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COMPANIES INCOME TAX AND EDUCATION TAX EFFECT ON DIVIDEND DECISION OF LISTED MANUFACTURING COMPANIES IN NIGERIA

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Abstract

Taxation has been a major focus of every government of any nation because it is a major source of revenue that is used to fulfill its obligations to the citizenry. The study examined the effects of companies Income Tax and Education tax on dividend decisions of listed manufacturing companies in Nigeria. The study population is forty one (41) listed manufacturing companies, out of which ten (10) listed companies on the Nigerian Exchange were selected as sample size. Ex post facto research design was adopted using secondary source of data collected from the audited financial statements across the ten (10) companies for the period of ten (10) years from 2012 – 2021. Both descriptive and inferential statistics using regression analysis were used for the analysis with E-

Keywords: Taxation, Companies Income Tax, Education Tax, Dividend Decisions, Manufacturing Companies

INTRODUCTION

In Nigeria, it is the duty of the Federal Government to administer corporate income taxes through the Federal Board of Inland Revenue Services (The Board) Nigeria which had a change of status in 2007 with the enactment of Federal Inland Revenue Service (Establishment) Act 2007. Part 1 of the Act contained matters relating to the Establishment of the Federal Inland Revenue Service and its Management Board. Section 1(1) emphasized that there is established a body to be known as the Federal Inland Revenue Service. Section 1(2) states that it shall be a body corporate with perpetual succession and a common seal; may sue or be sued in its corporate name; and may acquire, hold or dispose of any property, movable or immovable, for the purpose of carrying out any of its functions under the Act. Section 1(3) directed that the Service shall have such powers and duties as are conferred on it by the Act or by any other enactment or law on such matters on which the National Assembly has power to make law. Section 2 contains the

view 9 Statistical package. Findings from the study revealed that Education Tax has t-Statistics of 4.2720 with p-value of 0.0171 < 0.05 with negative coefficient of -0.0531; This result indicates that Education Tax has negative significant effect on Dividend Decision. Companies Income Tax has t-Statistics of 3.1844 and p-value of 0.0447 < 0.05 with negative coefficient of -0.0598; this showed that Companies Income Tax has negative significant effect on Dividend Decision. The overall result indicated that Companies Income Tax and Education Tax has F-Statistics of 51.6853 with p-value of 0.0000. Therefore, null hypothesis is rejected hence the study concluded that Companies Income Tax and Education Tax has significant effect on Dividend Decision. Therefore, it recommended that there is need for the management of the companies to examine tax incentives available and utilize it for the benefit of the firm and shareholders and to examine their capital structure composition and utilize the tax advantage available with focus on increasing the shareholders' wealth and the firm's growth.

Objects of the Service which emphasized that the object of the Service shall be to control and administer the different taxes and laws specified in the First Schedule or other laws made or to be made, from time to time, by the National Assembly or other regulations made thereunder by the Government of the Federation and to account for all taxes collected.

Angahar and Sanni (2012) defined tax as money that has to be paid to the government by the people according to their profits on goods and services provided. National Tax Policy (2017) defined tax as any compulsory payment to government imposed by law without direct benefit or return of value or a service whether it is called a tax or not. Ayua (1996) opined that it is not a voluntary payment but a compulsory pecuniary burden placed on taxpayers for the benefit of the society.

Companies Income Tax Act (CITA) is the principal law that regulates the taxation of companies in Nigeria. The tax system in Nigeria is a multi-level tax system, which simply means that the tax is administered by the three tiers of government (Federal, State, and Local). This type of tax is charged on the profits of registered companies in Nigeria and also profit of foreign companies which carry out their business activities in Nigeria. Company income tax is a structure among the various tax structures in Nigerian economy. By virtue of section 8 (1) of the companies income tax Act 1990 (and amendments), taxes are payable as specified upon profits of any company accruing in, derived from, brought into, or received in Nigeria in respect of amongst others, any trade or business for whatever period of time the trade or business may have been carried out. Ofoegbu, Akwu and Oliver (2016) were of the opinion that various taxes can be used to achieve various objectives of the Nigerian government.

