investigating how tax expertise moderates the relationship between corporate tax planning strategies and the profitability of consumer goods companies in Nigeria. This research provides valuable insights into shaping fiscal policy and broadening the understanding of corporate tax planning in developing economies. Sequel to the reveling problem the major question raise is what is the moderating effect of tax expertise on corporate tax planning strategies and profitability of listed consumer goods companies in Nigeria?

Literature Review

Concept of Corporate Tax Planning Strategies

Though they all strive to accomplish the same objectives, academics have taken differing perspectives on corporate tax planning techniques. According to Morein (2008) tax planning strategies include a variety of methods such as transferring income from a high-taxing to a low-taxing entity, obtaining tax deductions, obtaining tax credits and offsets, transferring profits and losses between tax years to take advantage of lower tax rates or postpone taxes, and lowering the amount of capital gains tax that is taxable from a profitable venture. Similarly, Suandy (2016), tax planning strategies include choosing between basic bookkeeping options, managing employee welfare transactions, choosing an inventory assessment method, choosing funding sources for asset procurement, choosing methods for depreciating fixed assets, amortizing intangible assets, choosing paid tax crediting, applying for a reduction in the installment payment period, income tax exemption certificate (SKB), yearly tax return reconciliation, and capital participation in domestic limited liability companies. According to Pohan (2018), tax planning strategies include maximizing deductible costs, merging a profitable business with one that is continuously losing money, deferring earnings, accelerating the charge, and using efficiency techniques to lower the corporate tax burden and keep others from burdening them. Tax planning techniques have the potential to improve an organization's cash flow and profitability, which in turn can raise its after-tax profit (Dharmarathna, 2020).

Concept of Profitability

According to Sunarto et al. (2021) profitability is a company's ability to earn a profit through asset management or return on net operating assets. One of the foundations for evaluating a company's state is its profitability; to do this, an analytical tool is required, and financial ratios are the tool in question. Profitability ratios gauge management effectiveness by looking at returns on investment and sales (Bramasta & Budiasih, 2021). In the words of Novianto (2021), Profitability, also referred to as Return on Asset, it shows how much revenue a company brings in relative to its expenses as well as how much revenue it can generate by growing its capital, assets, and sales. Olurankinse and Mamidu (2021) profitability is the ability of a company to make money from investments or from the use of its production resources is measured by its profitability. Accordingly, profitability ratios assess a company's growing potential for profit, revenue, or income

Theoretical Framework

Hoffman's Tax Planning Theory

The **Tax Planning Theory**, introduced by Hoffman in 1961, argues that since taxes are based on business concepts, organizations can modify their operations to legally minimize tax liabilities. The theory assumes that tax planning is a legitimate business strategy, emphasizing that firms should focus on reducing taxable income rather than just accounting profits to optimize tax savings. It further asserts that businesses can restructure transactions, investments, and financing strategies to lower tax burdens while remaining compliant with tax laws. Additionally, it posits that effective tax planning positively impacts

profitability, as companies that successfully reduce their tax obligations retain more after-tax earnings. The theory also highlights the dynamic nature of tax planning, suggesting that strategies must evolve with changes in tax laws to remain effective.

In relation to this study, **Hoffman's Tax Planning Theory directly aligns with the key variables.** It supports the idea that firms can lower their **effective tax rates (ETR)** through strategic tax planning methods such as deferrals, deductions, and tax credits. It also explains **thin capitalization (TC)** by encouraging firms to use debt financing to benefit from **interest deductibility**, thereby reducing taxable income. The theory further relates to **capital intensity (CI)** by suggesting that investing in capital assets can maximize tax allowances and depreciation deductions. Moreover, it acknowledges that **firm size (FS)** plays a role in tax planning, as larger firms have more resources to implement sophisticated tax strategies. It strongly supports the role of **tax expertise (TE)** in tax planning, as firms that employ tax professionals can navigate complex tax laws more effectively. Since lower tax payments enhance profitability, the theory suggests a **direct positive relationship between tax planning and profitability (ROCE).**

Hoffman's Tax Planning Theory underpins this research because it provides a direct theoretical foundation for examining the relationship between **corporate tax planning strategies and profitability**. It also aligns with the study's focus on the **moderating effect of tax expertise,** emphasizing the role of tax professionals in optimizing tax planning strategies.

