

**THE IMPACT OF TAXATION ON CORPORATE EARNINGS AND
GROWTH**

(A STUDY OF GUARANTY TRUST BANK PLC YOLA BRANCH)

BY:

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**BEING A PROJECT SUBMITTED TO THE DAPARTMENT OF
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CERTIFICATION

This project titled “the impact of taxation on corporate earnings and growth; a study of Guaranty trust bank plc yola branch”, was conducted under the supervision of Mr. ABEL TARFA and has been approved as meeting the requirement for the award of bachelor’s degree in science in accounting Adamawa state university Mubi.

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DECLARATION

I hereby declare that this project is my work and to the best of my knowledge and understanding, it has never been submitted to Adamawa state university Mubi. All other materials used outside the primary source have been duly acknowledged by way of bibliography and i have the sole responsibility of all errors therein.

.....

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DEDICATION

This project work is dedication to God almighty who is the source of my knowledge and who has put me through all struggles to achieve this project. A special dedication goes to my beloved late parents for the their financial and moral support at the time of existence.

ACKNOWLEDGEMENT.

With a deep sense of humor, I want to experience my profound gratitude to God almighty who has and always been my backbone in making this program and my project work a reality and a huge success, of which it is highly necessary to acknowledge my source through which I am brought forth into this world, my late parents Mr. Ali Solomon Elisha and Mrs. Rhoda Chiko Elisha. It is with a deep sense of responsibility that I acknowledge them because without their mutual understanding this brain wouldn't have come into existence.

No acceptable academic work of this magnitude is a product of only the writer, it is in recognition of this fact that I wish to express my gratitude to these various individuals who in one way or the other contributed towards the realization and achievement of my academic pursuit.

To my project supervisor Mr. ABEL TARFA who did not only read through this project work but directed, advised, suggested and guided me through this project writing. I must say that I am blessed having him supervised me at the course of this project writing and making it a reality. To my head of Department (HOD) Dr. ORMIN KOHOLGA, my lecturers Prof. AHMED, Dr. Danjuma, Dr. Musa Jerry. Mr. BEN Hiriki for their advice throughout my educational career at the time been in the university.

To my little sisters; Choice Elisha and Helen Elisha, I thank GOD almighty for making them part of me and to Mr. Andrew Agbemuko I want to acknowledge him for his fatherly advice since from inception. And also to my friends who has impacted and contributed to my success at the course of this project work, Aliyu Mohammed, Susan Ibrahim chukondufa, Izunna Iroadumba and Hanita Freeman for their advice and likewise to the Press Club Adamawa State University mubi for their support.

Finally to the staff of Guaranty trust bank plc yola branch. For given me their support and concern in getting the use to carry out this project work.

ABSTRACT

This study “the impact of taxation on corporate earnings and growth” with particular reference to guaranty trust bank plc yola branch is aimed at determining if taxation has an impact on corporate earnings and growth. The project work is divided into five (5) chapters, in chapter one (1), the researcher introduced the part that taxation played as a means of controlling the economy. the aim of this project is to verify the expected negative relationship between corporate taxation on the earning and long term economic growth in companies in the country using guaranty trust bank as a case study. this study leads to the findings of whether; (1) Tax has an impact on the earnings and growth on corporation using guaranty trust bank plc. As a case study (2) If Taxation has affected the financial and investment decision of corporation using guaranty trust bank plc as a study case. The chapter also presents the statement of the problems such as to what extend tax has contributed to the earnings and growth of corporate companies. Significance of the study was also discussed in this chapter, which is to verify the expected negative relationship between corporate taxation on the earning and long term economic growth in companies in the country using guaranty trust bank as a case study.

Chapter two (2) review the already analyze materials of some scholar to be relevant to the study, here, the meaning, objectives, importance of the study was given. Chapter three (3) discussed the research design, population of the study,

sample size and sampling techniques used, method of data collection and analysis.

The research study here is based on facts, information, data, oral interview and opinion gathered through informal questionnaire answered by the staff of guaranty trust bank plc yola branch. All the staff were use as the population of the study while a sample size of forty (40) was chosen, this figure was achieved through random sampling of total population.

Chapter four (4) discussed on the presentation, analysis of data generated through questionnaire, here distribution and return of questionnaire were shown in a table, the analysis shows that a total of twenty (20) questionnaire were distributed and the same total of twenty (20) were computed and returned.

Finally, chapter five (5) covers the summary, recommendation, limitation conclusion drawn from the study and suggestion of areas for further research was given here it was recommended that companies should prefer to finance their business through the use of debt and not tax deductible while on the other hand, dividends are subject to tax. It was also recommended that the change of account data should not be done indiscriminately as it has an adverse implication on financial decisions of corporation.

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CHAPTER ONE:

INTRODUCTION

One of the most debated questions in economy is the relationship between tax rates and economic growth. Especially taxation of corporation which has great importance because a corporate tax base is quit a mobile factor of production and simultaneously the tax competition is currently still tougher due to required economic development particularly in the context of the economic crisis. Based on the available literature, we can deductively derive and suppose an inverse relationship between tax burden an economic growth, on the other side the degree of correlation between taxation, corporate earnings and growth is not so obvious.

The aim of this project is to verify the expected negative relationship between corporate taxation on the earning and long term economic growth in companies in the country using guaranty trust bank as a case study. This analysis is based on the neoclassical growth model extended with human capital.