Ajibola, Olowolaju, and Akintoye (2014) emphasized that tax payment at various levels is an important obligation for any individual entity. The success of government of any nation depends on its capability to provide for its citizenry the required standards of living. Okezie (2003) disclosed that for a country to sustain the growth in the level of its revenue generation and sustainable capital expenditure, there is the need to encourage the survival of the manufacturing companies operating within the nation's social and economic system. Taxation as a very strong component of fiscal policy has a role to play in the survival of any company operating within a country. The survival and existence of any company or organization depend on the management efficiency, internal and external environments in which the company operates. Gatsi, Gadzo and

Kportorgbi (2013) opined that the manufacturing sector is very important in any economy because of its roles and contribution to the growth of the economy and its reflection on job creation and improved tax contribution.

Dividends are usually paid after the corporate tax has been deducted. Dividend policy is primarily concerned with the decisions regarding dividend payout and retention. It is a decision that considers the amount of profits to be retained by the company and that to be distributed to the shareholders of the company (Watson & Head, 2004). Dividend policy of an organization is determined by different factors which include earnings per share, debt-equity ratio, earnings, corporate tax, corporate governance, firms' size and ownership structure.

Studies have been carried out in different aspects of taxation but very few studies have examined taxation in relation to dividend decisions with Companies Income Tax and Education Tax in the listed manufacturing companies in Nigeria . Oloyede, Olaoye and Oluwaleye (2018) evaluated the impact of corporate taxation on dividend policy of selected quoted firms in Nigeria. Offiaeli and Oziegbe (2019) analyzed the effect of company taxes on dividend policy. Onuorah and Chigbu (2013) examined the impact of corporate taxation and retained earnings on the dividend pay-out policy in Nigeria. Eneojo and Inyada (2010) on the effect of company income tax on dividend policy of financial institutions in Nigeria It is evident that there are gaps available, hence this study emanated to reduce the gap and contribute to the existing knowledge by examining the effect of companies income tax and education tax on dividend decision of listed manufacturing companies in Nigeria.

Literature Review

Conceptual Review

Dividend Decision

Dividend is a payment made to shareholders out of the profit of an organisation that is relative to the number of shares owned. Dividend decision is a corporate finance decision on transfer of value in form of share dividend from an organization to its shareholders, out of the profit made from the business operation for a specified period of time usually a year (Okafor and Mgbame, 2011). A dividend is the money that a company pays out to its shareholders from the profits it has made (Droughty, 2000). This is a responsibility that must be fulfilled by quoted companies annually, bi-annually, quarterly on interim or final basis (Samuel & Inyada, 2010). In the words of Droughty (2000) dividend is the payment made by firms to stakeholders as their fraction of total earnings for period of time. It is usually authorized by the board of directors of a company. Companies' issue dividends in order to catch the attention of investments from investors, who are looking for a stable source of income, and which can be reliable to long term holders of company shares. Afolabi (2013) emphasized that the company's decision regarding the amount of earnings to be distributed as dividends depends on a number of factors, some of which include liquidity, dilution in control, loan agreements,. capital market opportunity, leverage, Inflation, stable dividends and forms of dividend.

Davies & Pain (2002) however defined it as the amount payable to shareholders from profit or distributable reserves. Companies that are listed in the stock exchange are usually obliged to pay out dividends on a quarterly or semi-annual basis. The semi-annual or quarterly payment is referred to as the interim dividend. The final payment, which is usually made at the end of the financial year of the company, is known as the final dividend.

Dividend decision is the exercises of dividend payout decisions made by the managers of the organization (Baker, Powell & Veit, 2002). Dividend decisions are the choices regarding the amount of dividend paid and amounts retained, that is, choices about the proportion of dividends to be paid as a proportion of the net income made by the firm (Kapoor, Mishra & Anil (2010). These decisions include, how much to pay, when to pay, how to pay and why pay the dividends, thereby broadening the aspects of the dividend decision variables (Al-Twaijry, 2007). Michaely and Roberts (2007) specify that the dividend decisions influence the value of company either positively or negatively and therefore very vital. The decisions regarding the optimal dividend decisions are amongst the hardest financial management decisions to make by financial managers.