Empirical Review

Olurankinse and Mamidu (2021) examined the effect of tax planning on financial performance of development banks in Nigeria. Data were collected from annual reports and accounts of banks. Regression analysis techniques was used to analyse the data. The result revealed effective tax rate had negative and insignificant effect on return on equity. Capital intensity has positive and significant effect on return on equity. The study concludes that tax planning does not significantly influence financial performance of development banks in Nigeria. The study recommends that an established cum effective tax planning unit of firm are needed to help in achieving effective tax planning in Nigerian development bank.

Olarewanju and Olayiwola (2019) studied corporate tax planning and financial performance of quoted companies in Nigeria. The used companies quoted on the Nigerian Exchange Group to collect data from the annual reports and accounts. Data obtained was analyzed using inferential statistics with the aid of regression analysis. Based on the regression result it revealed that tax savings had a direct relationship with financial performance. While tax avoidance had insignificant relationship. The study concludes that corporate tax planning that enhances tax savings contributes to financial performance of non-financial companies in Nigeria. Their study recommends that company's tax planning should be legal and lead to tax savings for the company.

Eche, Gimba and Vincent (2023) looked at corporate tax planning and financial performance of listed deposit money banks in Nigeria. Data covering the period 2010 to 2019 were collected from deposit money banks listed on the Nigerian Exchange Group. Data was analysed using ordinary least square

regression estimation technique. It was discovered that debt tax has significant effect on financial performance. While income effective tax had insignificant effect on financial performance of deposit money banks in Nigeria. The study recommends that the government should engage in tax reforms where by tax rate is to be adjusted to reflect reduction.

Olayiwola and Okoro (2021) examined tax planning, corporate governance and financial performance of selected quoted non-financial companies in Nigeria. Data from annual reports and accounts of selected companies was analyzed using GMM estimation. The result of the study revealed ownership structure and capital intensity have positive and significant effect on financial performance. On one hand, board diversity and tin capitalization have negative significant effect on financial performance. The study recommends that companies should put in place a strong corporate governance mechanism that will monitor, check and balance tax planning activities and strategies adopted by the management of quoted companies in Nigeria.

Ado, et al (2021) considered to look at the impact of corporate tax planning on financial performance of listed companies in Nigeria. Data for the study from Thonpson Reuters Data stream and annual reports of companies in Nigeria. Regression estimation technique was adopted for data analysis. The study found inventory intensity has no relationship with return on assets. Leverage has positive and significant effect on return on assets.

Iormbagah, et al. (2021) studied corporate tax mix and financial performance of listed manufacturing companies in Nigeria. Data for the study was collected from annual reports and accounts of manufacturing companies listed on Nigerian Exchange Group. Multiple linear regression analysis was carried out on the data to discover tax mix has a positive and insignificant effect the net income of listed manufacturing companies.

Tackie, et al (2022) considered tax planning and financial performance of insurance companies in Ghana: The moderating role of corporate governance. Data for the studywas collected from Ghanaian insurance companies which was analysed using generalized methods of moments regression estimation. The study found evidence of non-linear relationship tax planning and financial performance.

Methodology

Ex-post facto research design was used. This was because the study data was from established record. The population of the study consisted of 21 consumer goods companies listed on Nigerian Exchange Group. To be included in the study, a company must have been listed on the Nigerian Exchange Group (NGX) for the entire period under review (2007–2022). This criterion ensures that only firms with a continuous track record of publicly available financial statements and tax disclosures are considered, thereby improving the accuracy and consistency of the analysis. Companies that were either newly listed during the period, delisted, merged, or acquired in a manner that disrupted their financial reporting continuity were excluded from the study to maintain a homogeneous dataset. .