Therefore, the model associated with the variable reflecting the different possibilities to measure the tax burden on corporation, especially tax quota separated on income taxation of corporations, the implicit tax rate on capital and effective tax rate secured by micro-forward looking method. The default is a penal regression methodology and related method of data analysis

1.1 BACKGROUND OF THE STUDY

It can be derived that the corporate tax policy can affect consumption, investment activity and employment to some extent. An appropriate tax system can lead to the optimal resources allocation and to the increase of economic growth. Most studies which are interested in this area however employ only statutory tax rates which have only limited informative value about actual tax burden on corporation.

The aim of this paper is to verify the expected negative relationship between corporate taxation on the earning and long term economic growth in companies in the country using guaranty trust bank as a case study. This analysis is based on the neoclassical growth model with human capital.

Furthermore, the model associated with the variable reflecting the different possibilities to measure the tax burden on corporation, especially tax quota separated on income taxation of corporations, the implicit tax rate on capital and effective tax rate secured by micro-forward looking method. The default is a penal regression methodology and related method of data analysis.

1.2 STATEMENT OF THE PROBLEM:

Since tax is been collected by officials on behalf of the government, it's therefore request honest, efficient and prudent management from its authority and corporation from business organization on corporate earnings and growth in an organization.

Therefore, one of the problems to look at is to know if payment of tax really affects the financial and investment decisions of guaranty trust bank plc. The statement of the problem is to know the extent tax collection has impacted the growth (expansion) and earnings (profitability) of corporate companies using guaranty trust bank as a case study.

1.3 OBJECTIVES OF THE STUDY

The general objective of this study is to assess the contribution of taxes towards the earnings and growth of companies in Nigeria.

Taxation is looked at as an act of imposing a compulsory obligation (levy) on incomes of individuals and corporate bodies, consequently, tax as a compulsory levy of payment imposed by the government on individuals and business firms and paid by them to the government.

The research aims at finding out whether:

1. Tax has an impact on the earnings of guaranty trust bank plc.
2. If tax has impact on the growth of guarantee trust bank plc.

3. Taxation has affected the financial and investment decision of guaranty trust bank.

1.4 RESEARCH QUESTIONS

In order to provide answers to the research problem, the researcher intended to use the following research questions.

1. What are the impacts of tax existence to your company?
2. Does tax affects the growth of your company?
3. Does payment of tax affect the income of your company?
4. Does tax affects financial and investment decision of your company?

1.5 SCOPE OF THE STUDY

The scope of this study covers critical examinations on the impact of taxation on corporate earnings and growth, Guaranty Trust bank would be used as a case study.

The study is in no way attempted to cover the corporate organization that is not under the supervision of tax authorities.

Basically, this study is an attempt to look into the nature of taxation as well as its impact on the earnings and growth of corporate bodies using guaranty trust bank as a case study. It is also concerned with revenue generation from corporate bodies.

1.6 SIGNIFICANCE OF THE STUDY

One of the most frequently discussed issues in Nigeria is how to solve the economic hardship in the country and how to create an industrial base that can be guarantee self sustaining development to corporate organizations and economic development.

Most of the debated questions in economy are the relationship between tax rates and economic growth. Especially taxation of corporation which has great importance because a corporate tax base is quit a mobile factor of production and simultaneously the tax competition is currently still tougher due to required economic development particularly in the context of the economic crisis. Based on the available literature, we can deductively derive and suppose an inverse relationship between tax burden an economic growth, on the other side the degree of correlation between taxation, corporate earnings and growth is not so obvious.

The significant of this project is to verify the expected negative relationship between corporate taxation on the earning and long term economic growth in companies in the country using guaranty trust bank as a case study. This analysis is based on the neoclassical growth model extended with human capital.

The study will afford us the opportunity to know the roles taxation play on corporate organization and individual such roles includes:

1. Taxation acts as an instrument of fiscal policy.
2. The impact of tax on business in the country.

1.7 DEFINITION OF TERMS

1. **Tax:** it is a compulsory payment made by individuals and organizations to relevant inland or internal revenue authorities at the federal, state and local government levels, its also a compulsory levy on all taxable individuals and corporate institutions within the country.
2. **Taxation:** this is an act of imposing compulsory levy on the income of individuals and corporate bodies.
3. **Taxable income:** this is the differences between taxable revenue and allowable deductions.
4. **Tax avoidance:** this is the process of shifting obligations by taking advantage of provisions of the tax law in order to pay less tax than what he ought to have paid.
5. **Tax evasion:** this arises when a tax payer will fully fails to report a source of taxable income or seeks to reduce his tax liability by understanding source of income to the tax authority.
6. **Tax assessment:** this is the process of ascertaining the amount of tax for which an individual or company is liable to pay.

- 7. Tax collection:** this is the process of receiving or gathering tax from tax payers.
- 8. Company:** this means a legal or corporate organization (other than a corporate sale) established in Nigeria.
- 9. Proportional tax:** this is an income tax levied at a constant rate on any amount of taxable income for instance, tax at the rate of 10% without considering the income of the tax payer.
- 10. Progressive tax:** the rate of tax increases as income of the value of the property to be taxed increases and the lower the income earners pay, the lesser than the rich.
- 11. Regressive tax:** under this concepts, the more you have the more tax charge you pay; this is done to encourage hard work and dignity.
- 12. Corporation:** a corporation is an artificial but independents, legal entity that has the right to contract and own property as though it were a person and in which ownership is represented by shares of stock.
- 13. Minimum tax:** a tax on certain tax preference items.
- 14. Net investment:** the net cash required at the outset of an alternative.
- 15. Tax rate:** the rate at which tax is charged.

- 16. CITA:** company income tax act (CITA) is a federal law operated by the FIRS, which deals with the taxation of all limited liability companies in Nigeria with the exception of those engaged in petroleum operations.
- 17. VAT:** value added tax is a multistage tax levied and collected on transactions at all stages of sales and distribution.