Payments of dividend can be made in cash or by issuing of additional shares as in script dividend. Davies & Pain (2002) however defined it as the amount payable to shareholders from profit or distributable reserves. These have to do with decisions related to the portion of profits that will be given to the shareholders as dividend. Shareholders always demand a higher dividend, while the management would want to retain profits for business needs. According to Samuel & Inyada (2010) dividend policy is the framework of decision regarding the amount of profit that will be distributed to the shareholders as return on investment, and the fraction that will be retained by the company for investment purpose.

Companies Income Tax

In Nigeria, political administration returned in 1999 for the third time, the development from that time include enactment of Law of the Federation of Nigeria 2004 which codifies all the laws promulgated during the Military era to Act of Parliament by the National Assembly and this include Companies Income Tax Act Cap C21 LFN 2004 and in 2019 Finance Act bill was brought to the National Assembly which resulted in Finance Act 2020. One of the main issue addressed is the grouping of Limited Liability Companies into three (small, medium and large companies) Section 24 of the Act defined a small sized company as company which has a gross turnover of N25 million or less per annum while a medium sized company as a company with a gross turnover between N25 million but less than N100 million per annum and larger company are those above N100 million gross turnover.

In accordance with the Finance Act update on corporate tax rates. PWC (2023) emphasized that the Companies Income Tax (CIT) rate is 0% for companies with gross turnover of N25 million or less. The CIT rate for companies with gross turnover higher than N25 million and less than N100 million is 20%. The rate for large companies with gross turnover higher than N100 million is 40%, All companies are assessed on a preceding year basis. That is, tax are charged on business and companies using the profit of the previous year accounting period ending as a basis of assessment.. In order to remove overlapping from the commencement and cessation rule in taxation in Nigeria, the Finance Act 2020 amended the CITA as follows :

Commencement Rule - Assessable Profits of First, Second and Third Years shall be determined as follows: First Year start from commencement of the business or trade to the end of the accounting period. Second Year is from the first day after the first accounting period till the end of the second accounting period. Third Year and subsequent years - from the day after the accounting period just ended to the end of the accounting period of the relevant year.

Cessation of Business.- Section 29(4) of CITA as amended provides that: "Where a company permanently ceases to carry on a trade or business (or in the case of a company other than a

Nigerian company, permanently ceases to carry on a trade or business in Nigeria) in an accounting period, its assessable profits therefrom shall be the amount of the profits from the beginning of the accounting period to the date of cessation and the tax thereof shall be payable within six months from the date of cessation." (FIRS, 2021).
Companies and Allied Matters (CAMA) Act 2020 was also enacted to amend CAMA Cap C20 Laws of the Federation of Nigeria (LFN) 2004 and provide for incorporation of companies, limited liability partnership, limited partnership, registration of business name together with incorporation of trustees of certain communities, bodies, associations and other related matters.

Tertiary Education Tax

The Tertiary Education Trust Fund (Establishment) Act 2011 repealed Education tax Act 1993, Education Tax Act Cap E4 LFN 2004 and the Education Tax Fund (Amendment) Act 2003 to provide for the establishment of the Tertiary Education Trust Fund to impose, manage and disburse education tax to Public tertiary education institutions in Nigeria and other related matters. Education tax is imposed on the assessable profit of corporate body registered in Nigeria. It was promulgated as Education Tax Decree No. 7 of 1993. It was created to be used to augment the funding of education and upgrade of Nigeria's educational infrastructure. To enable TETFUND achieve its objectives, Act No. 7 of 1993 as amended imposes a 2 per cent (2%) charge on the assessable profit of a Nigerian company. The tax is collected by the (FIRS) and paid into Education Tax Fund Account with the Central Bank of Nigeria (CBN). Its commencement date is January 1, 1993 (Afolabi, 2018)
PWC (2023) Tertiary education tax is imposed on every Nigerian company at the rate of 3% of the assessable profit for each year of assessment. The tax is payable within two months of an assessment notice from the FIRS. In practice, many companies pay the tax on a self-assessment basis along with their CIT. For companies subject to PPT under the PPTA, tertiary education tax is to be treated as an allowable deduction. For other companies, income/profit taxes are not deductible in arriving at taxable income. Tertiary education tax is not tax deductible for companies subject to income tax under the Petroleum Industry Act 2021. Non-resident companies and unincorporated entities are exempt from tertiary education tax.

