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Research Paper

Corporate Governance Attributes and Tax Sheltering: Empirical Evidence from Non-Financial Listed Companies in Nigeria

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ABSTRACT
The aim of this study is to explore the effect of corporate governance attributes on tax sheltering of sampled non-financial listed firms in Nigeria for the period 2010 to 2019. Corporate governance attributes that were employed in this study include; board of directors' share ownership, board independence and board diligence which also represented the independent variables. Non-Debt Tax Shield (a proxy for tax shelter) as seen in prior related literature is employed as the dependent variable. Ex-post facto and descriptive research design were both employed in the methodology. Specifically, we employed Robust Standard Error Regression Analyses estimator with major emphases on its marginal effect to test the study hypotheses which clearly suggest that board ownership is a strong and significant indicator necessary to drive down tax sheltering activities in Nigeria. This finding sternly supports the agency theory as highlighted by Jensen &Meckling 1976 which suggest that board ownership reduces the conflict of interest between managers and shareholders by aligning the interests of both parties and lowers the perquisites of managers and associated incentives. Therefore, in line with the outcomes obtained, this study recommends that stakeholders of non-financial listed companies seeking lower tax shelter practices may need to consider introducing more equity ownership for its directors, suggesting that encouraging greater managerial shareholding will mitigate aggressive practices of tax planning thereby reducing owner-manager conflict in the firm.
Keywords*: Corporate Governance, Tax Sheltering, Non-Debt Tax Shield, Agency Theory, Robust Standard Error Regression*

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