1.8 PLANS OF THE STUDY

The research work is on the impact of taxation on corporate earnings and growth, using guaranty trust bank plc (GTBANK PLC) as a case study, the study consist of chapter one(1) to chapter five(5).

Chapter one (1) covers the introductory part for instance, Background of the study, statement of the problem, objectives of the study, research questions, scope of the study, significance of the study, definitions of the terms and plans of the study.

Chapter two(2) deals with the review of related literature while chapter three(3) employed the methodology to be use like the research design, population of the study, sampling and sampling techniques, method of data collection and method of data analysis.

Chapter four (4) consists of data presentation, data analysis and interpretations of data. The last chapter which is the chapter five (5), consist of the summary,

conclusion, limitations, recommendations, and it also went further to the area for further research which is the bibliography and appendices at the end.

CHAPTER TWO

LITERATURE REVIEW

2.1 INTRODUCTION

Taxation in Nigeria began in the pre-colonial days when citizens pay taxes to traditional and community leaders. An example was the north where people pay taxes to emirs. The people made compulsory payment to their traditional ruler for the development and up keep of their communities.

Although at that time the taxes were not only in cash but sometimes in

Product and farm produce, animal and crops with the coming of the colonial era. The colonial masters through Lord Lugard (the then Governor General) introduced income tax in 1904 this started in Northern Nigeria and later extended to the south. But modern taxation in Nigeria in 1904.

The government of Nigeria under Sir Arthur Richards appointed a legislative body to consider and deliberate aims as income tax audience of 1943 (No. 29 of 1943 CAP 92), this gave rise to the establishment of an inland revenue services which was headed by Mr. Frank G. Lord and expatriate.

This section is concerned with the review of the subject matter of this research which shall particularly direct to the following headings:

1. Ascertainment of taxable profits.
2. Profit exempted from tax.
3. Ascertainment of assessable profits.
4. Computation of income tax.
5. Assessable year.
6. Corporate tax.
7. Corporate earnings and
8. Corporate growth.

2.2 ISSUES ARISING FROM LITERATURE

The company's income tax Act 1979 (CITA) section 24 states that the taxable profit of the company shall be arrived at after deduction of all expenses necessary, wholly exclusively and soon be incurred for the trade or business.

1: Allowable deduction: Under section 20 deduction or allowable expenses are usually and acceptable business and this include:

- a. Any sum payable by any interest on any money borrowed and employed as a capital in acquiring the profits.

- b. Rent and premiums for the period, the liability for premises, plant and machinery or fixtures employed in the trade business.
- c. Bad debts incurred in the course of the trade or business proved to be bad during the extent the relevant period.
- d. Any contributions to a person provided in retirement benefits fund, society or scheme approved by the joint tax board.
- e. Technical services fees which are made to encourage the in-flow of technical “know how” although a maximum payment of 20% of net deduction.

2. Disallowable expenses: these are specifically listed in section 22 of the (CITA) company’s income tax 1979 and they should be added back to the accounting profit in the profit and loss. These are capital paid or withdrawn or any expenditure of capital in nature.

- a. any sum recovered under insurance or contract of indemnity.
- b. taxes on income or profits levied in Nigeria or elsewhere.
- c. any payment to savings, widow and orphans, person, provident or scheme unless it is approved by the joint tax board.
- d. Any donation made by companies to institutions such as educational institutions, charitable institutions etc. the depreciation of fixed assets.
- f. An appropriate of profit: namely, dividends, general provision for bad and doubtful debts expenses on issues or redemption of shares and other securities etc.

Further explanation need to be given on the treatment of bad and doubtful debts for tax purposes, bad and doubtful debts are treated as follows:

- a. They must relate to debts incurred in the ordinary course of trade or business.
- b. They must be identifiable to specific debts,

2.3 CONCEPT OF TAXATION

Though taxation may not be the most importance source of revenue to the government in terms of magnitude of revenue derivable from taxation, but however

taxation may vary significantly. In social oriented economy only a small percentage of revenue may be derive from taxation while in a capitalist oriented economy, a greater percentage of government revenue is derivable from taxation

Income from investment may be disrupted as a result of the failure of government companies or private companies in which government holds substantial investments. Examples may be cited of the poor performance of government owned companies and the outright failure of government controlled banks.

Foreign aid and grants are dependent on the relations between the government of the day and other foreign countries owing to accusations leveled against Nigeria for human rights abuses in the late nineties, most foreign aid donors restricted their donations to any humanitarian aid.

Taxation is hence the most important source of revenue to the government owing inherent power of the government to impose taxes, the government is assured at all times of its tax revenue no matter the circumstances.

According to Kantiok (20012), taxation is the compulsory levy by government through its various agencies on the income, capital or consumption of its subjects. These levies are made on personal income such as salaries, business profit, interest, dividends, commissions, royalties or rent, it may be levied on capital gains and petroleum profits; all the above are taxes levied on income.

Taxation is also viewed by many as government way of extorting money from people but the term is more than what many sees term it. John (2000) for example reviewed taxation as the compulsory payment by individuals and companies to the relevant tax authorities at all levels of governance.

The major issue of importance in the definition of taxation is its uniqueness as a programmed embarked upon by government to control the economy; this is because through taxation many aspects of government could be achieved.

Taxation is defined by Okezie (2003) as the way of making persons; individuals companies contribute money through legalized levies according to their level of income or some criteria to a common form of government for the purpose of running affairs of the state.

Adesola (1997) defined taxation as the process of levying and collection of compulsory levy imposed by the government against the income, profit or wealth of an individual, partnership and corporate organization to aid development (Source: Adesola 1997).