Theoretical Framework

The study is anchored on Benefit Theory of Taxation.

The Benefit Theory of Taxation

This theory was developed by two Swedish economists, they are Erik Lindahl (1891 –1960) and Johan Gustaf Knut Wicksell (1851–1926). The theory emanated from the theory of taxation in public finance. According to this theory of taxation, citizens should be asked to pay taxes in proportion to the benefits they receive from the services rendered by the Government. This theory is based upon the assumption that there is an exchange relationship or quid pro quo between the tax payer and Government (Andreoni, Erand, & Fenistein, 2008). Under the benefit theory, tax levels are automatically determined, because taxpayers pay proportionately for the government benefits they receive. In other words, the individuals who benefit the most from public services pay the most taxes. Income tax, property tax and sales tax all reduce how much money consumers have to save or spend. Business taxes place some of the burden on commercial enterprises (Lewis, 1982). According to this theory, the State should levy taxes on individuals according to the benefit conferred on them. The more benefits a person derives from the activities of the State, the more he should pay to the government.

Empirical Review

Anaeto., Eche, Abubakar and Salawu (2020) examined the effect of corporate tax on dividend policy of quoted deposit money banks in Nigeria for the periods of 2009 to 2018. Corporate tax was measured with company income tax and tertiary education tax while dividend policy was measured with dividend per share. The study adopted ex-post facto research design with the use of panel secondary data. Data were extracted from the financial reports and accounts of the quoted deposit money banks for the periods under investigation. The study analysis were carried out using panel regression technique of analysis. The results indicated that company income tax has a negative significant effect on dividend per share , so also is the tertiary education tax which indicated a significant negative effect on dividend per share. As a result of these findings, the study concluded that corporate income tax rate significantly affects the dividend policies of quoted deposit money banks operating in Nigeria. In addition, tax rate is an important determinant in the formation of dividend policies of firms operating in Nigeria.

Oloyede, Olaoye and Oluwaleye (2018) examined the impact of corporate taxation on dividend policy of selected quoted firms in Nigeria. Specifically, it analyzed the impact of company income tax and educational tax on dividend per share of 10 randomly sampled consumer goods firms. Data used were collected from the published annual reports of the selected firms over a period of 5 years spanning from 2011 to 2015. Panel data estimation techniques employed in the study are pooled OLS estimation, fixed effect estimation and random effect estimation. It was concluded in the study that corporate taxation has no clear cut influence on dividend distribution policy of quoted consumer goods firms in Nigeria. Thus, firms are advised to devise investment and financing framework that will give room for adequate and consistent dividend distribution, and strive toward capacity expansion and operational efficiency to foster increased profitability, which is a sine-qua-non for higher dividend distribution

Benson and Chukwu (2021) examined the relationship between corporate taxation and the welfare of stakeholders such as employees, investors and host communities. Specifically, the study investigated the relationship between corporate tax and employees' wages, dividend, and corporate social responsibility. Descriptive research design was adopted, and data on selected manufacturing companies were obtained from the published annual financial statements of the companies. Data analysis was conducted using Ordinary Least Square, with the aid of E-views software. The findings revealed that there was a significant relationship between corporate tax and employee wages, and also between corporate tax and dividend payment. Further, there was a significant, positive relationship between corporate tax and the corporate social responsibility engagements of the selected companies. The implication of these consistent findings is that tax payment motivates greater hard work, which translates into better amount of wages, more dividends, and more investment in corporate social responsibility.

