Firm characteristics are very vital to the optimal operation and performance of companies from time to time. Firm characteristics are often analyzed in relation to varying aspects of a company such as financial performance, firm value, corporate social responsibility disclosure, assets disclosure including intangible assets with a view to determining their contribution to shareholders' wealth. Some of the firms' characteristics commonly examined in existing writings include firm size, firm age, industry type, leverage, liquidity, profitability, audit firm size among others. These changing characteristics of firm work together to influence expense reduction, including tax liability of firm. In the light of present day world-wide difficulties, the performance of firms, regardless of either large or small and level of investors' buoyancy are hinged on the minimization of expenses including tax expense, supposing all other factors are unvarying. Large organizations for instance are assumed to be more competent than smaller ones due to size and managerial skills degree of difference. Competent in this context means sound expense management towards influencing the overall financial performance. The general performance of a firm is reliant on how costs are reduced in a logical manner. The amount that companies pay out to the Government over time has the significance of turning into a huge sum and would eventually reduce significantly the amount of profit that would ultimately be available to the shareholders.

Tax is a major cost to firm which managers are expected to reduce through adequate understanding of the loopholes in the existing tax laws and also take advantage of accounting knowledge to employ certain strategies that would help reduce the amount that they would eventually pay as taxes. Still, the concept of taxation has been a concern of universal significance as it affects every aspect of business and economy regardless of national differences. Intuitively, the success of firms and the objective of maximization of shareholders' capital is a function of successful firm characteristics which includes firm size, leverage, audit quality and other indicators; given that all others variables are held constant. Apart from firm size, leverage is also a component of firm characteristics and is very germane towards the financial well- being of a company. Leverage influences the operation, profitability and size of a firm.

Firms that employ huge amount of debts, whether long-term or short-term debts regularly enjoy tax shield and in a way make them tax aggressive. A tax-aggressive firm often tries to minimize the amount of payment of tax expenses. While leverage at times adversely affects the firm's financial performance, this is however subject to the systematic management in terms of

taking into critical consideration the cost and benefit. Increase the firm's leverage with the intent of taking advantage of tax shield and decrease tax expense, may pose the risk of bankruptcy. Accordingly, tax aggressiveness, otherwise referred to as reducing tax liability, has related costs and positive effects. The costs are mainly reputational costs, arising from the manager's trap of sliding into tax evasion, political costs induced by the firm size and the probability of managers engaging in rent extraction subject to the degree of agency setback as propounded by Jensen and Meckling (1976). The related benefit of tax aggressiveness is essentially the increase in net profits and the transfer of wealth from the government to the shareholders, thus promoting the firm's goal of maximizing wealth. Since tax aggressiveness is a form of corporate decision and action that could reflect both executives and non-executives desire for boosting firms' revenue, it presents a suitable setting to assess the effectiveness of firm characteristics on tax aggressiveness in the DMBs in Nigeria.

Firm characteristics on the other hand refer to specific financial and operational firm features that determine or influence effective tax rate. These are attributes of a firm that affect the firms' decision, both internally and externally which are consequences of managers' decisions. Given the role of management on executive decisions regarding the day to day happenings of the organization, may exploit tax reducing activities considering the influence of firm attributes such as firm size, profitability, leverage and liquidity on tax aggressiveness hence, should be considered as a key factor in the success or termination of aggressive tax behaviour (Richardson, Taylor, &Lanis, 2013). While much attention has been placed on the effect of board characteristics on firm performance, prior theoretical and empirical researches have neglected the relevance of firm characteristics on tax aggressiveness in Nigeria. The study therefore seeks to examine the effect of firm characteristics on tax aggressiveness in the Nigerian Banking Sector. The study is essential to tax policy makers since tax aggressiveness could possibly lead to tax evasion that is harmful to a country's revenue base and its public spending. The study also creates awareness to the users of financial statement and tax collection bodies on the extent of tax aggressiveness by which huge amounts may be lost (Boussaidi&Hamed, 2015). The broad reduction in the pre-tax earnings of firms, which subsequently reduces their distributed earnings, may on the basis of the regulatory 30 percent corporate tax, incline managerial activities to tax aggressive conduct. Similarly, the study would add to extant literature by bridging the existing knowledge gap.

1.2 Statement of the Problem

Tax aggressiveness has, especially in the recent years, emanate under increased examination and criticism by governments, the media, as well as the general public. The purpose for this is because even though tax aggressiveness is not an illegality, as the law has not made it so, the amounts of revenue thought to have been lost through various ingenious aggressive activities world-wide have become an issue of concern. For example, the Financial Integrity and Economic Development Task Force, a global alliance of non-profit organizations campaigning for financial system transparency, places the global foreign aid budget at $1billion per year, while predicting that evasion and avoidance, corruption and money laundering cause the developing world to lose $1 trillion every year (Reuters, 2013). Arising, in part, from fears over the said lost amounts of income; researchers have also upped the ante on the analysis of tax aggressiveness. Whilenevertheless still admitting the lawfulness of tax aggressiveness, several researchers such as Christensen and Murphy (2004), Potas (1993), Fuest and Riedl (2009), Prebble and Prebble (2013), Sikka (2010), and Fischer (2014), amongst others, came up with the argument that the legality of an incidence does not necessarily imply that the incidence is being fair or ethically and morally acceptable. This argument is particularlyobviousas regards the incidence of tax aggressiveness. This is because tax aggressiveness leads to the situation in which tax payers in the same income bracket do not pay taxes at the same effective rate of tax. As a result, this makes the tax system seem biased to those who are unable to avoid taxes. The previous empirical studies on tax aggressiveness had concentrated more on the relationship between firm characteristics such as leverage, size, capital intensity, profitability, amongst others in determining tax aggressiveness. Given that the outcomes on the association between the studied firm characteristics and tax aggressiveness turned out to be far from consistent; researchers further expanded the scope of investigation, on the causes of tax aggressiveness, to include other factors such as Corporate transparency, CEO/manager effects, Ownership structure, External auditor effects, incentives and a host of other characteristics. The basis for broadening of the scope of investigation has however been questioned by Hanlon &Heitzman (2010). They argued that the choice, by researchers, of what variables to study as determinants of tax aggressiveness has rarely been backed by theory. Therefore, in order to provide a theoretical

base for the study of tax aggressiveness, a quite new but increasing literature which seeks to situate the causes of tax aggressiveness within an agency theoretical framework has emerged.