2.4 CORPORATE TAX

Many countries imposed corporate tax also called corporation tax or company tax, on the income of some types of legal entities. A similar tax may be imposed at the state or lower levels, the taxes may also be referred to as income tax or capital.

Corporate tax or company tax refers to a tax imposed on entities that are taxed at the entity level in a particular function.

The corporation tax account for over 15% of federal taxes collected and for over 8% of all state and local tax collected, corporate organization are generally taxed on the difference between their total revenue or receipts and expenses.

The corporation income tax is probably the most controversial federal tax on many economies corporate, but by taxing dividends and capital gains, corporate income demand by some economics on investment and productivity in the corporate sector is discouraged.

They advise abolish the corporate tax instead credit the income to the corporate owners and tax the income at personal tax rate.

2.4.1 CORPORATE EARNING

Corporate earnings As also referred to as “company earnings” and “corporate profit”. Basically, the amount of money a company makes in certain period of time, the price/earnings multiple is still the most common tool used to value a company based on. (Source: Okezie 2003).

2.4.2 CORPORATE GROWTH

According to Okezie (2003) corporate growth can be defined in numerous ways and can be achieved in several strategic forms, in general the matter of whether and what rate a company is growing can be highly ambiguous.

A company can experience strong sales growth, but simultaneously be losing market share experiencing financial losses. In such a case, the company's volume is rising, but that of its competitors is rising even faster and on the bottom line, sales growth means little, when the company cannot turn a profit, the same company may be gaining market share, but losing sales volume and money. This suggests that volume is falling throughout the industry, but only less so for this company in any case, it still loses money on its operation.

Consider a third case, where a company's earnings are rising, but its losing sales volume and market share, this is scenario, because it suggests that the company is cutting marginal operations to concentrate in what it does best in effect becoming smaller but more profitable, high taxation reduces corporate growth and therefore hampers growth of a company. But investment decision must consider yields over the whole of an assets progressive life for instance if a firm expects from now may be anything between N15, 000.00 and nothing at all, corporation tax at 4% will reduce the expected upper limit to N9,000.00 while the amount to money the earnings and profits the company has after all expenses, including taxes have been paid. In stock market where stock are traded at an average of 12 times earnings, a company making N100 shares per year would be valued at N1200 all things being equal, the more the money guaranty trust bank plc makes, the higher its stock price.

Studies indicate that, this step would improve the efficiency of the economy by few billions of naira or dollar, those earning and growth is the main theme of this research project.

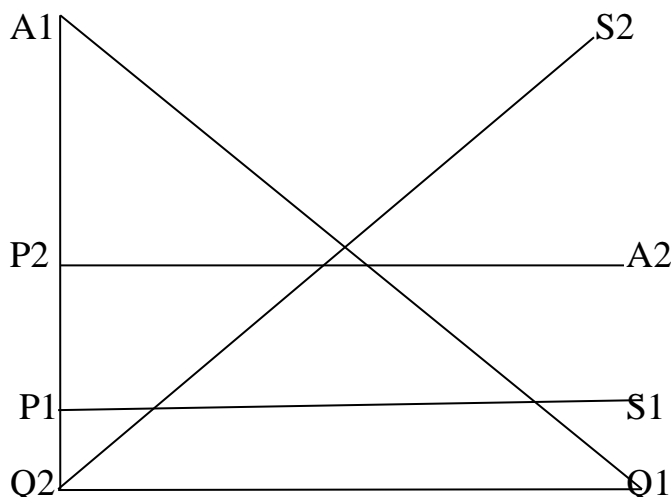
Firstly, if investment depends on profit expectations, taxes are bound to affect this, high taxation will diminish the incentive to investment given prospects of the stream of returns and profitability of funds for new investments by corporations. When the economy is depressed, it may require some form of stimulation tax rate are reduced, thus providing the consumers and business with greater purchasing

power and increasing the incentive of business to make new investments in plant and equipment.

Corporate tax affects dividend declared by company, dividend are part of profit paid by a firm to its shareholders, it payment must be consistent with the firm and shareholder's needs, though this payment is never a compulsion on the business leaving the lower limit still at zero, the average of possible disposable equipment is to be operated.

It is important to note that charges occur with annual budgets, the government may attempt to temper with the level of economic activities by increasing tax rate. This is economic expansion with inflationary consequences, when the tax rate is increasing and both personal disposal income and corporate profits after taxes are reduced. The consequences of these are reduction in individual purchasing power (by extension of their demand for goods and services). Also higher indirect taxation by rising market prices s will reduce the real volume, taxation may also affect estimate of the revenue to be expected from the sales of the product if sales are likely to fall because of consumers reaction to indirect taxes the amount of prospective yields may be reduce! This can be better understood with the

Fig. 2.1



From the diagram above, the supply curve for this product is S_1 where tax is not imposed on its manufacturer, equilibrium is at A_1 with quantity Q_1 demand supplied at price P_1 , an excess tax which is shifted to customers due to the corporate tax, after tax the supply curve is S_2 and equilibrium is at B , price will also rise from P_1 to P_2 but the quantity Q_1 to Q_2 , therefore, it will reduce the sales volume and hence the revenue though estimate to the more distant yields may be very uncertain, a rise in tax will lead to a reduction in corporate earnings and a reduction in corporate earnings income will be likely to be reversed in the following year it will affect only the first of the series of yields.

2.5 THEORETICAL FRAMEWORK

Taxation is one of the oldest and most important sources of government revenues generation in Nigeria, it occupies a central place in the revenue generation of the government. Taxation is hence the most important source of revenue to the government owing to the inherent power of the government to impose taxes the government is assured at all times of its tax revenue no matter the circumstances.

