THE MODERATING EFFECT OF TAX PLANNING ON THE RELATIONSHIP BETWEEN DIVIDEND POLICY AND FIRM VALUE OF LISTED CONSUMER GOODS IN NIGERIA

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Abstract

The study examines tax planning, dividend policy and firm value of listed consumer goods firms in Nigeria. The research design used in the study was ex-post factor and the study covers a period of ten (10) years, from 2014 to 2024. The population of the study consists of 20 consumer goods firms listed on the floor of the NSE. A total of 10 consumer goods firms were selected based on the filter sampling technique. Only secondary source of data was employed and the technique utilized for data analysis is multiple linear regression analysis. The studyreveals that the predictor variable, dividend payout ratio (DPO), which was used as a proxy for independent variable, tax planning proxied by effective tax rate (ETR) which was used as moderating variable and firm value proxied by tobin q have significant impact on the explained variable. The study also reveals that tax planning as moderating variable has significant impact on the relationship between dividend policy and firm value of listed consumer goods firms in Nigeria. The study recommended that, the management of listed Nigerian goods should employ the services of tax experts in order to improve the firm value of listed Nigeria consumer goods; the services of tax experts are needed to engage in legal tax planning such transfer pricing or structure intra-company debt in order to reduce the net tax payment. By doing so, the net income after tax will increase which in turn will increase firm value.

***Keywords*:** Dividend, firm value, effective tax rate, DPO, Nigeria

1.Introduction

The relationship between dividend policy and firm value remains one of the most debated issues in corporate finance. Despite extensive empirical and theoretical contributions, there is still no universal consensus on whether dividend decisions significantly influence firm value or are merely residual outcomes of investment and financing decisions. Recent empirical studies continue to reflect this lack of consensus, reinforcing the argument that dividend policy remains an open question (Njoku & Lee, 2024; Umoru et al., 2025; Odufisan et al., 2025; Okoh et al., 2025; Lawal & Kareem, 2024; Ezeocha, 2024). Overall, the reviewed literature indicates that while some

studies provide strong support for dividend relevance, others uphold the irrelevance hypothesis, thereby sustaining the dividend puzzle in corporate finance.

Some theories, such as M and M theory (1961), have been proposed to explain the effects of business dividend policy and question weather or not it affects firm value. For example, Amidu (2007) revealed that a business's dividend policy impacts its profitability measurements and that managers should spend sufficient time establishing a dividend policy that would improve firm performance adequately and hence firm value for shareholders. The analysis, nevertheless, overlooked company worth. The data revealed a significant link between ROA, ROE, increased sales and earnings, and the firm's dividend policy. As a result, several of these researchers focused on the effects of a firm's dividend payment policy on earnings rather than its value (Soufiene, Khoule & Muhammed, 2016).

Similarly, during the last few decades, dividend policy has piqued the interest of financial economists and has been the subject of much theoretical and empirical research (Yahaya& Ghazal, 2016). However, the debate started with the M and M (1961) hypothesis, which divides investors into dividend clients. Dividends, according to this idea, are unimportant when making financial decisions. It claims that in a perfect capital market with no defects like taxes, transaction costs, asymmetric information, or agency costs, a company's dividend policy has no impact on the market value of its shares. As a result, financial managers can not change the value of their companies by modifying their dividend policy (Murekefu & Ouma, 2012). In the same vein, several empirical studies on the impact of tax planning (using effective tax rate as proxy) on company earnings and value exist (Murekefu & Ouma, 2012; Philip, 2003; Ayers et al., 2006; Wilson, 2009; Minnick & Noga, 2009; Noor, 2010; Md Noor et al., 2010). On the other hand, dividend relevance theory posits that a company's dividend policy directly affects its share price and firm value. None of these studies has considered the moderating effect of tax planning on the relationship between firm value and dividend policy.

Whereas, a moderating variables may be categorical or continuous, and they are only used in quantitative analysis, not qualitative analysis, their use is beneficial since they aid in the explanation of the relationships between the independent and dependent variables (Hanlon &Heitzman, 2010). Moderating variables, also known as simple moderators, offer additional detail about the relationship between two variables in quantitative analysis by describing what factors can make the relationship better, or weaker (Sabli & Md Noor, 2012).