Restricting the attention to Nigeria, the researcher observes that the study of tax aggressiveness is yet to gather full momentum. Most existing studies focused on examining individual tax compliance issues. Despite assertions by researchers, that in Nigeria, the contribution to tax revenue by companies has repeatedly fallen short of expectations.

The attention of this research was therefore to further study on the political economy theory perspective of tax aggressiveness. The relationship between firm characteristics and tax aggressiveness in Nigeria Deposit Money Banks has been investigated in order to achieve this. The research focused on banks because contradictory regulation meant their exclusion from analysis by several past studies on tax aggressiveness. It appears thus that the financial sector has not been effectively covered by researchers in relation to tax aggressiveness. Given this claim, it may be misleading to presume that the empirical outcome of studies of some corporate sectors will hold for other sectors.

Therefore, the study sought to fill the gap on the causes of tax aggressiveness in Deposit Money Banks in Nigeria. Particularly, this was carried out by investigating the level to which firm characteristics plays a role in determining tax aggressiveness in Deposit Money Banks in Nigeria. In addition, the study sought after filling the gap on existing research from the developing world; more so, with precise reference to the literature gap on tax aggressiveness in Nigeria. The study also covered the banking sector, a part of the financial sector that has been quite understudied in relation to the tax aggressiveness incident.

1.3 Objective of the Study

The main objective of this study is to determine to what extent firm characteristics determine tax aggressiveness in Nigeria Deposit Money Banks. Furthermore, the specific objective of the study includes:

i. To determine the effect of firm size on tax aggressiveness among DMBs in Nigeria.

ii. To assess the effect of profitability on tax aggressiveness among DMBs in Nigeria.

iii. To investigate the effect of leverage on tax aggressiveness among DMBs in

Nigeria.

iv. To ascertain the effect of liquidity on tax aggressiveness among DMBs in Nigeria.

1.4 Research Questions

This research work will attempt to answer the following questions:

i. What is the relationship between firm size and tax aggressiveness among DMBs in Nigeria?

ii. What is the link between profitability and tax aggressiveness among DMBs in Nigeria?

iii. What is the association between leverage and tax aggressiveness among DMBs in Nigeria?

iv. What is relationship between liquidity and tax aggressiveness among DMBs in Nigeria?

1.5 Research Hypotheses

In line with the above-mentioned objective of the study, the following hypotheses; stated in null form, were formulated for testing:

$H_0$1: There is no significant relationship between firm size and tax aggressiveness among DMBs in Nigeria.

$H_0$2: There is no significant relationship between profitability and tax aggressiveness among DMBs in Nigeria.

$H_0$3: There is no significant relationship between leverage and tax aggressiveness among DMBs in Nigeria.

$H_0$4: There is no significant relationship between liquidity and tax aggressiveness among DMBs in Nigeria.

1.6 Scope of the Study

This study empirically scrutinized the effect of firm characteristics on tax aggressiveness in Nigeria. The study covered only listed Deposit Money Banks (DMBs) in Nigeria. The emphasis on banks was in part, hinged on the role of banks as financial representatives in the economy. This role therefore means that banks tend to drive activities in the corporate sector. There are

also claims that banks structure transactions both for customers and themselves that are likely to support tax aggressiveness. The study covered the period 2014-2018.

1.7 Significance of the Study

The study is significant for the following reasons:

Firstly, taxes are a key source of income for governments and often feature importantly in government's income redistribution function. Government, through its relevant tax agencies, is thus concerned with identifying which features matter most in determining cross-sectional differences in tax aggressiveness for corporate bodies such as the banks that were studied. The findings of the study that revealed important associations between firm characteristics and tax aggressiveness in Deposit Money Banks in Nigeria and will therefore assist government in designing proper policy in respect of tax aggressiveness.

Secondly, researchers are interested in understanding causes of tax aggressiveness. The study serves to add to the overall available literature on the determinants of tax aggressiveness by filling the gaps on tax aggressiveness research in the developing world as well as in relation to documenting results from one class of highly regulated entities- banks.

Thirdly, in terms of theory, the research is important for its contribution to the agency theoretical perspective in relation to tax aggressiveness. In its barest form, the agency perspective does not consider interactions. The study has improved the framework to reveal the fact that highly focused ownership interacts with specific board mechanisms to be effective in ensuring goal congruence.

1.8 Operational definition of terms

Tax: Tax can be defined as the government compulsory levy on revenue, the production of goods and services and consumption. Taxes are levied on personal income (salaries, royalties, business profit) company profit, petroleum profit, capital transfers and capital gains.

Tax aggressiveness: It is the downward administration, through tax planning activities of taxable income. It is also defined as the act of engaging in significant tax position with relatively weak supporting facts.

Liquidity: It is the availability of liquid asset to a company or market. Liquidity can hereby be further defined as the extent to which a security or an asset can be quickly sold in the market at a price reflecting its essential value.

Firm size: Firm size can be defined as the number of employees per firm, value added per firm, revenue per firm and number of employees per firm.

Profitability: Profitability is the capability of a firm to use its resources to generate incomes in excess of it expenses. Profitability is one of the means which can be used to derive the evaluation of a business.

Leverage: Leverage is the level to which a company has been financed by outside or external funds which are purely debt obligations. It can however be defined as any technique or method involving the use of debt rather than fresh equity in the purchase of an asset.

CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

This chapter reviews literature on firm characteristics and tax aggressiveness on Deposit Money Banks. This review is done under three main headings: Conceptual review, Theoretical review and empirical review. The chapter specifically covers the concept of firm characteristics, concept of tax aggressiveness and firm characteristics and tax aggressiveness. It further provides both theoretical framework and empirical review on firm characteristics and tax aggressiveness.

2.2 Conceptual review

2.2.1 Concept of Tax Aggressiveness

Majority of studies on tax aggressiveness and evasion writes about the two terms as if what the terms mean is clear, and assume that the problem is one of analyzing the various motives to take part in the two activities (Weisbach, 2003). The reality, however, is that there are different views as well as perceptions mainly with respects to the aggressiveness phenomenon. One of the possible reason for differences in perceptions could lie in the fact that the tax aggressiveness phenomenon lies at the intersection of several disciplines; Economics, Law, Finance, Accounting, Psychology and even sociology. The perspectives, could however not be said to be independent of one another but rather they are intertwined.