According to Okezie (2003) he viewed taxation as the way of making persons, individuals, companies to contribute money through legalized levies according to their level of income or some other criteria to a common form of government for the purpose of running the affairs of the state. Most governments collect funds from various sources to provide public services or finance transfer payments. Taxation is the most common sources of revenue in mixed economics. Under the benefit theory, tax levels are automatically determined because taxpayers pay proportionately for the government benefit they receive. In other words, the individuals who benefit the most from public services pay the most taxes source Indian's model (2013).

Likewise According to Dr. Cutis (1967), he asked if taxes should be for revenue only or as a means of social control or both. Or should taxes be levied on citizens equally or should "ability to pay" be a major consideration? Where practicable, should the "the benefit principle" be followed? That's if government performs services for specific individuals and not for all, should those who directly benefit be charged for the services? For example, should highway users be required to pay for them through specific taxes on motor fuels and motor vehicle and direct

tolls, if such taxes are intended for highway use, are safeguards against diversion desirable?, Studies show the tremendous economic advantages of high school and college education for their children, should the cost of government schooling be charged on a benefit basis either to the parents or against the enhanced future earnings of the students?

Taxation has become a tool of monetary and fiscal management, the experts speak of "fine-tuning" the economy so that employment will be high and productivity will expand. An effective method of hiding taxes is the withholding of federal, by employers from the wages of employees, most workers are inclined to think only of their take-home pay and give little thought to the tax they are paying.

In many instances, special taxing districts are set up to provide specific services such as schools, fire protection, police protection, water or sewerage.

CHAPTER THREE

RESEARCH METHODOLOGY

INTRODUCTION

This chapter states how the researcher plans to carry out the study. As with virtually any study, the methodology to this study specifies the approaches to and design to carry out the task of data collection and analysis. Thus, the validity of research findings is as a function of the quality available, the data analysis and the data employed in analyzing it.

3.2 RESEARCH DESIGN

The use of observation and the study of the relevant literatures show that the taxation in Nigeria requires scientific study aimed with this information and interest

of the researcher on the topic. The researcher went ahead to commence this study after obtaining relevant approvals from his supervisor.

The first thing was to establish the aims and objectives of the study which would be used as the yardsticks to measure success or otherwise. The research questions give purposeful direction and control variance in the research were put forward, the processed data collection through primary and secondary sources. After the data have been collected and assembled they were presented and analyzed formally.

Some relevant findings would be obtained from the use of taxation as a government fiscal policy. The nature of findings would determine the recommendations would also present a guide for future academic research in the areas. Therefore there would be the systematic and professional reporting of the research project, it is worthy to note that this research progressed from simple to complex form the known to the unknown and would be sequential in presentation.

3.3 POPULATION OF THE STUDY

The population of this study constitutes all of the staff of guaranty trust bank plc yola branch and they are 60 in number. The sample size of the sample size of the study are the general public and some staff members of the guaranty trust bank plc (yola branch) and in arrived at by using judgment sampling when selecting the sample of the study, random sampling was adopted.

3.4 SAMPLE SIZE AND SAMPLING TECHNIQUES

This entails the determination of the sample from the above described population and the selection of appropriate techniques. Guaranty trust bank plc yola branch has been chosen for this research purpose, the staff of this organization will be mainly involved in this exercise sequent to the law of initial proportion which state that "the

more the number of people you chose from your population. The more accurate the data collected will be, that it will be a perfect representation of the population” against this background, however; seventy percent (70%) of the population is used as a research sample of guaranty trust bank plc.

This refers to the method of selecting the sample size in this study, random sampling was used in which companies and private individuals were given equal chances of being selected and used in the sample size.

3.5 METHOD OF DATA COLLECTION

The collection of data can be classified as primary and secondary data.

Primary data:

1. Primary data:

The primary data include

- a. Interviews: the interview is conversation between the researcher and the respondents for the purpose of collecting data are not personal satisfaction, the free responses to interview is used for the purpose of this study so as to give a great deal of freedom of answering the question being asked thereby minimizing the risk of guiding the respondents on obvious answers the interview can be conducted on the senior and junior level of management of guaranty trust bank plc that form the population, staff and parastatal unit of guaranty trust bank in Nigeria, adamawa –yola branch. The decision to use personal interview is in the realization of the fact that respond to the information.
- b. Questionnaires: this is the method of obtaining specific information about a definite problem so that data after analysis and interpretation result in a better appreciation of a problem.

A single set of (20) question are being administered in guaranty trust bank are been distributed among the level of management of the organization. Questionnaires were used in this research work because of its many advantages which include the following:

- a. It save time, effort and cost.
 - b. Many more responses to questions can be obtained than responses to interviews.
 - c. question are more versatile than any other method like observation.
 - d. Question relating to knowledge, opinion, belief and motivation are more often answered through questionnaires.
- c. Interview: this is another method used in searching for primary data needed for the research work, an interview as defined by Ndagi (1999) is a technique used for collecting information in a face to face dialogue. This type e of method allows for classification of unanimous statements.
 - d. Observation: this is a very important tool for scientific research, observation is a direct means of studying over behavior of people and its most important advantage is that, it is possible to record behavior as it happens, the researcher was able to observe work, a cost of information are very sensitive issues concerning corporate earnings and growth.

1. Secondary data

Information collected under this sources or method is not original neither it is first hand, secondary data or information are essentials collected from the guaranty trust bank annual report.

3.6 METHOD OF DATA ANALYSIS

This data collected will be organized and analyzed using statistical table and percentages. That form of presentation is intended for the sake of clarity narrative analysis will also be used so as to complete the statistical method.