Dividend policy affects firm value through signaling, investor preferences, and cash flow distribution. However, tax planning modifies this relationship by influencing investors' after-tax returns. Thus, the impact of dividend policy on firm value depends on the firm's tax strategy.

Irrespective of the importance attached to issues of taxation and tax planning, it has rested in the domain of theoretical expositions in most developing countries. Thus, there are considerable studies on the effect of tax planning on firm value in Nigeria, none of the studies captured the moderating role of tax planning on other variables (Yahya & Ghazali, 2016; Abdul & Muhibudeen, 2015; Enekwe et al., 2015; Rudianto, 2015; Kajola et al., 2015; Dogan & Topol, 2014; Oseigbu et al., 2014; Velnampy et al., 2014; Gatsi et al., 2013; Beigi et al., 2013).

Therefore, no studies to the best of the researcher's knowledge, whether Nigeria or not, dwelt on the moderating effect of tax planning on the relationship between dividend policy and firm value of listed consumer goods companies. As a result, this study set out to employ tax planning as a moderating variable. Introducing tax planning as a moderator between dividend policy and firm value is desirable because it will depict the link between how well the management utilizes the firm's resources in generating corporate wealth and hence corporate value. Furthermore, it was observed from the literature reviewed that most of the studies used periods less than ten years (Turakpe & Filwe, 2017; Abdul-Wahab, 2016; Anike, 2014; Kawor & Kportorgbi, 2014; Oladipupo & Ibadin, 2013; Owuigbe et al., 2012).

The listed Nigerian consumer goods companies play an important role in the country because of the indispensability of their products to individuals and corporate organizations. Since the consumer goods sector is important just like the other sectors because it is the second major contributor to the market capitalization of the Nigeria Stock Exchange, contributing around 28% just like the banking sector and the third in 2022

Thus, as a departure, this study intends to fill the identified gap by covering a period of ten (10) years from 2014 to 2024. Another important point of consideration is that some studies used other measurements to measure firm value, not Tobin's Q. The current study observed that those studies are lagging, and this is because Tobin's Q is the most appropriate tool for measuring firm value. The reason for the popularity of this index is because of its ability to reflect the performance of management (Sahay& Pillai, 2009). This study, therefore, seeks to provide evidence on the moderating effect of tax planning on the relationship between firm value and dividend policy.

However, even though these consumer goods companies play an important role in the economy, not much attention is given to the study of how tax planning moderates the dividend policy and firm value of the consumer goods sector in Nigeria. In addition, despite the link between taxes, financing decision and firm value, the available empirical evidence is not really convincing on how taxes and dividend policies of firms affect their firm value (Izevbekhai & Odion, 2018). Therefore, this indicates that consumer goods companies' managers also need to understand how the use of effective tax rates (tax planning) and dividend policy will increase the value of their firms.

This study in sum attempts to address the imbalance by combining both the accounting-based and market-based

measures of firm value, concentrating on the consumer goods companies and taking care of the problem of endogeneity.

Objectives of the Study

The study aims to determine the moderating effect of tax planning on the relationship between dividend policy and firm value. The specific objectives as guides to the study are to:

i. Examine the impact of dividend policy on the firm value of listed consumer goods firms in Nigeria.
ii. Examine the moderating effect of tax planning on the relationship between dividend policy and firm value of listed consumer goods firms in Nigeria.

Literature Review

This section comprises of a review of the conceptual literature, the theoretical underpinning of the study and prior empirical studies.

Conceptual Review

Dividend policy and firm value

Dividend policy influences firm value through channels such as signaling (dividends convey information about firm performance), investor preference (some investors prefer stable income), and agency cost reduction (dividends limit excess cash under managerial control). The relationship may vary depending on factors like tax considerations, profitability, and investment opportunities.