It appears that the term tax aggressiveness is a legal creation. This is because the term was devised to differentiate between two categories of tax dodging. The first category- Tax evasion is defined as absolutely illegal and therefore punishable while the second category, avoidance is considered legal but not desirable; therefore, ordinarily it is not punishable. Thus, the attention of the law would be to establish that an act has been committed that violates the law. Given the said legal distinction, on the face of it, the dissimilarity between the two forms of tax dodging appears to be clear enough.

However, the ambiguity of the term tax aggressiveness does not end with the just differentiating it from tax evasion. The term tax aggressiveness has often also been used interchangeably with other terms such as tax avoidance, tax planning, and tax shelter. Strictly speaking, each of these terms that have been adopted as synonyms of tax avoidance, connotes a different aspect of behaviour. Arguably, the terms, perhaps, closer in meaning to tax avoidance

are tax mitigation, tax minimization and tax planning. This concept has several conceptualizations, references and even different ways to measure, but most of them have the same meaning and purpose but differs in their effect on the companies' health (Boussaidi&Hamed, 2015).

Scholes, Wolfeson, Erickson and Maydew (2009) framework on effective tax planning has often been referred to in describing tax planning in contrast to tax aggressiveness. In respect to the framework, effective Tax planning refers to a strategy which identifies all parties to a transaction; all tax costs and benefits as well as all non-tax costs and benefits. The tax planner would therefore avoid any conduct that would likely increase his tax and non-tax costs. The tax planner would however take advantage of allowances and reliefs which are permitted by the law to their full extent, by doing so it is perfectly legal. Tax avoidance is an intentional act of the taxpayer to pay less than the he is meant to pay legally. It is the legal application of tax laws to one's advantage, the tax payer takes advantage of the loopholes in the tax law and arrange his tax liabilities in a manner that takes advantages of circumstances that were not properly defined or that bear different meaning in the tax law. Choong (2007) posits that tax planning is essential to accomplish the objective of deferring, eliminating, or minimizing the income tax to a later year of assessment within the terrain of the law. Generally, majority of the company were compulsorily and legally authorized to pay company income tax to the government, precisely to the Federal Inland Revenue Service Board of Nigeria (FIRBN). The common issue that often arise with tax planning strategy is whether it is legal. The answer is if tax planning is carried out within the limits of tax law, it is legal, but if it is conducted outside that it may however fall under tax avoidance or tax evasion.

However, with strategic tax planning, the amount of tax paid could be reduced. This is the more reason why most corporate firms seek the consultant of a professional tax agent so as to full make use of the tax incentives given by the government in order to reduce tax burden.

2.2.1.1 Methods of Tax Aggressiveness

Numerous methods are available to both corporations and individuals to both take advantage of tax savings which are legally allowed as well as to exploit loopholes in the tax laws in order to decrease the amount payable by them in form of taxes. Such opportunities ordinarily applying for approved reliefs, to taking advantage of statutorily deductible allowances, use of tax

favored investments to various other ingenious schemes. In putting forth the general theory of tax aggressiveness, three basic principles that may apply in relation to aggressiveness of income taxes are- tax arbitrage across individuals facing different tax bracket or individuals facing different marginal tax rate at different times, the ability to postpone taxes, and tax arbitrage across income streams facing different tax treatments. Researchers have however precisely documented different methods, also known as schemes, by which corporations in particular can precisely take advantage of tax minimization and therefore plan their strategies accordingly. The use of transfer pricing, royalty programs, tax havens, income shifting and structured transactions are several methods of tax aggressiveness by corporations. An examination of each mechanism is therefore necessary.

a. Income shifting

Income shifting is a general term which is defined as the ability of an individual or corporation to move income between different tax bases or bands. This follows the tax arbitrage principle of tax avoidance as outlined by Stiglitz (1985). Taking advantage of tax arbitrage as a tax avoidance strategy allows incomes to be passed either across different individuals who are on incomes facing different tax treatments, the same individual facing a different marginal tax rate at different times or across income streams facing different tax treatments. For instance, income shifting by employing family members to work in the business has often been employed by small businesses. Family owned limited partnerships have been known to use income splitting mechanisms to shift income. Trusts, annuities, gifts and interest free or below market loans have been known to be proven methods by which individuals as well as families shift income and therefore avoid taxes.

Specifically, in the case of corporations, Gordon and Slemrod (2000) pointed out that income can be shifted through increasing the use of debt financing in order to increase interest deductions for firms in higher tax jurisdictions and to also increase interest income for those in lower tax jurisdictions. Other contrived means of corporate tax avoidance through income shifting include changing the form of employees or executive compensation from stock-based to cash-based as well as shifting business activity income between corporate and non-corporate bases. Kwaghkehe and Samuel (2011) have in particular identified private companies as perpetrators of income shifting in a manner that allows for shareholders to be executives and

hence receive jumbo amounts, which are tax deductible, in the form of executive compensation. Kwaghkehe and Samuel also pointed at the capitalization of profits by means of bonus issue as an additional income shifting mechanism by corporations. Gordon and Slemrod (2000) however drew attention to the fact that the various income shifting, if not adequately tackled and monitored play havoc with the usual interpretation of many kinds of data, because it blurs the return to capital and the return to labour. Financing constraints are however thought to moderate the extent of corporations‟ income shifting. For instance, Dyreng and Markle (2013) documented that firms facing financial constraints shift less income out of the U.S. into foreign jurisdictions than their non-constrained counterparts.

b. Transfer pricing

Transfer pricing is a situation whereby intra-group prices for certain commodities that are traded within the same group of companies are manipulated in such a way as to ensure maximum tax savings. It has been identified by many as a key means by which companies, especially Multinational Corporations (MNCs) and group company structures, shift income in order to avoid being taxed at a higher statutory tax rate (Rego, 2003). According to Kwaghkehe and Samuel (2011: 164), abuse of transfer pricing happens to be "the biggest single problem to the tax systems of developing and developed countries". Using transfer pricing technique companies, within a multinational or group structure, can manipulate the rate at which they transfer products for sale intra-group in such a way as to guarantee that the group's companies situated in higher tax jurisdictions receive goods at an artificially higher cost from companies within the group that are located in lower tax jurisdictions. This higher cost will tend to reduce the tax payable by the company to whom the goods are transferred thereby reducing the overall tax burden of the company. Use of transfer pricing in tax avoidance is therefore also a classic example of Stiglitz‟s (1985) arbitrage principle of tax avoidance. It must however be pointed out that the ordinary use of transfer pricing is not in itself avoidance, but rather its potential abusive exploitation is the problem. Various studies such as Rego (1999), Clausing (2009), Sikka (2010), Gravelle (2009), and Henn (2013) have all reported the use of abusive transfer pricing as a key method of corporate tax avoidance. So as to prevent such intra-group price manipulation, an internationally accepted "arm's length principle" has been advocated for by the OECD. The said

principle is to be applied in assessing the acceptability of such intra-group transactions that may occur within the same entity.