In any good research work, the researcher needs to have an alert and critical mind is capable of detecting which technique or method is the most suitable for that work. According to Thurlett (1991) data needs to be analyzed and analyzing of data is ordering and breaking down of data analysis technique could be used in research work but for the purpose of this research work, the following techniques or method were used.

- a. Chart: this is a method of data analysis that uses charts, there are different types of charts; bar chart, pie charts, flow chart etc. for the purpose of this research, the researcher used bar chart which enables magnitudes to be compared, therefore making it appropriate
- b. Tabular presentation: this is the method of tabulating information from data, such as table containing summarized information and they provide a contained means of computing data in a form of easy reference very frequently in a chronological order data is arranged according to its nature.
- c. Descriptive Analysis: this method specifies the nature of a given phenomena. This stigmatically describes a situation, the descriptive technique is used essentially in virtually all research, undertaking in assessing a situation as a pre-requisite to inference and generalization and for finding answer to questions.
- d. Percentage: this is commonly used to illustrate the proportion of the sample size is respondents that support or oppose a particular view.
Data from the questionnaires were tabulated and analyzed using simple percentages or the population size or the respondent for or against the statement.

For the purpose of this research, simple percentage of analysis would be used.

CHAPTER FOUR:

DATA PRESENTATION ANALYSIS AND INTERPRETATION

4.1 INTRODUCTION

This chapter is aimed at analyzing the finding or the data obtained, a total of twenty (20) questionnaire were distributed among the staff of guaranty trust bank plc yola branch, the questionnaire were distributed to the respondent in the corporate bodies.

4.2 DATA PRESENTATION

A total of twenty (20) questionnaires were given and twenty respondents returned the entire questionnaire that were given which is fully answered and that

give us a total percentage of 100%, the data collected is presented in the following table.

Table 4.2.1: Number of respondents.

Table of questionnaire administered	Total respondent received	Percentage of respondents
20	20	100%

Sources: Questionnaire administered 2018.

Base on table 4.2.1 above, it shows that the study have 20 respondents which is 100%

Table 4.2: Qualification of respondent

Respondent	Number of response	Percentage (%)
SSCE	2	5
OND	4	12.5
HND	6	32.5
BSC	8	50
TOTAL	20	100

Sources: Questionnaire administered, 2018

Base on the result obtained, it has been observed that 80% of the respondents constitute post graduate staff that has knowledge during their working activities, with this, we can be justifiable assumed that the reason will be reach enough while propounding recommendations.

SSCE holder had 5%, 12.5% were OND holders, HND holders with 32.5% of the respondent while 50% of the respondent are BSC holders.

Table 4.3: Year of experience.

Respondent	Number of response	Percentage (%)
10-15	1	25
16-20	2	5
21-25	5	12.5
26-30	20	50
31-35	12	30

Sources: Questionnaire administered, 2018

From the above table, most of the respondents are between the years of experience 80% which represent that most of the respondents have more working experience while 20% of the respondents have more working experience within the respondents.

Table 4.4: Sex of respondent.

Respondent	Number of response	Percentage (%)
Male	13	75
Female	7	25
Total	20	100

Sources: Questionnaire administered, 2018

75% of the male which indicates that majority of them experience what the project is all about while 25% are female.

Table 4.5: Do you compute your company's tax?

Respondent	Number of response	Percentage (%)
Yes	20	100
No	-	-
Total	20	100

Sources: Questionnaire administered, 2018

From the above table, 100% of respondents say that their company computes tax.

Table 4.6: Do you plan for tax payable?

Respondent	Number of response	Percentage (%)
Yes	16	81
No	4	19
Total	20	100

Sources: Questionnaire administered, 2018

81% of the respondent say that their companies plan for tax payable whereas 19% respondent say that they do not plan for tax payable.

Table 4.7: Do you see taxation as a burden on your company's profit?

Respondent	Number of response	Percentage (%)
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Yes	15	75
No	5	25
Total	20	100

Sources: Questionnaire administered, 2018

From the table, 75% of the respondents deemed that taxation is a burden to their company's profit while 25% respondent says that taxation is not a burden to their company's profit.

Table 4.8: At what time do you make the computation?

Respondent	Number of response	Percentage (%)
Mid year	4	28
Yearly	16	72
Total	20	100

Sources: Questionnaire administered, 2018

The table above shows that 28% of the respondents compute their tax midyear while 72% compute their own tax yearly

Table 4.9: How do you views the Nigerian company law on the profit of organization?

Respondent	Number of response	Percentage (%)
Good	13	79
Bad	7	21
Total	20	100

Sources: Questionnaire administered, 2018

79% of the respondents say that Nigerian company law is good on the profit of their organization while 21% viewed it as bad.

Table 4.10: Does payment of tax affect the disposable income of your company?

Respondent	Number of response	Percentage (%)
Yes	11	88
No	9	12
Total	20	100

Sources: Questionnaire administered, 2018

From the above, 88% of the respondent say that payment of tax affect the income of their company while 12% of the respondents said otherwise.

Table 4.11: Do you know how much you pay as tax?

Respondent	Number of response	Percentage (%)
Yes	15	55
No	5	45
Total	20	100

Sources: Questionnaire administered, 2018

55% of the respondents say that they know how much they pay as tax while 45% of the respondent say otherwise

Table 4.12: Do you know when you are supposed to pay tax?

Respondent	Number of response	Percentage (%)
Yes	12	75
No	8	25
Total	20	100

Sources: Questionnaire administered, 2018

From the table above, 75% of the respondents say that they know when they are to pay tax while 25% claimed that they don't know.