Tax planning and Firm Value

Tax planning involves legally minimizing tax liabilities through strategic use of existing tax regulations, unlike tax evasion which is illegal. It enables firms to retain more earnings by exploiting allowable gaps in tax laws (Pohan, 2013). Oyeyemi and Babatunde (2016) and Zemzem and Ftouhi (2013) suggest that tax planning can influence firm value. Lower tax payments increase internal funds, which can be reinvested to enhance performance and attract investors. This ultimately improves profitability and strengthens the firm's market reputation. Therefore, effective tax planning contributes to firm value by maximizing after-tax returns and reflecting managerial efficiency.

Tax planning, dividend policy and firm value

Dividend policy is the strategy a company uses to decide how much profit to distribute to shareholders versus how much to retain for reinvestment. Both tax planning and dividend policy influence a firm's cash flow, risk profile, and investor perception. Effective tax planning can increase available earnings, which may support higher or more stable dividends. Together, these decisions shape firm value by affecting profitability, growth opportunities, and shareholder returns.

Review of Empirical Studies

Turakpe and Filwe (2017) examined the relationship between dividend policy and firm performance in Nigeria using multiple regression analysis based on the financial reports of Nigerian Breweries Plc, Zenith Bank Plc, and Guaranty Trust Bank Plc from 2010 to 2016. The study produced mixed findings and could not establish a definite relationship between dividend policy and corporate performance. The authors recommended that shareholders

of listed consumer goods firms should support programmes that improve staff training and welfare, as such investments contribute positively to firm value. Unlike the previous study, the current study incorporates tax planning as a moderating variable between dividend policy and firm value to achieve more robust results.

Akani and Sweneme (2016) investigated the effect of dividend policy on the profitability of listed manufacturing firms in Nigeria from 1981 to 2014 using panel data regression analysis. The findings showed that earnings retention had an inverse and insignificant effect on return on assets (ROA), while dividend payout ratio (DPO) had a direct but insignificant effect on ROA. The study recommended consistent declaration and payment of dividends to boost investors' confidence. However, the study did not specify the population of the study, a gap the current study intends to address.

Enekwe, Nweze, and Agu (2015) examined the effect of dividend payment on the market value of selected brewery firms in Nigeria using an ex-post facto research design. The study covered the period from 2013 to 2015 and employed panel regression analysis. The findings revealed that dividend payout ratio had a positive relationship with firm market value. The study concluded that adopting an optimal dividend policy could enhance shareholder wealth and increase firm value. It therefore recommended that brewery firms should pay dividends consistently on an annual basis to improve their market value. However, the study was limited by its short study period of only three years, whereas the current study covers a longer period of ten years, thereby providing broader and more reliable evidence.

Lumapow and Tumiwa (2017) investigated the determinants of dividend policy, firm size, and productivity on firm value using manufacturing companies listed on the Indonesia Stock Exchange from 2008 to 2014. The study adopted a purposive sampling technique and analyzed data using panel regression with a random effect model. The findings revealed that dividend policy had a negative and significant effect on firm value, while company productivity had a positive and significant impact on firm value. The study was conducted in Indonesia using purposive sampling, whereas the current study is carried out in Nigeria and adopts a census sampling method.

Nwaobia, Kwarbai, and Ogundajo (2016) examined the effect of tax planning on firm value using an ex-post facto research design. The study covered 50 firms over the period 2010–2014. The findings revealed that the combined effect of the tax planning proxies on firm value was significant, while effective tax rate (ETR), dividend, and firm age were positively and significantly related to firm value. The study concluded that a holistic approach to tax planning and an optimal mix of tax planning strategies are important determinants of firm value. It therefore recommended that company management should engage in legal tax planning practices to enhance firm value. However, the study focused on manufacturing companies, whereas the current study concentrates on consumer goods firms.

Theoretical Framework

Bird-in-Hand Theory

The Bird-in-Hand theory (Gordon and Lintner, 1962) suggests that investors prefer dividends over capital gains because dividends are more certain and less risky. Investor's value immediate dividend payments more than uncertain future returns, leading to a preference for higher dividend payouts. This implies that firms paying higher dividends are associated with better performance and higher valuation. Higher dividends also reduce uncertainty about future cash flows and can lower the cost of capital. Therefore, firms are encouraged to maintain high dividend payout ratios to maximize stock price and firm value.