Offiaeli and Oziegbe (2019) examined the effect of company taxes on dividend policy. Specifically, the study examines the influence of company income tax, profitability and retention on dividend policy. The panel research design was adopted for the study. It utilized the more robust Panel data design which may be seen as a combination of both cross-sectional and time-series design properties. The secondary data retrieved from financial statements of the sampled banks from the year 2000 to 2010 were used for the study. The findings of the study show that the amount of taxes in a particular year does not have immediate impact on its dividend policy. The recommendations are that management that focus on consistent growth of the banks over time should not consider it as a direct stimulant of dividend payout and a balance must be struck by management between long term financing and wealth maximization decision in an optimum manner.

Onuorah and Chigbu (2013) analysed the impact of corporate taxation and retained earnings on the dividend pay-out policy in Nigeria. Specifically, the study evaluated the impact of earnings per share (EPS) on the dividend policy of firms, the effect of corporate taxation and retained earnings on the dividend policy of firms in Nigeria. Secondary data were sourced from diverse organizations, covering the period 2000–2011, as well as a CBN statistical bulletin (2009–2012). Employing a regression analysis, the study revealed that the banking industry has the highest performance of the selected industries, followed by breweries, petroleum and marketing, conglomerates, insurance, construction and allied, as well as food and beverages. It was also discovered that there is no granger causality among the variables.

Eneojo and Inyada (2010) on the effect of company income tax on dividend policy of financial institutions in Nigeria using regression analytical techniques it was discovered that there is significant relationship between corporate income tax and dividend policy of the financial institutions in Nigeria.

In the work of Sajid, Muhammed, Bilal, Shafiq and Mehran (2012), titled taxes and dividend policy. The study investigated the association between dividends, profit and taxes of 120 companies listed in Karachi Stock Exchange from 2000-2011. Data were sourced from Karachi Stock Exchange, Securities and Exchange Commission of Pakistan, State Bank of Pakistan and the Audited Annual Reports, Panel data technique and standard multiple regression were used to analysed the data. It was found that there is statistically insignificant but positive link between profit and taxes while dividend has direct positive correlation with profit.

Uwuigbe and Olowe (2013) examined the effects of company income tax on dividend policy of firms in Nigeria using judgmental sampling techniques and regression analysis method. Data were gathered for 40 listed firms in the Nigerian stock exchange market from Central Bank of Nigeria Statistical Bulletin and corporate annual reports for the period of 2006-2010. The study revealed in its findings that there is a significant positive relationship between the company income tax and the dividend payout of the sampled firms in Nigeria. Hence, it was concluded in the study that a change in corporate income tax rate will significantly affect the dividend policies of the sampled firms in Nigeria.

Samuel and Iyanda (2010) analyzed the effect of company income tax on dividend policy of financial institutions in Nigeria using a survey research method and regression technique of correlation analysis and data were gathered for 15 financial institutions. The study revealed correlation coefficient of 0.552 which means that company income tax has perfect positive correlation with the dividend policy, coefficient of determination of 0.305 which shows that 31% of variation in dividend is explained by company tax and 96.7% confidence level indicating that the impact is significant. Thus, concluded that a change in company tax will affect the dividend payment.

Abiahu and Amahalu (2017) examined the effect of taxation on the dividend policy of banks in Nigeria from 2006-2015, using the Pearson coefficient of correlation, and Ordinary Least Square (OLS) regression analysis. Their study reveals a negative significant relationship between tax and dividend policy. Also, it was discovered that tax has a statistically significant effect on dividend policy.

Research Methods and Procedure

This study adopted ex-post-facto research design to obtain secondary data from audited annual reports of listed manufacturing companies in Nigeria. The data extracted are related to the variables used for the study which include Dividend, Companies Income Tax, Education Tax, profit and total equity and other literature. These information are readily available and were obtained from already published audited financial statements, and other secondary sources. The study population is forty one (41) manufacturing companies as at June, 2022 which are classified into three groups namely Industrial Goods, Consumer Foods and Health Care . Random sampling technique was used in selecting the companies for the study. The sample size for the study is ten (10) quoted manufacturing companies. The sample size is shared among each group in the proportion that each group has to the total population as show in Table 1.