Table 4.13: Have you in way been over tax?

Respondent	Number of response	Percentage (%)
Yes	17	87
No	3	13
Total	20	100

Sources: Questionnaire administered, 2018

87% of the respondents say that they have been over taxed while 13% says that they have not been over taxed in any way.

Table 4.14: Does the tax officials issue you receipt for the tax paid?

Respondent	Number of response	Percentage (%)
Yes	15	90
No	5	10

Total	20	100
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Sources: Questionnaire administered, 2018

From the above table, 90% of the respondents say that tax officials issue them receipt whenever they pay tax while 10% claimed otherwise.

Table 4.15: Have any of your properties been seized because of non-payment of tax?

Respondent	Number of response	Percentage (%)
Yes	17	80
No	3	20
Total	20	100

Sources: Questionnaire administered, 2018

80% of the respondents claimed that tax authority seize their property if they do not pay tax while 20% Of the respondent says no to the statement above.

Table 4.16: Do you know where you can pay your tax?

Respondent	Number of response	Percentage (%)
Yes	14	57
No	6	43
Total	20	100

Sources: Questionnaire administered, 2018

From the table above, 57% says that they know where to pay their tax while 43% said that they don't know where to pay their tax.

Table 4.17: Do you pay tax in the proportion to your income level?

Respondent	Number of response	Percentage (%)
Yes	20	100
No	-	-
Total	20	100

Sources: Questionnaire administered, 2018

Base on the table above, it shows that 100% says that they pay tax according to their level of income.

Table 4.18: Do you pay equal amount with those of the same income level with you?

Respondent	Number of response	Percentage (%)
Yes	18	95
No	2	5
Total	20	100

Sources: Questionnaire administered, 2018

From the above table, it shows 100% says they pay equal amount with those of the same income.

Table 4.19: Do you think that tax avoidance is an offence?

Respondent	Number of response	Percentage (%)
Yes	18	95
No	2	5
Total	20	100

Sources: Questionnaire administered, 2018

From the table above, 95% of the respondents say that avoiding tax is an offence while 5% says is not.

Table 4.20: Do you plan for tax avoidance?

Respondent	Number of response	Percentage (%)
Yes	20	100
No	-	-
Total	20	100

Sources: Questionnaire administered, 2018

The table above shows that 100% of the respondents plan always to avoid tax.

Table 4.21: Do you view tax as being high?

Respondent	Number of response	Percentage (%)
Yes	13	82
No	7	18
Total	20	100

Sources: Questionnaire administered, 2018

From the table above, 82% of the respondent says that tax is high while 18% says that tax is not high.

Table 4.22: Can tax avoidance increase the profit of your organization?

Respondent	Number of response	Percentage (%)
Yes	15	65
No	5	35
Total	20	100

Sources: Questionnaire administered, 2018

65% of the respondent from the table above says that avoidance increases the profit of their organization while 35% claimed otherwise.

Table 4.23: To what extent do you think that this has helped the growth of your organization?

Respondent	Number of response	Percentage (%)
Yes	4	60
No	16	40
Total	20	100

Sources: Questionnaire administered, 2018

60% of the respondent from the table above says that it increases the growth with 20% while 40\$ respondent claimed 40%.

4.3 DATA ANALYSIS

The study analyze the data base on the questionnaire administered and collected with a view of carrying out some appropriate finding on the impact of taxation on corporate earnings and growth of an organization.

4.4 DATA INTERPRETATION

Firstly, 2 and 3 in the table in question on the qualification of the respondent shows that 82% of the respondents are of graduate who have knowledge about the corporation while the rest of the respondent which constitute 17.5% are those who are with SSCE and OND result. In table 3 the respondent who's responses are 50% who have more working experience in the organization by so doing the worker know more of the work while 20% of the respondent have less working experience within

the respondent, in table 4, 75% of the respondent are male which indicate that majority of them are male, while 25% of the respondent represent female.

In regard to table 5, the respondent agree that their companies compute tax, in table 6, a total of 81% said yes that their companies plan for tax payable while 17% respondents said no.

55% of the respondents in table 7 claimed that taxation is seen as a burden on their company's profit while 45% claim otherwise. 70% from the information given in table 8 compute their tax midyear while 30% claimed they compute their own yearly.

79% in table 9 claimed that Nigerian company law on the profit of an organization is good while 21% viewed it as bad, in table 10, 88% said that payment of tax affects the disposable income of their company while 22% said otherwise.

55% claimed in table 11, that they know how much their company pay as tax while 45% claimed that they do not know how much their company pay as tax. In table 12, 75% respondent said that they do not know when they are supposed to pay tax while 25% claimed otherwise.

87% respondent in table 13, claimed positively that they have been over taxed while 13% said otherwise, in table 14, 90% agreed that the tax officials issue receipts for tax paid while 10% proved otherwise.

80% respondent in table 15 claimed that their property have been seized because of non-payment of tax while 20% proved otherwise. The respondent in table 16, 57% of them says that they know where to pay their taxes while 43% respondent unfavorably.

In table 17, 100% respondents said that they pay tax in the proportion of their income, table 18, 100% respondents said they pay tax in the proportion of their income level. 95% respondent in table 19 claimed that tax avoidance is an offence while 5% respondents claimed otherwise.

100% respondent in table 20, responded favorably that they plan for tax avoidance, 82% respondents in table 21, claimed that they view tax to be high while 18% said no, that tax is not high.

65% respondent claimed that tax avoidance increases organizations profit while 35% claimed otherwise in table 22.