Signaling Theory

Signaling theory explains that dividend policy is used by firms to communicate private information about future earnings and profitability to investors, thereby reducing information asymmetry. Cash dividend announcements serve as positive signals of strong financial prospects, which can increase investor confidence and firm value. However, tax planning influences the strength of this signal by affecting after-tax returns, making dividend decisions more or less attractive to investors. Firms may therefore adjust dividend payouts strategically to balance signaling benefits with tax efficiency. Overall, firm value is enhanced when dividend policy and tax planning jointly send credible positive signals to the market.

Methodology

The study adopted a correlational research design to examine the relationship between dividend policy and firm value. Data were obtained from the annual reports of companies listed on the Nigerian Exchange Group covering a ten-year period from 2014 to 2024. The population consisted of 20 listed consumer goods firms, while secondary data for the regression analysis were collected from 10 selected companies after applying relevant filters based on data availability. A census sampling method was adopted due to the size of the population involved.

Model Specification

The econometric model used in this study was a multiple linear regressions model formulation. As a result, the research team created a model to guide the analysis. As such, the model for this variable calculates the dividend policy using Tobin's Q in (i) and the effective tax rate using the same Tobin's Q in (ii).The model is given below.

$$Tobin's\ Q_{it} = \beta_0 + \beta_1 DPR_{it} + \beta_2 ETR_{it} + \beta_3 SIZE_{it} + \beta_4 FAG_{it} + \varepsilon_i - - - (i)$$

The model below is used to determine the moderating effect of dividend policy on the connection between tax planning and firm value of listed consumer products in Nigeria. As a result, the interaction term will be produced by multiplying the tax variable by the dividend variable, and this will be used to test for interaction moderation.

$$Tobin's\ Q_{it} = \beta_0 + \beta_1 DPR_{it} + \beta_2 ETR_{it} + \beta_3 (DPR_{it} * ETR_{it}) + \beta_4 SIZE_{it} + \beta_5 FAG_{it} + \varepsilon_i - - - (ii)$$

This model is generated by the researcher from other models of the study. ETR, DPR (combined effect) is used to test the moderating influence of the independent variable on the dependent.

Where:

$Tobin's\ Q_{it}$ = Is a proxy of firm value

DPR_{it} = Dividend Payout Ratio at time t

ETR_{it} = Effective Tax Rate at time t

$SIZE_{it}$ = Size of the firm at time t

FAG_{it} = Number of years the firm at time t

$DPR_{it} * ETR_{it}$= Moderating effect of DPR and ETR at time t.

$\beta_0 =$ Is a parameter to be estimated (is the average amount the dependent variable increases when the independent increases by one-unit, other independent variables held constant at time t)

ε_i = Error term

$\beta_1 - \beta_5$= Is a gradient of the independent variable

4. Results and Discussion

The main quantitative features of the data of the dependent variable (firm value), the independent variable (dividend policy) and the moderating variable (tax planning) as well as control variables are summarized in this section. From all the observations, statistical data such as mean, maximum, minimum and standard deviation are calculated, as contained in Table 4.1.

Table 4.1 Model Descriptive Statistics

Variable	Observation	Mean	Standard Deviation	Minimum	Maximum
Tobin Q	100	0.963	1.360508	-2.99	8.03
DPO	100	0.4548183	0.9610351	-3.034535	18.29268
ETR	100	0.1785	0.7696763	0.3042694	1.541923
SIZE	100	7.278478	0.8728443	4.935638	8.761723
AGE	100	27.26425	14.32536	3	55

Source: Generated by the researcher using STATA version 14 from annual reports of the sampled listed consumer goods companies

Table 4.1 shows descriptive statistics were computed for the dependent, moderating, and explanatory variables based on a total of 100 observations. The table presents the mean, standard deviation, minimum, and maximum values for each variable.

