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Corporate Governance and Tax Compliance

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Abstract- The study examines the effect of corporate governance and tax compliance in corporate sector. The interfaces of corporate governance with tax compliance are mutual and strongly exclusive. Therefore, the objective of this study is to analyze the link between corporate governance and tax compliance, studying how corporate governance rules can reach a higher level of corporate compliance with the tax system. As partly explained, the structural arrangement of corporate governance rules affects the manner corporate tax obligations are fulfilled; whereas the other part, explains the way tax designs is designed by the government and how the related tax strategies adopted by the corporation as planned influences corporate governance dynamics. This work demonstrates that the characteristics of a taxation system underline the magnitude of benefits accruable to managers adopting opaque transaction style in a business environment with weak corporate governance without the knowledge of the investors. As well as how robust corporate governance practices prevent frolics from the controlling manager. A higher tax rate increases the amount of income a manager would divert, while stronger tax enforcement reduces it and, in so doing, can raise the stock market value of a company in spite of the increase in the tax burden. The study recommended that stakeholders should be conscious of the tax strategy that encourage tax avoidance in their assessment of the risks of investment and that government should endeavor to make the tax regulations less cumbersome to reduce tax loopholes with emphasis on strong corporate governance in order to have a reliable report that illustrates the actual investment.

Indexed Terms- Corporate Governance, Tax Compliance, Tax Avoidance, Stakeholders

I. INTRODUCTION

According to Ali (2018) the concept of corporate governance does not exist until the later part of 17th century. In the earlier days in corporate domain, corporate ownership was split between small numbers of people who are in partnership and also partake in the management of the organization. This makes it easy for them to have full control and still protect their interest. The earlier academic mention of the concept corporate governance can be found in the paper published by Richard Eells in 1960 in his work "the structure and functioning of corporate polity" this is where he exposes agency cost effect on the firm's financial resources and how this can be reduced.

Mais and Patminingih (2017) opined that most countries around the globe considered tax very important and an important element needed to sustain state finances. In essence, various national governments depended on revenue from taxes for sustenance of their national economy including the social welfare of their citizens. Tax remains a huge source of state revenues. Every taxpayer including corporate tax payer is expected to fulfill their tax obligations in order to drive national growth rate and execution of national development. Though taxes are regarded as burden because they reduce the available income without any immediate reward and this may affect tax compliance on the part of corporate tax payer including other tax payers.

In respect of the above discourse, the significance of corporate governance can adequately be deduced. When the interest of investors is protected, this will invariably generate desired positive transformation in performance of the organization. Several empirical studies have been piloted that reveals the presence of a connection between corporate governance and firm's financial performance (Ali, 2018). Whereas there are limited studies on the link of concept corporate governance with tax compliance or even its (tax) avoidance, but this is certainly worthy of exploring further to buttress the dynamics of taxation and the Nigerian economy. This chapter will examine further the concept of corporate governance and tax compliance.

This chapter provides a straight forward motive why the concept of corporate governance and taxation should be unified. Whereas any business dealing that does not have a fundamental financial drive but only intended to dodge taxes risks legitimate challenge and financial consequences. Thus, organizations are habitually tempted to mischievously describe the purpose of sundry business dealings in order to reduce their tax burden. Such methods of cover-up included in the concealment presents a more cloudy and ambiguous financial affairs of the company to the outside investors (Desai et al, 2003). This cloudiness, invariably, makes it more difficult for outside investors to regulate the insiders. Therefore, tax practices that encourage covering up can have negative effect on corporate governance. While in contrary, better corporate governance encourages openness in presentation of company's financial affairs and this openness makes it harder to conceal income. Thus, better corporate governance can reduce tax covering up and avoidance (Desai et al, 2003).

II. CORPORATE GOVERNANCE

Corporate governance as a prevalent subject in corporate domain has received a significant concern in today's modern world. Quite good numbers of works and research studies on corporate governance and its impact on corporate financial performance have been carried out in several nations, yet the topic is not common across nations (Dung, 2011).

Corporate governance is concerned with the legitimate fashion and style in which funds available to business are prudently utilized to realize the global corporate objective of the business (Tukur & Bilkisu, 2014). It creates the platform in which the corporate objectives of the business reside, and the set modus operandi for realizing the objectives as well as the determinant of performance monitoring. It focuses on providing resilient corporate confidence through strict adherence to rules and regulation, openness, responsible reporting and entrepreneurism (Okaforokoro, 2018).
Worthy corporate governance is expected to promote transparency and accountability that have significant effect on shareholders' confidence and corporate performance (Tukur & Bilkisu, 2014).