Variables measurement

Variables	Proxies	measurement	Source
Independent variables/ corporate tax planning	Effective tax rate /ETR	income tax expenses divided by profit before tax	(Michael, 2020;Olurankinse&Mamidu, 2021; Omesi&Appah, 2021; Wada, 2021)
	Thin capitalization/TC	Total Debt/Total Assets	(Akintoye et al., 2020; Onyeka-Iheme, 2021)
	Capital intensity/CI	Non-current assets/ total assets	(Akintoye et al., 2020; Olurankinse & Mamidu, 2021; Omesi & Appah, 2021; Onyeka-Iheme, 2021)
Dependent/ profitability	Return on capital employed/ROCE	EBIT divided Total Asset minus Current Liabilities	(Kayode & Folajinmi, 2020)
Moderating variable	Tax expertise/TE	Directors with accounting/tax experience	(Robinson et al 2012)

Source: Developed by the Researchers

$ROCE_{at} = \alpha + \beta_1 ETR_{it} + \beta_2 TC_{it} + \beta_3 CI_{it} + \beta_4 FS_{it} + \beta_5 BS_{it} + \beta_6 LQD_{it} + e_{it}$..... (i)

$ROCE_{at} = \alpha + \beta_1 ETR_{it} + \beta_2 TC_{it} + \beta_3 CI_{it} + \beta_4 FS_{it} + \beta_5 (ETR \times TE) + \beta_6 (TC \times TE) + \beta_7 (CI \times TE) + \beta_8 (FS \times TE) + \beta_9 BS_{it} + \beta_{10} LQD_{it} + e_{it}$..... (ii)

$ROCE_{at} = \alpha + \beta_1 TE_{it} + \beta_2 BS_{it} + \beta_3 LQD_{it} + e_{it}$..... (iii)

Where:

α = the constant, β = the coefficient, e_{it} = Random error term where i is cross sectional and t time identifier, ROCE=Return on Capital Employed, ETR= Effective Tax Rate, TC= Thin Capitalization, CI= Capital intensity, TE= Tax expertise, FS=Firm size and BS=Board size. LQD=Liquidity, ETR × TE = Tax expertise ×Effective Tax Rate, TC × TE = Tax expertise × Thin Capitalization, CI × TE = Tax expertise × Capital intensity, FS × TE = Tax expertise ×Company size

Results and Discussions

Table 1: Descriptive statistic

Variable	Obs	Mean	Std. dev	Min	Max
ROCE	240	.4334	.1683	.0448	1
ETR	240	.2992	.2718	.0014	3.7451
TC	240	1.484	3.429	0	19.5571
CI	240	.2992	.5349	0	3.4387
FS	240	10.36	.9306	7.2793	11.6836
ETRTE	240	.0552	.0423	0	.2577
TCTE	240	.2413	.4881	0	2.7771
CITE	240	.0507	.0823	0	.5041
FSTE	240	1.9981	.9354	0	5.7459
BS	240	10.43	2.615	6	17
LQD	240	.9713	.7370	0	4.4223

ROCE= return on capital employed, ETR= effective tax rate, TC= thin capitalization, CI= capital intensity, FS= firm size, ETRTE= ETR * TE, TCTE=TC*TE, CITE=CI*TE, FSTE=FS*TE, BS= board size, LQD= liquidity.

Source: STATA Output 14.0

Table 1 presents the summary statistics for the variables used in this study. From the above table, **ROCE (Return on Capital Employed)** has a mean of 0.4335. This suggests that, on average, the sampled companies are generating a return of about 43.35% on their capital employed, which is a solid indication of profitability. The **Standard Deviation** (0.1683) suggests moderate variability in ROCE across companies, meaning most firms are likely clustered around the mean. The **Min** (0.0448) implies that some companies in the sample have very low profitability, returning as little as 4.48% on capital. The **Max:** 1 (100%) suggest that a few firms have an exceptionally high ROCE, hitting the upper limit of 100%, which may represent highly efficient companies.

ETR (Effective Tax Rate) from table 1 shows a mean (0.2992) which suggest that on average, companies pay about 29.92% of their earnings as tax. This rate seems reasonable within the Nigerian corporate tax context, although it might vary across firms due to tax planning. The **Standard Deviation** (0.2719) implies that there's substantial variability in effective tax rates, with some firms paying significantly more or less than the average. This indicates different levels of tax planning or varying tax strategies. The **Min** (0.0014) suggest that some firms pay virtually no tax, likely due to tax optimization strategies. The **Max** (3.7451) implies that the maximum effective tax rate is unusually high, suggesting that some companies might have paid more in taxes than their earnings, potentially due to back taxes, penalties, or accounting anomalies.