Table 1: Total Number of Population and Companies

S/N	INDUSTRIAL GOODS	CONSUMER FOODS	HEALTH CARE	TOTAL
TARGET POPULATION	13	21	7	41
SAMPLE SIZE	3	5	2	10

Source: Researcher's Compilation, 2022

Research Hypothesis

Hypothesis for the study is as follow:

H_0: Companies Income Tax and Education Tax has no significant effect on Dividend Decision of listed Manufacturing companies in Nigeria

H_a: Companies Income Tax and Education Tax has significant effect on Dividend Decision of listed Manufacturing companies in Nigeria

Researchers Conceptual Model

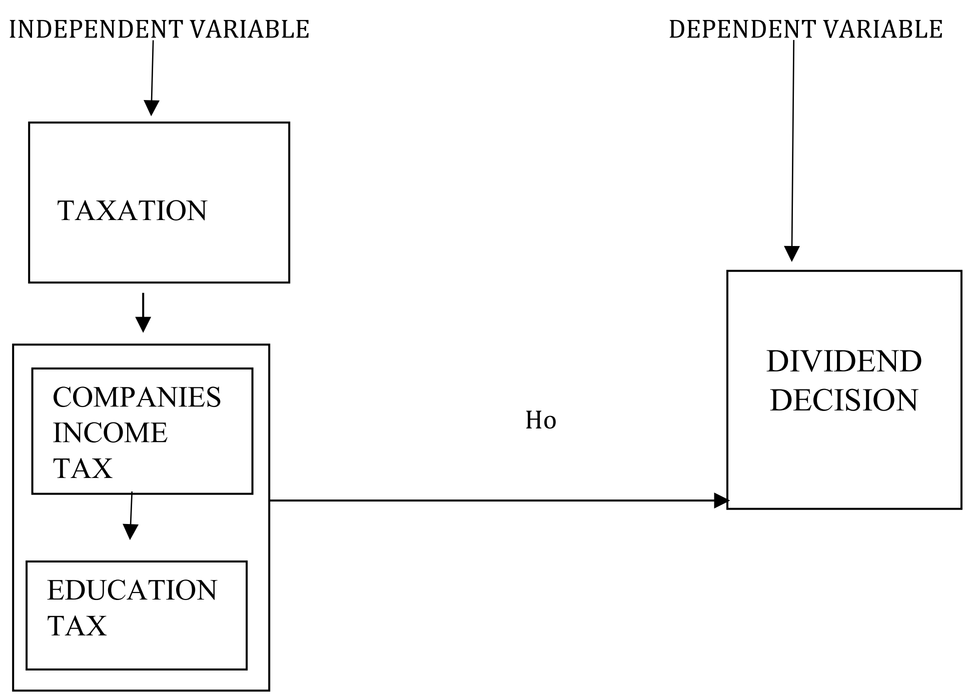

Fig 1: Researcher Conceptual Model, (2022).

Models Specification

The general model for the study is:

Y = F(X)

DD = F (CT, ET)

Where

Y = Dependent Variable = Dividend Decision (DD)

X = Independent Variable = Companies Income Tax (CT) & Education Tax (ET)

X = X1, X2

Where

X1 = Education Tax (ET)

X2 = Company Income Tax (CIT)

Y = Dividend Decision (ID)

The functional representation of the study is shown below:

DD= F (ET, CIT)……………..1

The regression model is shown below:

$DD_{it}=\beta_0 + \beta_1 ET_{It} + \beta_2 CIT_{it} + E_{it}$ ……...2

Where:

B_0 = Value of the intercept

$B_{1,}$ β_2= Coefficient of the explanatory variable

E = Error Term

i = Number of Sample Companies

t = Period

The dependent variables is Dividend Decision (DD), the Independent variables are Education Tax (ET), and Company Income Tax (CIT).