Corporate governance has lately, significantly becomes an authentic device that assures business sustenance. A great number of corporate failures in recent past, in Nigeria are attributable to failure to practice corporate governance (Sanusi, 2010). Good corporate governance is expected to have appropriate inducements to encourage board of management in pursuing corporate objectives of the business which include protecting the interests of the business and its investors as well as promotes effective monitoring of business performance (Okaforokoro, 2018).

The establishment of a good corporate governance system across board enhances a degree of confidence that is needed for the appropriate mechanism of a market economy. Corporate governance is also all about managing a business in a manner that ensures that its owners or stockholders get a legitimate fair yield on their investment, while the anticipations of other stakeholders are as well guaranteed (Okaforokoro, 2018).

It explains the requirement for the business managers to work for the paramount interest of the main stakeholders of the business without excluding minority investors or shareholders by always taking actions that guarantee optimal delivery of returns on investments and other desirable outcomes (Okaforokoro, 2018).

In general term, Corporate Governance is described as a connection between the company's board, management, shareholders and other stakeholders. Broadly speaking in specific term about the concept, Shleifer and Vishny (1997) defined corporate governance as a concept that describes the manners in which providers of fund to the businesses guarantee themselves of receiving a return on their investment.

As explained above, it is unambiguous that the major concern of Corporate Governance is to guard the interest of investors and patrons of the business. In the advanced markets, it was established by studies carried out by the regulators upon which they have reported, influenced the significance of the concept (Ali, 2018).

These reports are produced by Cadbury Committee (1992), Greenbury Committee (1995), Hampel

Committee (1998) and Turnbull Committee (2003). These reports are global standard and widely followed by the rest of the world. These reports have become basis for codes for Corporate Governance globally (Ali, 2018).

2.1 Cadbury Committee Report (1992):
The Cadbury report was formerly referred as The Report of The Committee on the Financial Aspects of Corporate Governance. The report was published in December 1992, following the recommendations of the Cadbury Committee. It addresses concerns about the working of the corporate governance system. The Committee made it its purpose to address the financial aspects of corporate governance and out of this produced a Code of Best Practice.

The reason for establishing the committee include; increasing lack of investor confidence in the openness and responsible reporting by listed companies. Among the reason for setting up the committee is also as a result of financial collapses of listed corporations, including auditors who signed off a set of accounts which turned out to be a misrepresentation of the facts, and about losing its self-regulatory role as well as lack of board accountability e.g. directors' pay.

Contemporary corporate governance started in 1992 with the Cadbury report in the UK. Cadbury was the result of several high profile company collapses. It is concerned primarily with protecting weak and widely dispersed shareholders against self-interested Directors and managers. It establishes the Code of Best Practice 1992. It is voluntary but a compliance statement is required for listed companies.

1.2 Greenbury Committee Report (1995):
The Greenbury Report on Directors Remuneration (1995) (referred as the Greenbury Report) was among the early broad governance codes that sort out the executive and director remuneration. This is a study group on Director's Remuneration. The Greenbury Report was ordered by the Confederation of British Industry in reaction to concerns of larger stakeholders over recent sale of public utilities and the salaries and bonuses received by executives, while they execute personnel downsizing, and hike in price of services. Among the recommendation of the Greenbury Report include constitution of an independent remuneration committee, linking executive pay to corporate financial and operational performance measures, and broadened the necessities for disclosure and openness on directors' salary.

2.3 Hampel Committee Report (1998):
The report is released in 1998 by a committee headed by Sir Ronald Hampel as the Committee Chairman. The report revised the operation of the Corporate Governance Code introduced by the Cadbury Report of 1992 and the Corporate Governance Code as presented under Greenbury Report (1995) while unified the previous two codes and referred as a Combined Code on Corporate Governance.

The Hampel Report was sponsored by a cross section of the British commercial sector like both the Cadbury and Greenbury Reports. The committee's revision was restricted to listed companies. Generally, the submission was to promote high standard of corporate governance where investors' interests are protected and the same time preserve and enhance the status of the listed companies in the Stock Exchange. However, there exist a trade-off between the protection of investors' interest and control on regulation. Among the takeaway from the report include emphasis on the need to control the regulatory burden on the listed companies.