From table 1 TC (Thin Capitalization) has a mean (1.4845) suggesting that on average, firms have a thin capitalization ratio of approximately 1.48. This could suggest a moderate reliance on debt financing. The **Std. Dev** (3.4296) High variability indicates significant differences in capital structures among firms. Some firms may be highly leveraged (high TC), while others rely more on equity.

The CI (Capital Intensity) from table 1 shows a mean (0.2992) which suggests that, on average, firms have a moderate level of capital intensity, indicating a balanced investment in physical assets relative to sales or other metrics. The **Std. Dev (**0.5349) is high from mean implying a higher variability in capital intensity among the sampled firms. The **Min** (0) means zero capital intensity likely operate in some sampled firms that require minimal physical assets. The **Max** (3.4387) High capital intensity firms are heavily invested in physical assets, typical of large-scale manufacturers or companies with proprietary production processes.

FS (Firm Size) from table 1 shown a mean of (10.3659) indicates relatively large firms within the consumer goods sector. The standard deviation (0.9307) reflects a moderate spread in firm sizes.

The BS (Board Size) has a mean (10.43), the standard deviation (2.61) and range (6-17).

The LQD (Liquidity) has a mean (0.9713), the standard deviation (0.7370) and range (0-4.4223).

Table 2: Correlation matrix

	ROCE	ETR	TC	CI	FS	BS	LQD
ROCE	1.0000						
ETR	-0.2340	1.0000					
TC	0.1638	-0.2447	1.0000				
CI	0.2272	-0.2548	0.8982	1.0000			
FS	0.0231	0.1529	-0.6403	-0.5691			
BS	0.1701	0.0312	-0.3184	-0.2638	1.0000		
LQD	0.0985	-0.2398	0.9809	0.9170	-0.3287	1.0000	

Source: STATA output 14.0

Table 2 shows the correlation coefficients on the relationship between the dependent variable (ROCE), independent variables (ETR, TC, CI and FS) as well as the control variables (BS & LQD). The values of the correlation coefficient range from -1 to 1. The sign of the correlation coefficient indicates the direction of the relationship (positive or negative), the absolute values of the correlation coefficient indicates the strength, with larger values indicating stronger relationships. The correlation coefficients on the main diagonal are 1.0, because each variable has a perfect positive linear relationship with itself.

As shown in table 2, ROCE (return on capital employed) has negative relationship with effective tax rate (-0.2340) suggesting that firms with higher profitability tend to have lower effective tax rates. ROCE has positive but weak correlation with thin capitalization (0.1638), indicating that firms with higher ROCE may also engage in debt-financing strategies to reduce taxable income. The relationship between ROCE and CI is positive (r = 0.2272), suggesting that firms with higher profitability tend to invest more in fixed assets. These investments likely qualify for depreciation tax deductions, reducing taxable income.

There is positive (0.1701) correlation between ROCE and BS (Board Size). ROCE has weak positive (0.0985) correlation with LQD (Liquidity). This suggests that firms with higher liquidity tend to have slightly better profitability, but the relationship is not strong. Firms with higher liquidity may have more flexibility in engaging in tax planning strategies, but liquidity alone does not appear to be a major determinant of profitability.

ETR has negative (-0.2447) correlation with TC (Thin Capitalization). TC and CI (Capital Intensity) has positive and strong (0.8982) correlation. A strong positive correlation indicates that firms with high thin capitalization tend to also have high capital intensity. This suggests that some firms are using both debt and capital investments to optimize their tax planning strategies.

4.4 Diagnostic Test

In order to improve the validity of all statistical inferences for this study, the diagnostic test such as normality, multicolinearity and heteroscedasticity tests were conducted.

Table 3: Shapiro-Wilk W test for normal data

Variable	W	V	Z	Prob>z
R	0.99227	1.353	0.702	0.24137

Source: Stata Output 14.0

The P-value 0.24137, more than 5%, proved data normality. The normality of the data using

Table 4: Multicolinearity test

Variable	VIF	1/VIF
ETR	1.08	0.9202
TC	2.62	0.3817
CI	6.41	0.1560
FS	2.11	0.4739
BS	1.39	0.7216
LQD	3.92	0.2551
MEAN VIF	2.92	

Source: Stata output

The result as presented in Table 4 indicate that the VIF does not exceed the stipulated limit of 10 which imply the presence of multicollinearity, however the result conducted reveals that VIF mean value of 2.92 hence, there is absence of multicollinearity as suggested by Shrestha (2020).