The results indicate that the average Tobin's Q is approximately 0.963. This suggests that the listed consumer goods companies recorded an average market performance of 96.3% per ₦1 share value. Tobin's Q ranged from a minimum value of -2.9 to a maximum of 8.03. The standard deviation of 1.361 reveals a considerable level of dispersion among the sampled firms, indicating substantial variability in their market performance.

The average Dividend Payout (DPO) attributable to ordinary shareholders is 45.5%, implying that shareholders earned an average return of ₦1.455 on

every ₦1 ordinary share. The standard deviation of 0.961 indicates a significant variation in dividend payout among the listed consumer goods firms in Nigeria.

The Effective Tax Rate (ETR) has an average value of 0.1785 with a standard deviation of 0.770, suggesting a moderate level of variation from the mean across the sampled companies.

In addition, Firm Size (SIZE) recorded an average value of 7.728 with a standard deviation of 0.873, while Firm Age (AGE) showed an average of 27.264 years and a standard deviation of 14.325, indicating differences in the ages of the firms included in the study.

Correlation Analysis

Table 4.2 Model Correlation Results

Variable	Tobin Q	DPO	ETR	SIZE	AGE
Tobin Q	1.0000				
DPO	0.1558	1.0000			
ETR	0.0668	0.9846	1.0000		
SIZE	0.1190	0.1387	0.3726	1.0000	
AGE	0.0035	0.1188	-0.0034	0.0561	1.0000

Source: Generated by the researcher using STATA version 14 from annual reports of the sampled listed sampled consumer goods companies

Table 4.2, shows the correlation results of dependent variable Tobin Q and the independent variable Dividend Payout (DPO)and moderating variable Effective Tax Rate (ETR) as well as the control variables Firm Size (SIZE) and Firm Age (AGE). The relationship between Tobin Q and independent and moderating variable is very weak and positive. This means that, all things being equal, the lower the DPO and ETR, the lower the Tobin Q. However, the relationship between Tobin Q and control variables, SIZE and AGE, is positive and very weak.

Regression Analysis

A robustness test was conducted to enhance the reliability and validity of the study's findings, including tests for multicollinearity, heteroscedasticity, and normality of errors. The multicollinearity test showed low correlations among independent variables, indicating no serious issue. This was further confirmed by tolerance and Variance Inflation Factor (VIF) values, which were all below the acceptable threshold, supporting the absence of multicollinearity. Additionally, the Hausman test was applied to ensure the efficiency and consistency of the panel model, and diagnostic checks using fitted values indicated no significant estimation bias. Table (4.3) and Table (4.4 and 4.5) present the VIFs for the panel models, and Hausman test for the two models of Tobin Q respectively.

Table 4.3 Variance Inflation Factors - Panel Model

Model	**Tobin Q I**		**Tobin Q II**	
Variables	VIF	1/VIF	VIF	1/VIF
DPO	1.11	0.900090	1.56	0.641025
ETR	1.16	0.862068	1.24	0.806451
SIZE	1.15	0.869565	1.54	0.649350
AGE	1.17	0.854700	1.50	0.666667
Average VIF	1.15		1.46	

Source: Generated by the researcher using STATA 14 from annual reports of the sampled listed consumer goods companies

For table 4.3, the average VIF for the Tobin Q model is 1.15, indicating weak multicollinearity and thus maximizing the efficiency of the estimates overall. For the model two, the average VIF for the Tobin Q model is 1.46, indicating weak multicollinearity and thus maximizing the efficiency of the estimates overall.