Essentially, apart from unifying and fine tuning previous codes on corporate governance to arrive at a combined code on corporate governance, the revision also address the role of shareholders and auditors in corporate governance, and also deal with any other relevant matters.

2.4 Turnbull Committee Report (2003):
The Turnbull Report was produced as guidelines by an ICAEW working party chaired by Sir Nigel Turnbull, finance director of the Rank Group. The working party was required to balance the submission of the previous two Combined Codes on corporate governance. Essentially, the Combined Code as issued under the Turnbull Report, significantly stretched the obligation on companies to report, prescribing that companies should disclose information on their internal control provisions relating to all 'significant business, operational, financial, compliance and other risks'. Previously companies were asked to report just

on financial controls. Whilst, the Combined Code emphasized that disclosure requirements should be less prescriptive and lead to more meaningful disclosure.

The Report from the working party attempts to broaden the scope of internal control while dodging covering existing practice with an additional layer of regulatory requirement.

Turnbull makes it an obligation for companies to identify risks across the entire range of business. Also some of the categories of risk identified by the report to be considered include those related to market position, credit, legal issues, health and safety, information technology and liquidity.

> *Customized internal control systems must be established to manage company's overall risk exposure. Companies are required to carry out a continuous assessment of the internal control system throughout the financial year (not just once a year). The Turnbull Report calls for risk control to be 'embedded within the business', part and parcel of everyday activity (Brennan, 2000).*

The recommendations of the Turnbull Report are presented under four headings; Maintenance of a Comprehensive System of Internal Control, revision of efficiency of Internal Control, reviewing Board Statements on Internal Control and Internal Audit.

As explained above, the evolution and significance of corporate governance is stressed and justified. According to Ali (2018) there is a positive change in the corporate performance when interests of stakeholders are protected.

III. CORPORATE TAX AND OBLIGATIONS

Government owned and private business enterprises pay corporate income tax on their profits. While under specific instances, foundations and associations are also expected to file corporate income tax returns. The rate of corporate income tax applicable is subject to the current enacted Finance Act as related to corporate tax. The taxable amount is the chargeable profit in the current year of assessment reduced by allowable deduction, loss relief and allowable capital allowance. Hypothetically, every company pays its own income tax. Nevertheless, if a parent company forms a tax group (which as well refers as a fiscal unity) with one or more of its subsidiaries, the Tax Authority will on demand treat the companies as a single taxpayer.

The core advantage of a tax group is that a loss suffered by one company can be relieved on the profits earned by other companies in the group. The creation of a tax group is depends on certain conditions. The profits earned by subsidiary companies are allocated to the parent companies as dividend. Thus, based on participation exemption, the parent company is exempted from paying tax on dividends received from its subsidiaries. This averts double taxation within the same group of companies. The participation exemption can only be claimed by shareholders that hold at least a 5% stake in a company (https://www.government.nl/topics/taxation-and-businesses/corporation-tax).

3.1 Tax Obligations

According to Hines (2015) corporate tax obligations consist of both direct and indirect taxes. Direct taxes are normally conveyed as parts of corporate income, while indirect taxes include sales taxes, value added taxes, excise taxes, property taxes, payroll taxes, and import and export duties. Corporate indirect tax payments not inclusive of payroll taxes normally surpass their direct tax payments in a broad extent (Desai et al., 2004a). Most of the interest in corporate taxation notwithstanding relies on the direct tax component, because the indirect taxes such as value added taxes are levied on all business activities, whether undertaken by corporations or not.

The structure corporate income tax rate is usually progressive, which means that average rate of tax increases with income, naturally, it rapidly attains a sufficient maximum rate where almost the income of large corporations is subject to tax at the highest rate. Generally, popular and public policies direct its attention on tax planning activities and corporate tax obligations of large companies. However, with a valid assertion, corporate income tends to be concentrated in a relatively small number of large companies (Hines, 2015).

3.2 Taxation and Incentives

There is a rare pressure in the global corporate taxation. Nevertheless, there is a vigorous contest amongst countries to attract companies and investors within their boundaries by enticing them with many profit- and cost-based tax incentives, decreasing their tax rates. Nonetheless, authorities denounce these multinational enterprises, once they have been fruitfully lured to the country and penalized for not paying their fair share of corporate taxes while leaving the often-struggling local firms to suffer the tax burden (Aslam & Coelho, 2021).

In the opinion of Aslam and Coelho (2021) governments are increasingly turning to minimum taxes as a means of preserving their tax base. This can truly be found in developing countries with fragile tax administrations, which suffers major trials in efficiently taxing these big conglomerates. The agreement signed by the G7 countries on minimum taxes has provided a renewed drive to the overhaul of international tax rules.