c. *Tax havens*

Corporations may also avoid or evade taxes through the use of tax haven. According to Henn (2013) tax havens have no general definition but they can be identified by three major characteristics. Firstly, they are usually state, countries or jurisdictions with zero or very low tax rates. Secondly, they have low level of guidelinesas regards legal entities such as trusts, companies or foundations. Thirdly, they have very strict secrecy laws especially in relation to banking and exchange of tax information with other jurisdictions. The secrecy laws in particular provide the most lure and cover for users of havens. With regards to tax haven use as a corporate tax aggressiveness mechanism, multinational companies in particular have been fingered as the main customers. The multinational companies utilize the tax havens by locating either the head office or a major subsidiary of the group in the said jurisdiction and ensuring that the bulk of the incomes of the group are declared there. In a study reported by Christian Aid (2013), it was found that multinational companies with tax haven connections, make a payment of 17.4% less in taxes per unit of asset, report 1.5% less profits, pay 30.3% lesser in taxes per unit of profit and also have 11.4% higher debt ratios than multinational organizations with no correlation to tax havens. Tax havens have therefore come under severe criticism by various stakeholders because it has been argued that most tax havens" practices do not include a transfer of actual economic activity to those jurisdictions, but merely a shift on paper that permits for tax avoidance (Henn, 2013).

2.2.2 Concept of Firm Characteristics

Firm characteristics refers to specific financial and operational firm attributes that determines or influences effective tax rate. They are indicators that affect the firm’s decision, both externally and internally (Shehu, 2012). These indicators which are also consequences of managers’ decisions are firm size, leverage, profitability and liquidity. These indicators are discussed below:

a. Firm size and Tax aggressiveness

Up till date, firm size remains a concept that has been poorly defined. Where the use of size is required by a theory, empirical studies usually relapse to some alternative or others, such as Sales or Market capitalization, Total assets, Number of employees. Correspondingly, the concept of firm size has also been used alternatively for a number of theoretical constructs varying from risk to liquidity or even political costs (Ball & Foster, 1982). As a result, firm size has been interpreted in diverse ways, permitting it to explain nothing and also everything at the same time (Bujaki& Richardson, 1997). Firm size is calculated as the natural log of total assets, as applied in this research.

However, for a company or entity, the effective tax rate is the average tax rate. The effective tax rate for corporations and individuals is the average rate at which their earned income and profit before tax are taxed respectively. Firms' size is one of the characteristics likely to influence effective tax rate. Larger proportion of research of effective tax rate included firms' size as an indicator with a prediction power over effective tax rate. Watt and Zimmerman (1978) document that larger firms are associated with higher effective tax rates as explained by the political cost theory.

The political theory's view is that effective tax rates are substitute for political cost by virtue of the fact that taxes paid are a means of wealth transfer from firms to other social groups. Effective tax rate is a substitute for a firms' success hence. If larger firms are more successful than smaller firms they will be open to more political inspection from tax authorities, therefore more reluctant in decreasing effective tax rates using aggressive tax.

b. Firm profitability and tax aggressiveness

Profitability is the capability of a company to make use of its resources to generate incomes in excess of its expenses. Profitability arises when the cumulative amount of income is more than the aggregate amount of expenditures in a reporting period. Profitability is one of the means that can be used to derive the valuation of a business. Those who make use of accounting information use these key concepts to analyze how well a firm is doing and the future potentials it could have if operation were properly managed. Profitability can be measured using either return on asset (ROA) or return on equity (ROE).

Therefore, profitability is seen as a firm's regular indicator with capacity to influence effective tax rate. Precisely, when profit is being measured base on profit before tax, it is expected that more companies will have higher income and subsequently pay more taxes. For a company to constantly put up with its earnings and increase shareholder's wealth, may result into tax aggressiveness. A positive relationship was found between firm's profitability and effective tax rate in a study conducted by Minick and Noga (2010) and Armstrong, Blouin and Larcker (2012) while Manzo and Plesco (2002) argue that profitable companies can benefit from tax exemption and also use tax deductions and tax credit in a manner that is more effective and thereby display a greater book-tax difference.

c. Firm Leverage and Tax Aggressiveness

Leverage is the level to which a company has been financed by outside or external funds which are purely debt obligations. Leverage could be either financing or operating leverage. Financial leverage refers to a company's capability to repay debts, especially long term ones, whereas operating leverage is the use of asset which forced the company to bear the fixed costs such as depreciation. The main reason why companies make use of financial leverage is to maximize shareholders' fund under a favourable economic conditions. Equity financing and debt financing are the financing options pursued by most companies. Equity financing is referred to as the raising of funds by the sale of company's shareholding interests while debt financing means borrowing fund which must be refunded with interest.

How a company chooses its financing resources is important due to different fiscal treatment of diverse means of funding. Kraft (2014) argues that firms' financing decision may contribute ad to the alignment of managers and shareholders' interest. Equity financing which is quite cheaper alternative has a cost associated with it since the dividends of investors are tax deductible. Interest expense deductibility leads firms to prefer debt financing to equity financing. Managers of corporations with greater amount of leverage are subject to the discipline of financing agreements enacted by creditors through the inclusion of limiting clauses (Ribeiro, 2015). These restrictions reduce the leeway available to take decision that are not only value maximizing but also taking tax planning to minimize costs for the purpose of extracting individual benefits.

d. Firm liquidity and tax aggressiveness

Liquidity is the degree to which an asset or a security can be quickly sold in the market at a price reflecting its essential value. In other words, it is the ability of company to convert its asset to cash. Liquidity over the year has been argued to be the brain box for a business survival. This is because businesses facing problems of liquidity may be heading towards crises and as a result a significant proportion of asset is expected to be held in liquid form in order to meet the day to day activities of a business. Any liquid firm will however be ready to disclose it in their financial report to attract creditors, increase fund raising ability externally to finance future businesses (Hassan & Farouk, 2014). Liquidity ratio therefore measures the firm's ability to meet its current responsibilities using the ratio of current asset to current liabilities.