A priori Expectation

It is expected that companies Income tax and Education Tax should have a positive and significant influence on Dividend decision of quoted manufacturing companies in Nigeria.

Table 2: A priori Expectation

MODEL	APRIORI EXPECTATION	EXPECTED SIGN
$\mathbf{DD_{IT}=B_0 + B_1ET_{IT} + B_2CIT_{IT} + E_{IT}}$	B_1- β_2> 0	Positive +

Source: Researcher's Compilation

Research Findings and Results

Descriptive Statistics and inferential statistics were used for the study with focus on multiple regression for the analyses of the data collected. Both fixed effect, random and Hausman test were carried out. The Hausman test is statistically significant which guides the study to use the fixed effect regression.

Descriptive Statistics

The descriptive statistics of the study variables are presented in Table 3. It indicated that the minimum value for Companies Income Tax (CIT) is 10.0670, maximum value is 16.0882, mean of 12.2617 and Standard Deviation of 1.5160. Education Tax (ET) range from minimum of 6.6264, to maximum of 14.1818, mean of 9.9750 and standard deviation of 1.6976.

Dividend Decision range from minimum of 0.0500 to maximum of 20.0000, mean of 2.8780 with standard deviation being 4.8317. The results from the analysis indicates that null hypothesis should be rejected because all the variables (Education Tax, Companies income tax and Dividend Decision) shoed a normal distribution. The non-significance of the Jarque-Bera coefficient indicates the normality of data used and the kurtosis value signifies a moderate altitude amongst the variables of interest.

Table 3: Descriptive Statistics

	Dividend Decision	Education Tax	Company Income Tax
Mean	2.878000	9.975041	12.26170
Median	0.725000	9.530649	11.80877
Maximum	20.00000	14.18184	16.08824
Minimum	0.050000	6.626444	10.06697
Std. Dev.	4.831665	1.697633	1.515996
Skewness	2.229806	0.526215	0.551648
Kurtosis	6.932688	3.011114	2.573587
Jarque-Bera	73.65453	2.307780	2.914773
Probability	0.53646	0.315408	0.232844
Sum	143.9000	498.7521	613.0848
Sum Sq. Dev.	1143.904	141.2160	112.6139
Observations	50	50	50

Source: E-views 9.0

Test of Hypothesis Two (HO2)

H_0: Companies Income Tax and Education Tax has no significant effect on Dividend Decision of listed Manufacturing companies in Nigeria

Fixed Effect Regression

Dependent Variable: Dividend Decision
Method: Panel Least Squares
Date: 08/17/22 Time: 17:44
Sample: 2017 2021
Periods included: 5
Cross-sections included: 10
Total panel (balanced) observations: 50

Table 4:.Fixed Effect Regression Result

Variable	Coefficient	Std. Error	t-Statistic	Prob.
LET	-0.053134	0.195330	4.272023	0.0171
LCIT	-0.059759	0.324055	3.184410	0.0447
C	4.140763	4.132686	1.001954	0.0227
	Effects Specification			
Cross-section fixed (dummy variables)				
R-squared	0.937349	Mean dependent var		2.878000
Adjusted R-squared	0.919214	S.D. dependent var		4.831665
S.E. of regression	1.373301	Akaike info criterion		3.677874
Sum squared resid	71.66628	Schwarz criterion		4.136760
Log likelihood	-79.94686	Hannan-Quinn criter.		3.852621