The introduction of minimum tax rate is not a bolt from the blues. The modern forms of minimum taxation existed at the grassroots since at least the 1960s, taxing companies on income made based on activity carried out inside their terrain. The motive for having minimum taxation at the grassroots is to avert loss of the tax base due to unwarranted use of what is known as "tax preferences." These tax preferences could be in form of credits, deductions, special exemptions, and allowances and more frequently result in a decrease in the amount of corporate tax owes. The corporate contribution to public purse is guaranteed by the government with the introduction of minimum corporate tax rate.

Minimum taxes are normally calculated utilizing another easy tax base that dodges the complications of the regular corporate tax base. They are frequently centered on turnover (gross income or receipts) or assets (net or gross). A third alternative utilizes adapted definitions for corporate income that unequivocally restrict the number of deductions and exemptions allowed.

There was a study on the impact of minimum taxes on revenue and economic activity by combining a country panel database with firm-level data. It was further established with the study that introduction of a minimum tax is associated with an increase in the average effective tax rate.

Regardless of inefficiencies linked with local minimum taxes, yet they allow countries to gain significant revenue. Essentially, setting a standard on corporate taxation with moderate tax rate at the grassroots can be a desirable decision for countries seeking ways to save revenue and prevent the erosion of their tax base without severely damaging corporate activity.

Conversely, minimum taxes alone cannot replace reforms that broaden the corporate tax base. The explosion of multiple rates and all sorts of distinctive preferences within the normal corporate tax system brings costly misrepresentations and low revenues and encourages tax avoidance and evasion. Tax incentives to attract multinationals are also likely to persist even after the introduction of a global minimum tax, as countries will continue to do what they can to attract foreign investment for growth and development (https://www.imf.org/en/Blogs/Articles/2021/06/09/the-benefits-of-setting-a-lower-limit-on-corporate-taxation).

IV. CORPORATE GOVERNANCE AND TAX COMPLIANCE

The corporate domain is exceptionally competitive and the investors irrespective of the partnership size or even powerful multinational corporations are interested in success as measured in terms of performance and profitability. The board of directors as constituted concentrate more on their main management responsibilities and the success of the organisation. However, there are situations whereby management of organisations as a result of weak and inadequate rules take it upon themselves to swindle other stakeholders (including government) in the organisation or behave in selfish or thoughtless manner to sub-optimise corporate goals of the organisation or completely set out to sabotage the organisation (Todorovic, 2013).

The chapter also established that normally, the interaction between corporate governance and taxes

can be seen as a game among three parties – the state, firm insiders, and outside shareholders. Desai et al (2003) simply claimed that this two-ways interaction have significant spillover effects on the third party. Also that the framework of tax system and its enforcement influences the relationship between internal managers and external investors, while the environmental relationship between insiders (i.e. the management) and outside shareholders (corporate governance) influences the operations of the corporate taxation system.

Fakile and Uwuigbe (2013) argued that a good corporate governance as a concept can be attained when policy makers put in place a strict clear regulatory procedure and tax statute. Tax law has three distinct objectives: (i) growing the government revenue to fulfil required administrative roles, (ii) redistribution of wealth in the society and (iii) influencing certain conducts. Tax laws may also lead to unplanned results, a tax provision with the ordinary intention of growing government revenue may also indirectly induce certain behaviours from individuals or entities (Avi-Yonah, 2006). Therefore, tax laws can influence corporate governance dynamics directly (as a result of specific tax policy adoptions) or indirectly (as an inverse relationship to the tax system in operation).

Desai et al (2003) analysed effect of corporate tax system on compliance and management diversion. The analysis shows that higher tax rate raises the level of management diversion vis-à-vis weakens level of compliance. Without a doubt this will lead to increase in tax avoidance strategy and sheltering of corporate income. Invariably, the increase in corporate strategy will also lead to an increase in the amount of private benefits, since this allowed the management to more easily appropriate sheltered income. In other words, improved tax enforcement strategy brings sheltered income back to tax net and, by similar effect, decreases the amount of private benefits. In the same vein, it is fascinating to note that at a reduced statutory tax rate in frail corporate governance domain, a rise in the tax enforcement strategy increases the amount receivable by outside shareholders despite the book recognition of taxes paid at higher rate. Whereas the same increase in the amount receivable by investors could be realized also in an environment with strong corporate governance. Yet there could be an increase in market value of a company instead of a decline (Desai, 2003). According to Desai et al (2003) despite the effect of structured tax system on corporate governance the model introduced illustrated that corporate governance affects tax system operations. Therefore, with a weak corporate governance system (i.e., when it is easy to divert income) an increase in the tax rate can reduce tax revenues, promoting a deformed relationship between corporate tax rates and corporate tax revenues – a corporate version of the Laffer-curve (Desai et al, 2003).