Decision taken by management on liquidity is an attribute that may influence effective tax rate. Manager's investment decision can be restricted to some extent by corporate taxes due to uncertainty of tax payment and deductions that have to be incorporated in the calculation of an investment's present value. Deductibility of interest expense, amortizations and depreciation are an important part of a firm's cost. Therefore more capital-intensive firms benefit more from depreciations deductibility.

2.3 Theoretical review

The theory that is relevant to this the Political Economy Theory. The theory is discussed below.

2.3.1 Political Economy Theory

This theory recommends that accounting system act as a mechanism used to create and distribute power. This theory is based upon economic theory of self-interest. The emergence of pressure groups creates a threat to companies who might face increased government intervention in form of regulatory actions which then create political costs (Uwuigbe, 2011). The political economy theory is defined by Deegan (2000) as one that tends to view accounting reports and disclosure as a means of preserving the favorable position of those who control scarce resources (capital) and as a means of undermining the position of those without scarce capital.

This theory is important to this study because firms that are being controlled by government on tax matters are in dilemma of agreement with stiff tax regulations enforced on it without a cost and meeting the economic bottom line of firms which is the primary aim of firms with a view to

maximizing shareholder's wealth. The economic self-interest of managers of a firm can be seen as a reason they take part in tax aggressiveness so as to achieve the firm's economical goal.

2.4 Empirical Review

Anouar and Houria (2017) studied the significant relationship that exists between tax avoidance and firm size. The study made use of 57 listed corporate groups in Morocco, over the 2010- 2014 periods. The study made use of the multiple regression models. The study shows that firms which are highly indebted are likely to take advantage of the main characteristics of debt-capital in order to evade a significant corporate tax burden. It also included the fact that the tax considerations made debt financing a preferential method of financing areas which are highly taxable.

Sunday (2017) studied firm characteristics and tax aggressiveness of listed firms in Nigeria over the period of 2012 to 2016. The study used sample selection technique to select eighty-five listed non-financial firms. This study used secondary data such as Annual financial statement under the reference period. The inferential and descriptive statistics methods were used and the study discovered that there is significant and positive relationship between external audit and tax aggressiveness. Leverage is significant and exerts negative relationship with tax aggressiveness.

Mosota(2014) studied the relationship between firm size and tax aggressiveness. The sample consists of 61companies listed on the Nairobi Stock Exchange, over the 2008-2013 periods. The research made use of the Ordinary Least Square (OLS) regression Model. The outcome indicates that there is a positive relationship between firm size and tax aggressiveness.

Rachael, Meshack and Felicia (2018) examined the effect of tax aggressiveness and firm size in Nigeria deposit money banks. The study made use of six selected Deposit Money Banks that are quoted on the Nigerian Stock Exchange, over 2007 to 2017 periods. The study made use of pooled multiple regression model. The study found out that book value of equity (BVE) impact negatively on, firm size and was statistically significant while the market value (MV) was found to impact positively on firm size but this impact was not statistically significant.

Yetty, Eka and Eneng (2016) examined the role of leverage on corporate tax avoidance in Indonesia using manufacturing firms listed on Indonesian Stock Exchange for the period 2010-2014. The study made use of the purposive sampling technique to select 108 firms. This study also used secondary data such as Accounts and Annual Reports that was published during the research year. The multiple linear regression equation was used and the study results revealed that Leverage does not have a significant effect on tax avoidance.

Ogbeide and Iyafekhe (2018) empirically investigated the level of tax aggressiveness of listed firms in Nigeria. The sample consists eighty-five quoted firms over the period 2012 to 2016. The descriptive analysis method was used as a basis of analysis. The result showed that majority of the companies in the non-financial sector were highly tax aggressive, some were fairly tax aggressive, very fewer of them were tax aggressive at equilibrium, thus enhancing the firm earning after tax and shareholder's wealth maximization goal.

Ana, Antonio, and Elisio (2015) studied the determinants of effective tax rates: firms' characteristics and corporate governance making use of 45 publicly-listed Porto corporate groups, over the period of 2010–2013. The study made use of the the Ordinary Least Squares (OLS) regression and thereby found a positive relationship between profitability and effective tax rates. The study states that firms with high profitability are most likely to take part in tax avoidance practices in order to reduce their tax liabilities.

Oyenike, Olayinka and Francis (2016) specifically observed the relationship between board of director's gender diversity and tax aggressiveness of banks listed on the Nigerian Stock Exchange. The study consists fifteen listed banking institution on the Nigerian stock body over the period of 2012 to 2014. For data collection, cross sectional time-series is used. The research provides that a encouraging and non-significant relationship exist between female directors and tax aggressiveness after controlling for firm characteristics and governance mechanism.

Akanksha, Jayant and Costanza (2013) investigated the impact of corporate tax aggressiveness and the role of debt in the U.S.A. The study sample consisted of 9,648 unique firms, over the 1986-2012 periods. The impact of leverage on tax aggressiveness was tested using the U.S model's predictions. Results showed that leverage prevents tax aggressiveness. It was also obvious that though leverage reduces tax aggressiveness in absolute value, it aggravates it when the latter is measured as a proportion of the firm's pre-tax book income. This is constant

with the hypothesis that leverage may actually cause the manager to avoid more taxes in the non-bankrupt states of the world, when the perceived benefits therefrom are positive.

Emmanuel, Gina and Kingsley (2018) investigated the effect of firm attributes on tax aggressiveness in Nigeria. The study consists fifteen Deposit Money Banks over the periods of 2013 to 2017. This study used Ordinary Least Square (OLS) regression model. The result revealed that firm size, leverage and liquidity have significant impact on tax aggressiveness while profitability has an insignificant impact on the Nigeria banking sector.

Lanis, Richardson and Taylor (2015) investigated the relationship between corporate tax avoidance and the liquidity of a firm. The sample comprises of 200 Australian firms which are publicly listed over 2006-2010 periods. The study made use of the Ordinary Least Squares (OLS) regression model as basis of analysis. The result showed that liquidity is significantly positively related with tax avoidance.

Aburajab, Maali, Jaradat and Alsharairi (2019) studied the relationship between Board of Director's characteristics and tax aggressiveness. The period of the study was 2013 to 2017 using one hundred and forty Jordanian firm. The effect of board composition, board independence, CEO duality, return on asset and firm size were examined using regression analysis. The study found that there is a positive relationship between board duality and tax aggressiveness. Finally, both the firm size of the variable and the return of asset (ROA), which were included as control variables, were found to be positively related to tax aggressiveness.