The Hausman Test for the Models with Tobin Q as the Dependent:

Table 4.4 Hausman Test – Tobin Q

	Coefficient			
Dependent variable: Tobin Q	FE 1	RE 1	Difference	S.E.
DPO	-0.00145	-0.000917	-0.0005327	0.0008023
ETR	-0.000810	-0.000771	-0.0000396	0.000111
SIZE	-0.001620	-0.002168	0.0005483	0.0012314
AGE	0.0746287	0.0614949	0.0131339	0.015157
Average			0.003	0.004
$\boldsymbol{X^2 = 0.99}$ **P = 0.9860**				

Source: Generated by the researcher using STATA 14 from annual reports of the sampled listed oil and gas companies

Variable. Table 4.4 displays the Hausman test for the models with Tobin Q as the dependent variable. The average difference between the FE1 and RE1 coefficients is 0.003 with an average standard error of 0.004. The test-statistic χ^2 is 0.99, being associated with a p-value of 0.9860. Therefore, the null hypothesis is not rejected, and the FE1 and RE1 model is inconsistent. In effect, the ordinary least regression model is preferred. Heteroscedasticity Test: Breusch-Pagan was used to test the null hypothesis that the error variances are all equal versus the alternative that the error variances are a multiplicative function of one or more variables. A large chi-square would indicate that heteroscedasticity was present. In the result obtained from the heteroscedasticity test conducted, the chi-square value (9.32) is small and the p-value (0.0023) is small, indicating heteroscedasticity is not present and this shows non violation of assumption number four of classical linear regression model which states that: there must be constant variance, that is, the disturbances μ_i appearing in the population regression function should be homoscedastic.

Table 4.5 Model Regression Results

Variables	Model I (Tobin Q)			Model II (Tobin Q)		
	Coefficient	T	P>|t|	Coefficient	T	P>|t|
CONSTANT	0.8895996	3.52	0.001	-0.0052988	-0.07	0.944
DPO	0.0435128**	2.06	0.042	2.409573**	2.23	0.027
ETR	-0.1893291**	-2.15	0.033	0.0378530***	4.24	0.000
ETR*DPO	-----	---	----	-1.395611**	-2.56	0.011
SIZE	1.770691	0.28	0.783	2.75334	0.40	0.688
AGE	0.0484492	1.58	0.117	-0.1348047	-0.57	0.568
Prob> F	0.0071			0.0001		
F	3.15			4.67		
R^2	0.1577			0.2738		
Adj. R^2	0.1076			0.2152		

Source: Generated by the researcher using STATA 14 from annual reports of the sampled listed consumer goods companies

** Significant in 10% **Significant in 5% ***Significant in 1%*

Table 4.3 illustrates the regression results of the models and consists of model I and II. The model I consists of dependent variable Tobin Q and independent variables Dividend Pay Out (DPO) and Effective Tax Rate (ETR) as well as control variables, Firm Size (SIZE) and Firm Age (AGE). In the model I, the multiple coefficients of determinate R^2is0. 1577.This means that 15.8% of change in Tobin Q (Firm Value) was caused by changes in independent variables, DPO (Dividend Policy) and ETR (Tax Planning) as well as control variables, SIZE and AGE. The 84.2% change in Tobin Q was caused by other factors not included in the model such as firm characteristics, foreign direct investment and corporate social responsibility etc. The regression result indicates that all the independent variables are significant in determining firm value of consumer goods companies listed on Nigeria Stock Exchange. The F value is significant at 1% level ($F = 3.15$, $p < 0.0071$) showing the applicability of the overall model.

In analyzing the result, Table 4.5 shows DPO has positive and significant impact on Tobin Q at 5% level of significance. This can be justified through the positive "t" value of 2.06 and P>|t| 0.042. It has also been validated by the positive coefficient of 0.044 which means that, an increase in DPO by one more unit, other independent variables remaining constant, inversely affects the firm's value by 0.042. This implies that, DPO has a positive and significant impact on Tobin Q of listed sample consumer goods companies in Nigeria and hence dividend policy in this regard is relevant.

Therefore, the findings are in line with the studies of Uwuigbe, jafaru& Ajayi (2012) and Enekwe, Nweze and Agu (2015) where the former investigate the quoted cement companies in Nigeria. However, Kajola, Adewumi and Oworu (2015), hold that regression results

reveal a positive and significant relationship between dividend payout policy (DPO) and firm performance of 25 non-financial firms listed on the Nigerian stock exchange. This position is however contrary to Amidu (2007) where a positive but statistically insignificant relationship is found between ROA with Div Pay and age. And Thus, it can be said that the bird- in -hand theory is a very important hypothesis of dividend policy since it shows that dividend policy enhances profitability of companies. Therefore, dividend policy in this regard is relevant and thus the null hypothesis (H_{01}) is rejected.