According to Desai et al (2003) there is a link between ownership spread, the corporate governance system, and the tax avoidance equilibrium level. In an environment where exist abysmal corporate governance, a supervisory stakeholder with small portion of equity ownership will possess too excessive inducements to conceal income from the tax authorities without the knowledge outside investors with more equity ownership, because he gained illegitimately more from the concealed income. In other words, in an environment with a worthy corporate governance, a shareholder with small equity ownership but in charge will be less inclined to shelter income without the knowledge of outside investors with more equity ownership, because the personal risk involved in sheltering the income by far outweighed the benefits derivable (Desai et al, 2003).

Consequently, the top managerial team needs to form the habit of ensuring that the tax incidence does not "inspire behavior that is" damaging to the "interest of the organization or its investors" (Friese et al, 2008, p. 365).

Salaudeen and Abdulwahab (2022) stated that OECD guidelines on taxation insist on compliance with tax statute via shrewdness and execution of the lawful resolution of the statute. The body language of the board should echo continuous effort to be well informed on issues that have direct bearing on its tax strategy, tax planning, tax compliance and reputation risks that tax evasion may generate. A constituted board of a company that has no interest in its tax affair may risk involvement in financial scandal. Tax managers must efficiently design corporate tax commitment to maximize profit. Nigeria's corporate

governance codes targets guaranteeing corporate transparency, responsibility, and equity to investors through the management board.

The code targets ensuring that top management act transparently and accountably towards the organization's stakeholders, such as investors and governments. For ages, literary works treated taxation and corporate governance as separate entities or fields of inquiry. However, the latest evidence has shown that organizational governance and taxation are related topics because specific corporate governance processes significantly affect companies' tax conduct (Salaudeen and Abdulwahab, 2022).

Especially, the empirical approximates submit that rises in corporate tax rate causes corporate tax revenue to increase only in countries with little controlling blocks and/or robust corporate governance. As shielding of outside shareholders weakens and as ownership spread becomes wider, this hike in tax revenue balanced out and in the long run overshadowed by rise in evasion. Even inclusion of other control proxies linked with the established setting – such as rule of law and measures of tax compliance does not change the narrative.

As corporate governance further buttressed with example of the typical U.S Company that operates in an environment with very small degree of ownership spread and with robust corporate governance takes too few income sheltering opportunities advantage (Weisbach, 2002). It also explains why tax sheltering increases with an increase in ownership concentration or an increase in pay-per performance sensitivity (Desai et al 2003).

4.1 The Application of Tax Laws as a Controlling Tool for Corporate Governance

According to Fakile and Uwuigbe (2013) the application of tax laws rather than using direct regulations gives the government the opportunity to depend on the already established tax system. Essentially, it is less costly to touch the already established tax system a little instead of creating new tax system that will also require new management and administration. Also, the cost of administration that would be involved in putting a new regulatory mechanism in place will be higher compared with the alternative of relying on the current system.

Furthermore, the significance of tax laws on corporate governance dynamics would likely be speedier compared to direct regulations, based on a justified position that the government can depend on already known established tax system could probably in return increase the efficiency of the system. Freshly introduced direct regulations by the government could necessitate creation of a new system and fresh mode of implementation and supervision, with rising administrative costs and prolonging the influence on corporate governance (Fakile & Uwuigbe, 2013).

The cost of compliance is also expected to be lower if the tax system as it is expected that the current system is used because tax provisions are less complex compared to each other because it is already a familiar and a better understood system. Additionally, application of tax system instead of using regulatory system would encourage a secluded individual decision-making process. Actually, while the application of tax laws, especially inclusive of associated expenditure would enable the taxpayers an option on whether to comply with the policy request of the governments or not, whereas direct regulations would not grant such option, but favoured government in a centered decision-making process (Fakile & Uwuigbe, 2013).