In conclusion, 60% respondent said tax has helped the growth of their organization to 20% extent while 40% proved that it has helped the growth of their organization to 40% extent in table 4.2.23

CHAPTER FIVE:

SUMMARY, CONCLUSION AND RECOMENFDATIONS

5.1 SUMMARY

The prevailing cases of corporation in our country trying to avoid tax due to the effect on their profit has attracted the writing of the study “the impact of taxation on corporate earnings and growth”, the relevance of taxation as a tool for the effective control on corporate earnings and growth of an organization. The study aids the general public to know what taxation, corporate tax, corporate earnings and corporate growth is.

From the study conducted, we see the extent in which taxation impact on the corporate earnings and growth of an organization using guaranty trust bank plc as a case study.

The study have shown that taxation many at times affect the growth and earnings of corporation.

5.2 CONCLUSION

Using guaranty trust bank as a case study, this research report on the impact of taxation on corporate earnings and growth.

Findings of this research are similar to the impact of taxation on corporate earnings and growth of guaranty trust bank and some companies in Nigeria at large. The success of most organization can be budged by extent to which their impact of taxation on corporate earnings and growth are organized. Beside, method and techniques of taxation taught in schools differ slightly from that practiced in various organization such differences is minor since the whole method and techniques are built from the principles already developed by business schools.

Difference exist between taxation method techniques taught in schools and the one used in organization, also there is a relationship between the method of taxation in rising and the performance of the entire organization.

Within the frame-work of this research study, the researcher discussed the history and types of taxes, the researcher also attempted to deal with the effect of taxation on company's revenue, and the researcher observed that corporation avoid tax due to the effect on the profit and as such always like to reduce tax payable to the barest minimum.

5.3 LIMITATION OF THE STUDY

The reader is advised to be aware of the major in appraising the study findings. Owing to time and financial constraints and other short comings include the non-availability of materials such as text books, enough journal etc.

Beside on the objectives of this work and the statement of its problems, this research work is going to be restricted to the impact of tax on production industry. This survey will however focus on taxation as its concerns development.

5.4 RECOMMENDATIONS

After a careful study and analysis of the effect of tax on corporate earnings and growth, it is wish of the researcher to make the following recommendations:

- a. Scale in some organizations in Nigeria

- b. Enough time should be given to carryout extensive research.
- c. Parents/guardians should assist the research with adequate fund to enable a universal coverage in pursuit of their research.
- d. More also, the research suggest that further research work should be carried out on the impact of taxation on corporate earnings and growth.

5.5 AREA FOR FURTHER RESEARCH

In line with the findings of the study, the study therefore urges continual assessment on the impact of taxation on corporation and growth in other corporate bodies and the country at large.

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APPENDIX A
QUESTIONNAIRE

Depart of accounting,
Faculty of social and management
science,
Adamawa state university,
PMB 25 Mubi,
Adamawa State,
10 September, 2018.

Dear Sir,

I am a student of the above named institution undergoing a research study on “the impact of taxation on corporate earnings and growth”, in partial fulfillment for the award of Bachelor in science (B.SC) of the institution; your company is my case study.

Kindly provide factual response in regard to these questions designed which is strictly for academic purpose in order to add more to the existing literature on taxation and its impact on corporate earnings and growth.

Your anonymity is guaranteed and all the information received will be treated confidentially.

Thanks in anticipation.

Yours faithfully,

Elisha Simeon.

QUESTIONNAIRE

INSTRUCTION: Please when answering the following questions, tick [] for Yes or No in the appropriate boxes.

Name of respondent.....

Qualification.....

Name of organization.....

Rank of respondent.....

SEX: a. Female [] b. Male []

1. Do you compute your company's tax? a. Yes [] b. No []
2. At what year do you make the computation? a. Yes [] b. Fortnightly [] c. Yearly []
3. Do you plan for the tax payable? a. Yes [] b. No []
4. Do you see taxation as a burden on your company's profit? a. Yes [] b. No []

5. How do you view Nigerian company law on the profit of an organization? a. Good [] b. Bad []
6. Does payment of tax affect the disposable income of your company? a. Yes [] b. No []
7. Do you know how many you pay as tax? a. Yes [] b. No []
8. Do you know you are supposed to pay tax? a. Yes [] b. No []
9. Have you in anyway been over taxed? a. Yes [] b. No []
10. Does the tax official issue you receipts for tax paid? a. Yes [] b. No []
11. Have any of your properties been seized because of non-payment of tax? a. Yes [] b. No []
12. Does a change in government policy bring about change in the rate of your company's tax? a. Yes [] b. No []
13. Do you know where you can pay your tax? a. Yes [] b. No []
14. Do you pay tax in the proportion to your income level? a. Yes [] b. No []
15. Do you pay equal amount with those of the same income level with you? a. Yes [] b. No []
16. Do you think that tax avoidance is an offence? a. Yes [] b. No []
17. Do you plan for tax avoidance? a. Yes [] b. No. []
18. Do you view it as being high? a. Yes [] b. No []
19. Can tax avoidance increase the profit of your organization? a. Yes [] b. No []
20. Does tax in any extent helped the growth of an organization? a. Yes [] b. No []
21. Do you think that companies are subjected to double taxation? a. Yes [] b. No []
22. Is it true that receipts are being forged? a. Yes [] b. No []
23. Has there been variance in the collection of tax over the year? a. Yes [] b. No []

24. In your opinion, is there any better way tax could be collected? a. Yes [] b. No []
25. Do you support the fact that tax laws presently enforced in Nigeria should be reviewed?
a. Yes [] b. No []
26. Is the present tax assessment and collection method effective? a. Yes [] b. No []
27. Does payment of tax reduce the profitability of your company? a. Yes [] b. No []