A negative Effective Tax Rate (ETR) implies that a company's tax expense is less than zero, meaning the firm recorded a tax benefit rather than paying taxes during the reporting period. In relation to tax planning, a negative ETR generally suggests the presence of aggressive or highly efficient tax planning strategies.

From a tax planning perspective, a negative ETR may therefore indicate that the company is highly effective in minimizing tax burdens. However, persistent negative ETRs could also attract regulatory scrutiny because they may signal overly aggressive tax avoidance practices.

Furthermore, ETR has positive and significant impact on Tobin Q at 5% level of significance, this can be explained by observing the negative "t" value of -2.15 and P>|t| 0.033, which shows that negative coefficient of -0.189 attests that, an increase in ETR by one more unit, other independent variable remaining constant, increases the firm value of listed sample of consumer goods companies in Nigeria by -0.189 and hence. As such, tax planning in this regard is relevant. This is consistent withGatsi, Gatzo&kportorgbi (2014), who state that to effect a change in the reduction of a percentage of tax paid in every unit, companies should engage in tax planning so that the net effect of their tax contributions to government would not impact so much on their revenue generating activities Thus, a unit decrease in effect tax rate, leads to an increase in firm value. The findings are consistent with prior research on the effect of tax planning practice on firm value. This) affirms that the result is similar to that of Desai &Dpharmapala (2009a), on how tax planning influences firm value. However, a measure of firm value (Tobin's q) indicates that an increase in tax planning of listed consumers goods companies leads to an increase in firm value. Therefore, tax planning in this regard is relevant and thus the null hypothesis (H_{02}) is rejected. The model II consists of dependent variable Firm value (Tobin Q) and independent variable Dividend Pay-Out (DPO) and moderating variable Tax Planning (ETR) as well as control variables Firm Size (SIZE) and Firm Age (AGE). In the model, the multiple coefficient of determinate R^2 is 0.2738%. This means that 27.4% of change in Tobin Q was caused by moderation on the relationship of independent and dependent variables. The selected tax planning proxy shows moderation between dividend policy and firm value. Effective Tax Rate (ETR) ratio moderates the relationship under

discussion between dividend pay out to firm value negatively. Showing significant validity statistics as implied by F-stat ($F = 4.67$, $p < 0.0001$) and significant at 1% level of significance and overall goodness of fit (adjusted R-squared) has also increased to 27.4% showing the applicability of the overall model. The results are significant at allowed margins of errors (1% and 5%) respectively.

5.0 Conclusion and Recommendations

The study shows that dividend payout has a significant positive effect on firm value, with both dividend policy and firm size showing strong relationships with value as measured by **Tobin's Q**. Firms with consistent and well-structured dividend policies tend to experience higher value, as increased payouts signal strength and attract investors. However, Tax planning also plays an important role. Although the effective tax rate shows a positive but insignificant direct impact on firm value, efficient tax planning strategies can reduce tax burdens, increase after-tax profits, and encourage external investment, thereby enhancing firm value over time.

Overall, tax planning significantly moderates the relationship between dividend policy and firm value. Companies that maintain higher dividend payout ratios alongside effective tax planning tend to achieve greater growth and improved firm value compared to those with weaker policies.

Management of listed Nigerian consumer goods firms should prioritize stable earnings by adopting sound strategies grounded in careful assessment of both internal capabilities and external market conditions. Continuous monitoring and benchmarking against set targets and competitors can help maintain consistent performance, enabling firms to distribute a higher proportion of their earnings as dividends. This, in turn, enhances shareholder confidence and contributes positively to firm value.

Additionally, improving firm value requires effective and legal tax planning. Engaging tax experts can help firms implement strategies such as transfer pricing and optimal intra-company debt structuring to reduce tax liabilities. Lower tax expenses, and increase net income after tax, which ultimately strengthens profitability and boosts the overall value of the firm.

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