Ezugwu and Akubo (2014) considered the effect of high corporate tax rate on the profitability of corporate organizations in Nigeria. The study made use of the down-stream oil sector of the economy as the population which encompasses forty-five (45) corporate organizations that pays their corporate taxes, as obtained from Federal Inland Revenue Service, Lagos office. Data collected was tested using regression analysis. Results showed that high corporate tax rate will impact negatively on realized profit. The study thus portrays a direct positive relationship between corporate tax rate and realized Profit.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter describes the procedure to be followed in realizing the goals and objectives of the research. This chapter however present in detail the procedure and the instrument that is used for this research. This chapter also discusses the research design, population and sample of the study, sources and method of data collection, model specification, variables measurement and method of data analysis.

3.1 Research Design

The study adopted the ex-post facto research design. This is appropriate because the study aims at measuring the relationship between one variable and another in which the variables are not manipulated.

3.2 Population and sample size

The target population of this study was all the Deposit money Banks (DMBs) quoted on the Nigeria Stock Exchange as at 31st December 2018. Going by records extracted from the Nigeria Stock Exchange website, the number of listed Deposit money Banks (DMBs) as at that date was 21. The sample size was five (5) Deposit money banks based on banks with international licenses. The banks therefore studied are as follows:

- Access Bank Nigeria plc.
- First Bank Nigeria plc.
- Guarantee trust Bank plc.
- Zenith Bank Nigeria plc.
- United Bank for Africa

3.3 Sampling techniques

The sample size of five (5) Deposit Money Banks (DMBs) was selected using the Random sampling technique based on banks with international licenses for the period 2014-2018. The random sampling was used because each sample has equal probability of being chosen. A sample which is randomly chosen is meant to be an unbiased representation of the total population.

3.4 Sources of data and Method of data collection.

The data used in this study was collected from secondary source only. Precisely, data was sourced from the published financial statements and annual report of the selected banks for the period 2014-2018. This was augmented, where necessary, with the financial information of the banks as contained in the Nigeria Stock Exchange (NSE) fact book.

3.5 Method of data analysis

The technique used to analyze the data is the simple linear regression analysis in order to determine the effect of firm characteristics on tax aggressiveness in Nigeria. The probability level was set up at 5% significance level. The results of this research were presented in tables using Statistical Package for Social Sciences (SPSS) version 22 for easier presentation of analysis result.

3.6 Model specification

It is the expression of a relationship into mathematical form. To determine the effect of firm characteristics on tax aggressiveness in the Nigerian Deposit Money Banks, a multiple linear model is built. The model covers the contribution of firm size, profitability, leverage and liquidity on tax aggressiveness.

The model was further specified as:

Tax aggressiveness = *f* (Firm size, Profitability, Leverage, and Liquidity).

The econometric form of the model is therefore given by:

$$AGGTAX_{it} = \alpha + \beta_1 FSIZE_{it} + \beta_2 ROA_{it} + \beta_3 LEVR_{it} + \beta_4 LIQD_{it} + \varepsilon_{it}$$

Where;

i and t refers to bank and time period (2014-2018) respectively

$AGGTAX_{it}$ = Aggressive tax measured as the ratio of tax income to profit before tax

$FSIZE_{it}$ = Firm size measured as the natural logarithm of the book value of total assets at the beginning of the period.

ROA_{it} = Profitability measured as earnings before interest and tax divided by total assets.

$LEVR_{it}$ = Leverage measured as the amount of total liabilities divided by total assets both at book value.

$LIQD_{it}$ = Liquidity measured as the ratio of current asset to current liability.

α = constant.

$\beta_1 - \beta_4$ = Coefficients of the estimated variables.
ε_{it} = Error term

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION OF FINDINGS

This chapter presents analyses and findings of the study as set out in the research methodology. The study findings were presented to ascertain the effect of firm characteristics on tax aggressiveness in Nigeria. During this study, the annual reports of five selected banks were used for the purpose of acquiring secondary data. Other sections of the data analysis were done in congruence with the research objectives.

4.1. Data Presentation, Analysis and Interpretation

4.1.1 Descriptive Analysis

	Minimum	Maximum	Mean	Std. Deviation
Aggressive Tax (%)	7.95	29.58	17.11	5.60
Firm Size	14.79	22.13	17.78	3.29
Return On Assets (%)	0.26	5.62	2.46	1.36
Leverage (%)	81.34	98.76	87.14	3.59
Liquidity	1.05	1.47	1.26	0.13

Source: Researcher's Analysis, 2020

Table 4.1 above shows the maximum values, minimum values, the mean (average), and standard deviation. The results expressed helps to provide some insight into the nature of the DMBs in

Nigeria used in this study. First, it can be observed that on the average, in a 5-year period (2014-2018), the sampled deposit money banks used for this study were

characterized by an aggressive tax of 17.11%. This shows that the tax rate of the sample is under the statutory tax rate of 30%. This is an indication that the sampled firms were very tax aggressive in the period under reference. Intuitively, it can be said that the firms have tax management experts and tax consultants who do employ every legal strategies and also take advantage of the loopholes in the tax laws to minimize tax liability, increase net income and maximize the wealth of the shareholders. In addition, results from the descriptive statistics present a mean distribution of 17.78, with maximum and minimum values of 14.79 and 22.13 respectively for firm size. This indicates that the sampled firms invested heavily in total assets perhaps to enable reduce tax expense.

Furthermore, the sampled deposit money banks used for this study were characterized by a positive ROA = 2.46 (%), with maximum and minimum values of 0.26 (%) and 5.62 (%) respectively. This is an indication that most quoted banks in Nigeria have a positive Return on Assets (ROA). Leverage has a maximum value of 98.76 (%), minimum of 81.34(%), a mean of 87.14 (%) and a standard deviation of 3.59 (%). Lastly for Liquidity, the sampled firms have an average value of 1.26 with a standard deviation of 0.13, maximum value of 1.47, and minimum value of 1.05.