4.2 The Effect of Corporate Governance Instructions on Tax Planning

According to Fakile & Uwuigbe (2013) the reasons why business managers would not likely be involved in strategic tax planning by the business owners (investors) were justified as follows;

Firstly, the antics of the managers in business decision which does not support a genuine business objective but rather an obscurity and mischaracterization, must be avoided to mitigate risks of legal implications and penalties. Such frolic by the managers makes it difficult for the investors (business owner(s)) to have control and causing unforeseen extra costs for the business owner(s). Therefore, weak corporate governance that does not assure a robust openness can temporarily increase profitability justifying the private interests of managers but on the long run to the

detriment of the shareholders. Whereas with robust corporate governance that guarantee openness it is rather harder to shelter taxable profit. Thus, tax avoidance is mitigated by better corporate governance. Secondly, the growing interest of investors in corporate social responsibility has improved ethical corporate behaviour of business enterprises. Thus, worthy corporate governance that guarantees alignment of such interest with openness in business would prevent managers from getting involved in strategic tax behaviours.

Lastly, the age long popular opinion held, is that irrespective of the shareholders' credence, business enterprises are expected to have a risk-neutral conduct because shareholders are holding diversified portfolios and have already diversified the risk with assumption that the business enterprises are naturally risk-neutral. Therefore, an arrangement of interests under good corporate governance principle is already an inducement for managers to be a risk-neutral individual managing the business enterprises.

4.3 Tax Sheltering and Managerial Malfeasance

Desai et al (2003) opined that avoidance of tax and diversion on the part of managers are very challenging issues to document. To a large extent huge efforts are exerted by the managers to make sure that these phenomena are not easily noticeable. Therefore, it is necessary to have robust corporate governance to stem such malfeasance in order to ensure compliance with tax provision and regulations including other extant tax laws.

Several case studies were instituted in order to understand how sheltering and diversion can interact. These include a case study of an oil company in Russia, an environment where managerial diversion and tax sheltering are more macroscopic. The Sibneft, the 5th largest Russian integrated oil company was chosen as a case study, being one of the first companies to be indicted for tax evasion.

Despite inherent limitation on the case study, focus on a single company allows investigation on the organizational responses linked with sheltering and diversion subsequent to a variation on tax enforcement. The choice of demonstrating that there is a link between tax avoidance and managerial diversion in Russia, where both phenomena are more macroscopic, shows that interaction only exist in emerging markets. The indictments of executives at Tyco Incorporated and the Joint Committee on Taxation (2003) investigation of Enron give a strong indication that tax sheltering vehicles, including special purpose vehicles, were used by managers to facilitate self-enrichment (Desai et al, 2003).

CONCLUSION

The historic boundary that exists in the study of taxation and the concept of corporate governance seems to have hidden many other luxuriant research areas. However, recently, some subject matters that connect taxation and corporate governance have drawn researchers' attention, mainly due to a renewed anxiety on management misconduct and tax avoidance strategy. Taxation also has its implications due to variety of systemic devices that have arisen to improve governance problem. Essentially, the influence of tax systems on corporate ownership patterns, and how ownership patterns in turn restrict corporate taxation, seems to permit further analysis, especially in an global and comparative setting (Fakile & Uwuigbe, 2013).

In contrast to 19th century, but, today there exist several substituting process to confirm corporate income which include compulsory disclosure and engagement of external auditors. Nonetheless, in these days there is strong notion that tax authorities reserve a duty, albeit reduced, in authenticating corporate income (Desai et al, 2003). The managers were eager to succumb to taxes on pretense of earnings to keep away the Tax Authority from scrutinizing their book. Erickson et al (2003) are of opinion that that the IRS offers further level of monitoring in addition to the one offered by the SEC.

RECOMMENDATION

The takeaway from this chapter is that companies should promote managerial ownership and engage outside shareholders as non-executive directors in order to quicken quality and timely decision making while enhancing compliance with tax law provisions and authority. Furthermore, it can also be recommended as established from this chapter that the

spread of corporate ownership be restricted to smaller number and encourage involvement of institutionalized investors which could slightly improve compliance with tax provision and regulations including extant tax laws (Salaudeen & Abdulwahab, 2022).

It could be further recommended as part of takeaway from the chapter, that stakeholders should be conscious of the tax strategy that encourage tax avoidance in their assessment of the risks of investment. There should be emphasis on strong corporate governance in order to have a reliable report that illustrates the actual investment. The government also, should endeavor to make the tax regulations less cumbersome to reduce tax loopholes before it becomes complicated (Tandean & Winnie, 2016).

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