Table 5 Heteroskedasticity Test

Chi2(1)	=	9.18
Prob > chi2	=	0.0025

Source: Stata output.

The result of the test shows chi2 = 9.18 and Prob > chi2 = 0.0025, which is significant at the 1% level. Thus, the null hypothesis indicates the incidence of heteroskedasticity is rejected. This means that the relationship suggests the presence of heteroskedasticity. Panel Corrected Standard Error (PCSE) was adopted, (PCSE) estimation is one of the estimators that correct for autocorrelation, cross-sectional dependence, and heteroscedasticity associated with panel data models (Beck and Katz, 1995)

Table 6: Regression result

Model 1				Model 11			
Variable	**Coefficient**	**Std. err**	**P>|z|**	**Variable**	**Coefficient**	**Std. err**	**P>|z|**
ETR	-.1040	.0351	0.003	ETRTE	-1.308	.3329	0.000
TC	.0862	.019	0.000	TCTE	.3610	.10704	0.001
CI	-.2497	.0570	0.000	CITE	.8868	.2587	0.001
FS	.0102	.0143	0.473	FSTE	.0150	.0170	0.380
BS	.0100	.0048	0.038	BS	.0116	.0053	0.029
LQD	-.5264	.101	0.000	LQD	-.2963	.0724	0.000
Prob >chi^2	0.0000				0.0000		
R2	30%				25%		

ROCE= return on capital employed, ETR= effective tax rate, TC= thin capitalization, CI= capital intensity, FS= firm size, ETRTE= ETR * TE, TCTE=TC*TE, ITE=CI*TE, FSTE=FS*TE, BS=board size, LQD=liquidity

Source: Stata Output 14.0

Table 6 Presents the Panel Corrected Standard Errors (PCSEs) regression outcome of the studies of model i and ii. the dependent variable (ROCE), the independent variables of the study (ETR, TC, CI & FS) and the control variables (BS & LQD) in model 1 and (ETRTE, TCTE, CITE, & FSTE) as independent variables in model II. The result show that the model is fitted from the p-value of 0.0000 which is significant at 1% level of significance. The R-Squared is 30% and 25% in model I and ii respectively indicate that the independent variable is able to explain the dependent variable to the tone of 30% and 25% in model I and II respectively, while, the remaining 70% and 75% is explained by other factors not captured in this study.

The result of the model I revealed that effective tax rate and capital intensity have negative and significant impact on profitability as shown by the coefficients -0.1040 and -0.2497 and the probability of 0.003 and 0.000 respectively. While thin capitalization has positive and significant impact on profitability as indicated by the coefficient of 0.0862 and the probability of 0.000. Firm size from model I has the coefficient of 0.0102 and the probability of 0.473. This result is positive but not significant at all level of significance.

The result of the model II revealed that the moderating impact of tax expertise on effective tax rate is negative and significant impact shown by the coefficient -1.308 and the probability of 0.000. While tax expertise interaction with thin capitalization and capital intensity is positive and significant as proved by the coefficients 0.3610 and 0.8868 respectively and probability of 0.001 and 0.001 respectively. Tax expertise has no significant moderating impact between firm size and profitability of the sampled consumer goods companies in Nigeria as clearly indicated by the coefficient 0.0150 and probability of 0.380.

Conclusion and Recommendation

This study was conducted to examine the moderating effect of tax expertise on the relationship between corporate tax planning strategies and profitability of consumer goods companies in Nigeria and based on the results of the analyses and subsequent tests; it was discovered that tax planning strategies affects profitability of consumer goods companies in Nigeria. Similarly, tax expertise moderate the

relationship between tax planning strategies and profitability of listed consumer goods in Nigeria. This study recommends that companies should focus on strategies to minimize ETR, optimize debt levels, and invest in capital assets while leveraging the expertise of tax professionals on their boards to enhance profitability. Further research should explore the long-term impacts of these strategies, consider other sectors of the Nigerian economy, and examine additional corporate governance factors

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