4.2. Test of Hypotheses and Discussion

Table 4.2: Linear Regression Analysis between firm characteristics and tax aggressiveness among Deposit Money Banks in Nigeria

Table 4.2.1: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.441[a]	.194	.033	5.51134

a. Predictors: (Constant), Liquidity, Leverage, Return On Assets, Firm Size

Source: Researcher's Analysis, 2020

Table 4.2.1 above shows that firm characteristics and tax aggressiveness has a moderate correlation (coefficient R) of 0.441 indicating that a positive relationship exist between the variables while the increasing degree in firm characteristics will increase tax aggressiveness by 44.1%. Analysis in table 4.2.1 also reveals that the coefficient of determination (the percentage variation in the dependent variable being explained by the changes in the independent variables)

R square equals 0.194, that is, firm characteristics explains 19.4% of observed change in tax aggressiveness.

Table 4.2.2: ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	146.305	4	36.576	1.204	.340[b]
	Residual	607.497	20	30.375		
	Total	753.801	24			

a. Dependent Variable: Aggressive Tax

b. Predictors: (Constant), Liquidity, Leverage, Return On Assets, Firm Size

Source: Researcher's Analysis, 2020

The Analysis of Variance (ANOVA) was used to check how well the model fits the data. Moreover, the change statistics shows that the research model and variables are not fit (p>0.05). The ANOVA results showed that at 0.340 level of significance, there existed enough evidence to conclude that firm characteristics was not useful for predicting tax aggressiveness of DMBs in Nigeria. From the results, it can be concluded that there is no linear relationship between the dependent variable and the independent variable. It also revealed that the F-value which is the mean square model divided by the mean square residual yielded F=1.204

Table 4.2.3: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	68.199	34.659		1.968	.063
	Firm Size	-.131	.446	-.077	-.294	.772
	Return On Assets	-1.426	.987	-.347	-1.444	.164
	Leverage	-.473	.373	-.303	-1.267	.220
	Liquidity	-3.193	9.678	-.073	-.330	.745

a. Dependent Variable: Aggressive Tax

Source: Researcher's Analysis, 2020

From the regression coefficient result above, the estimated model becomes:

$AGGTAX_{it}$ = 68.199 - 0.077 FSIZE - 0.347 ROA - 0.303 LEVR-0.073 LIQD + 34.659

From the regression coefficients, a unit increase in firm size will lead to a 0.077 decrease in aggressive tax of the 5 selected deposit money banks. A unit increase in companies' size will lead to 0.425 units increase in the aggressive tax of the 5 selected deposit money banks. A unit increase in return on assets will lead to a 0.347 decrease in aggressive tax of the 5 selected deposit money banks. A unit increase in leverage ratio will lead to 0.303 decrease in aggressive tax of the 5 selected deposit money banks and a unit increase in the liquidity ratio will lead to a 0.073 decrease in aggressive tax of the 5 selected deposit money banksin Nigeria.

4.2.1 Test of Hypothesis One

H_0: There is no significant relationship between firm size and tax aggressiveness among DMBs in Nigeria.

H_1: There is a significant relationship between firm size and tax aggressiveness among DMBs in Nigeria.

From table 4.2.3, the regression result shows that firm size has a significance level of 0.772 ($p>0.05$). This finding hence accepts the null hypothesis H_0 that there is no significant relationship between firm size and tax aggressiveness among Deposit Money Banks in Nigeria and rejects the alternate hypothesis that there is a significant relationship between firm size and tax aggressiveness among Deposit Money Banks in Nigeria.

4.2.2. Test of Hypotheses Two

H_0: There is no significant relationship between profitability and tax aggressiveness among DMBs in Nigeria.

H_1: There is a significant relationship between profitability and tax aggressiveness among DMBs in Nigeria.

From table 4.2.3, the regression result shows that profitability has a significance level of 0.164 ($p>0.05$). This finding hence accepts the null hypothesis H_0 that there is no significant

relationship between profitability and tax aggressiveness among Deposit Money Banks in Nigeria and rejects the alternate hypothesis that there is a significant relationship between profitability and tax aggressiveness among Deposit Money Banks in Nigeria.

4.2.3. Test of Hypotheses Three

H_0: There is no significant relationship between leverage and tax aggressiveness among DMBs in Nigeria.

H_1: There is a significant relationship between leverage and tax aggressiveness among DMBs in Nigeria.

From table 4.2.3, the regression result shows that leverage has a significance level of 0.220 ($p>0.05$). This finding hence accepts the null hypothesis H_0 that there is no significant relationship between leverage and tax aggressiveness among Deposit Money Banks in Nigeria and rejects the alternate hypothesis that there is a significant relationship between leverage and tax aggressiveness among Deposit Money Banks in Nigeria.

4.2.4. Test of Hypotheses Four

H_0: There is no significant relationship between liquidity and tax aggressiveness among DMBs in Nigeria.

H_1: There is a significant relationship between liquidity and tax aggressiveness among DMBs in Nigeria.

From table 4.2.3, the regression result shows that liquidity has a significance level of 0.745 ($p>0.05$). This finding hence accepts the null hypothesis H_0 that there is no significant relationship between liquidity and tax aggressiveness among Deposit Money Banks in Nigeria

and rejects the alternate hypothesis that there is a significant relationship between liquidity and tax aggressiveness among Deposit Money Banks in Nigeria.

4.3 Discussion of Findings

This study investigated the effect of firm characteristics on tax aggressiveness in Nigeria. The data generated were subjected to both descriptive and inferential statistics. The descriptive statistics revealed the individual characteristics of the variables used in this study while the inferential statistics tested the hypotheses using the multiple linear regression analysis.

The test of hypothesis one was to ascertain whether a significant relationship exists between firm size and tax aggressiveness among Deposit Money Banks in Nigeria. The findings hence revealed that there is no significant relationship between firm size and tax aggressiveness among Deposit Money Banks in Nigeria with a significance level of 0.772 ($p>0.05$). Therefore, the null hypothesis H_0 is accepted and the alternate hypothesis H_1 is rejected. This result is similar to the work of Oyeleke& Erin (2016). They agreed that tax aggressive behaviour is not limited as regards to the size of bank operations and smaller banks may even be more tax aggressive than larger banks. Dyreng, Hanlon and Maydew (2010) also agreed to this result as they ascertained a negative relationship between firm size and tax aggressiveness. However, this result is opposing to that of Liu, et. al. (2014). Their result shows that firm size has a significant relationship with aggressive behaviour.