F-statistic	51.68533	Durbin-Watson stat	2.235335
Prob(F-statistic)	0.000000		

The fixed effect regression above shows that the adjusted R- square which measures the goodness of fit of the model indicates that on the average 91 percent changes in dividend decision of listed manufacturing firm is explained by Education Tax and companies Income tax. Education tax has a negative significant effect on dividend decision of listed manufacturing firms in Nigeria. 1 percent increase in Education tax of listed manufacturing firms in Nigeria on the average leads to 0.05 percent decrease in dividend decision of listed manufacturing firms in Nigeria, so also is Companies Income Tax. Education Tax has t-Statistics of 4.2720 with p-value of 0.0171 < 0.05 with negative coefficient of -0.0531; This result indicates that Education Tax has negative significant effect on Dividend Decision. Companies Income Tax has t-Statistics of 3.1844 and p-value of 0.0447 < 0.05 with negative coefficient of -0.0598; this showed that Companies Income Tax has negative significant effect on Dividend Decision. The overall result indicated that Companies Income Tax and Education Tax has F-Statistics of 51.6853 with p-value of 0.0000. Therefore, null hypothesis is rejected hence the study concluded that Companies Income Tax and Education Tax has significant effect on Dividend Decision.

Discussion of Findings

The study results indicated that Companies income tax and Education Tax is statistically significant in explaining Dividend decision. When we assessed from the point of individual proxies it showed that Companies income tax has a negative significant effect with dividend decisions so also is Education tax with a negative significant effect on dividend decisions of listed manufacturing firms in Nigeria. This is line with the a priori expectation but not in agreement with Oloyede, Olaoye and Oluwaleye (2018) which examined the impact of corporate taxation on dividend policy of selected quoted firms in Nigeria and concluded that corporate taxation has no clear cut influence on dividend distribution policy of quoted consumer goods firms in Nigeria. The results also disagree with Offiaeli and Oziegbe (2019) that examined the effect of company taxes on dividend policy and found that the amount of taxes in a particular year does not have immediate impact on its dividend policy.

However, Anaeto., Eche, Abubakar and Salawu (2020) which examined the effect of corporate tax on dividend policy of quoted deposit money banks in Nigeria for the periods of 2009 to 2018. The study measured corporate tax with companies income tax and tertiary education tax while dividend policy was measured with dividend per share agreed that companies income tax has a negative significant effect on dividend per share, so also is the tertiary education tax which indicated a significant negative effect on dividend per share. The study concluded that corporate income tax rate significantly affects the dividend policies of quoted deposit money banks operating in Nigeria. Though the research was carried out on Deposit Money Bank while this study is on Listed manufacturing companies in Nigeria.

Conclusion and Recommendations

This study evaluated how significant are the effects of Companies Income tax and education tax on dividend decisions of listed manufacturing companies in Nigeria. The work has shown, using multiple regression techniques, that companies income tax and education have significantly affected dividend decisions of manufacturing companies in Nigeria. The result of the study identified that Education Tax has t-Statistics of 4.2720 with p-value of 0.0171 < 0.05 and negative coefficient of -0.0531; hence the result showed that Education Tax has negative significant effect on Dividend Decision. Also Companies Income Tax has t-Statistics of 3.1844, a p-value of 0.0447 < 0.05 and negative coefficient of -0.0598; this is an indication that Companies Income Tax has negative significant effect on Dividend Decision. The study found that Companies Income Tax and Education Tax has F-Statistics of 51.6853 with p-value of 0.0000. Therefore, it rejected null hypothesis and accepted the alternate hypothesis with the conclusion that Companies Income Tax and Education Tax has significant effect on Dividend Decision. The following recommendations were suggested based on the results of the study:

(a) The result of the study showed that both companies income tax and education tax are significant on to the negative side which is a reflection that an increase of 1 percent in Companies Income Tax of listed manufacturing firms in Nigeria on the average leads to 0.05 percent decrease in dividend with the same trend in Education tax. Therefore it is recommended that there is need for the management of the companies to examine tax incentives available and utilize it for the benefit of the firm and shareholders.

(b) The manufacturing companies' management should also examine their capital structure composition and utilize the tax advantage available with focus on increasing the shareholders' wealth and the firm's growth.

(c) The Nigerian government should come out with more tax incentives that will encourage investors at all levels and categories of companies, whether small and medium enterprises (SMEs) or large companies to increase their investment in a way that their rate of return or dividend will increase rather than reduce when taxes are increased as shown in this study.

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