The test of hypothesis two was to ascertain whether a significant relationship exists between profitability and tax aggressiveness among Deposit Money Banks in Nigeria. The findings hence revealed that there is no significant relationship between profitability and tax aggressiveness among Deposit Money Banks in Nigeria with a significance level of 0.164 ($p>0.05$). Therefore, the null hypothesis H_0 is accepted and the alternate hypothesis H_1 is rejected. This result is consistent with the work of Kartz et al., (2013) who found that on average, the main components of current profitability: operating liability leverage, margins and utilization of assets, result in lower future profitability for tax aggressive firms as compared to firms that are not tax aggressive.

The test of hypothesis three was to ascertain whether a significant relationship exists between leverage and tax aggressiveness among Deposit Money Banks in Nigeria. The findings hence revealed that there is no significant relationship between leverage and tax aggressiveness among Deposit Money Banks in Nigeria with a significance level of 0.220 ($p>0.05$). Therefore, the null hypothesis H_0 is accepted and the alternate hypothesis H_1 is rejected. This result is similar to that of Didar, Matsusaka and Ozbas (2014) who establish that there is a negative relationship between financial leverage and tax gap. Also, Boussaidi and Hamed (2015) did not find a significant effect of leverage on tax aggressiveness of listed firms in Tunisia. They found that highly levered firms are faced with high interest expense; and since interest expense is tax deductible; it tends to lower the effective tax rate.

The test of hypothesis four was to ascertain whether a significant relationship exists between liquidity and tax aggressiveness among Deposit Money Banks in Nigeria. The findings hence revealed that there is no significant relationship between liquidity and tax aggressiveness among Deposit Money Banks in Nigeria with a significance level of 0.745 ($p>0.05$). Therefore, the null hypothesis H_0 is accepted and the alternate hypothesis H_1 is rejected. This result is in alignment with that of Sukmawati& Rebecca (2016). They found that liquidity has a negative significant relationship with tax aggressiveness. This is however in contrast to the work of Appolos and Olajumoke, (2014) who found that liquidity has a significant relationship with tax aggressiveness.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

In this section of the study, the researcher provides a summary of the findings derived from the study, the conclusion of the study, and recommendation for the study.

5.1 Summary of the Study

Firm characteristics refer to specific financial and operational firm features that determine or influence effective tax rate. These are attributes of a firm that affect the firms' decision, both externally and internally which are consequences of managers' decisions. Tax is a major cost to firm which managers are expected to reduce through adequate understanding of the loopholes in the existing tax laws and also take advantage of accounting knowledge to employ certain strategies that would help reduce the amount that they would eventually pay as taxes.

Intuitively, the success of firms and the objective of maximization of shareholders' capital is a function of effectual firm characteristics which includes firm size, leverage, audit quality and other indicators, provided all others variables are held constant. Firms that employ large amount of debts, whether short term or long term debts also enjoy the tax shield and in some cases make them tax aggressive. Jensen and Meckling (1976) propounded that a tax aggressive firm often tries to reduce the amount of payment of tax expense. As a result, tax aggressiveness, otherwise refers to as reduction of tax liability has related costs and positive effects. The costs are majorly reputational costs, arising from the trap of sliding into tax evasion by the managers, political costs caused by the firm size and the possibility of managers participating in rent extraction subject to the degree of agency problem. The attendant benefit of tax aggressiveness is basically the rise in net income and the transfer of wealth from the government to the shareholders, thus promoting the firm's goal of maximizing wealth.

Therefore, this research was established to investigate the effect of firm characteristics on tax aggressiveness in Nigeria. The findings of this research were discussed in detail and the objectives of the study were linked to the current findings of the research. Secondary sources of data were used in collecting data and gathering information.The secondary source of data was obtained from annual reports of the selected deposit money banks, other related journals and

articles. This study used an ex-post facto research design to gather data for the period of 2014-2018 from 5 selected deposit money banks in Nigeria which was extracted from their respective annual reports. The study focused on four explanatory variables as proxies for the independent variable (Firm characteristics); firm size, profitability, leverage, and liquidity and one dependent variable which is tax aggressiveness.

The theoretical framework for this research workis the political economy theory. This theory suggests that accounting system act as a mechanism used to create and distribute power. Deegan (2000) describes the political economy theory as one which perceives accounting reports and disclosures as a means of maintaining the favoured position of those who control scarce resources (capital), and as a means of undermining the position of those without scarce capital. This theory is important to this study because firms that are being controlled by government on tax matters are in dilemma of agreement with stiff tax regulations enforced on it without a cost and meeting the economic bottom line of firms which is the primary aim of firms with a view to maximizing shareholder's wealth.

Furthermore, multiple linear regression analysis was used to test the four research hypothesis. The probability level was set up at 5% significance. The result of the linear regression analysis hence indicates that there is no significant relationship between firm size and tax aggressiveness among Deposit Money Banks in Nigeria with a significance level of 0.772 ($p>0.05$), there is no significant relationship between profitability and tax aggressiveness among Deposit Money Banks in Nigeria with a significance level of 0.164 ($p>0.05$), there is no significant relationship between leverage and tax aggressiveness among Deposit Money Banks in Nigeria with a significance level of 0.220 ($p>0.05$), there is no significant relationship between liquidity and tax aggressiveness among Deposit Money Banks in Nigeria with a significance level of 0.745 ($p>0.05$).

5.2 Conclusion

The effect of firm characteristics on tax aggressiveness in Nigeria from 2014 to 2018 has been explored using data collected from the annual reports of the five (5) listed deposit money banks. The study concludes that there is no significant relationship between the components of firm characteristics (firm size, profitability, leverage, and liquidity) and tax aggressiveness among Deposit Money Banks in Nigeria. In particular, the research concludes that firm size has no significant relationship with tax aggressiveness among Deposit Money Banks in Nigeria. The study concludes that profitability has no significant relationship with tax aggressiveness among Deposit Money Banks in Nigeria. The study also concludes that leverage has no significant relationship with tax aggressiveness among Deposit Money Banks in Nigeria and liquidity has no significant relationship with tax aggressiveness among Deposit Money Banks in Nigeria.

5.3 Recommendation

Sequel to the findings of this research, the following recommendations are made which will be useful to stakeholders;

i. Firms should constantly ensure there is strict internal control to help reduce losses arising from the manager's tendency to act selfishly in pursuant of tax aggressiveness practice.

ii. The original emphasis of the tax authorities should concentrate on developing a tax culture among the people.

iii. Finally, the Federal Inland Revenue Service and its states counterparts should be further enhanced in order to reposition them for improved service delivery and administrative control.