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RESEARCH ARTICLE

Finance Act Reforms and Profitability of Firms in Nigeria Petroleum Sector

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ABSTRACT

The review inspected finance Act reforms and the profitability of firms in Nigeria's petroleum area. The particular goals were to; assess the impact of Petroleum Profit Tax change on profit for the extended time of oil and gas firms in Nigeria and inspect the impact of custom and excise duties on profit for the extended period of oil and gas firms in Nigeria. The ex-post plan was embraced for the review. The examination of information was done utilizing an arbitrary board relapse model. It was figured out that petroleum profit tax change meaningfully affects profit for the time of oil and gas firms in Nigeria and custom and excise duties significantly affect profit for the extended period of oil and gas firms in Nigeria. The review suggested that tax experts in Nigeria should guarantee viable and productive execution of petroleum tax change strategy 2020 and that tax specialists should be careful in tax organization to avoid various taxation exacted on imported merchandise in Nigeria.

Keywords: *Finance Act Reforms; Profitability; Nigeria Petroleum Sector*

Introduction

On 31st December 2020, President Muhammadu Buhari marked the Finance Bill, 2020 (presently Finance Act) into regulation. The Finance Act, 2020 (the Act), which has an initiation date of first January 2021, was endorsed into regulation close by the 2021 Appropriation Bill (presently Appropriation Act). The Act acquaints huge changes with various tax and administrative regulations in Nigeria including the presentation of COVID-19 motivations close by different changes (Aluko and Oyebede, 2020). The Act sets five vital targets, which include: raising government income through different monetary measures, changing homegrown tax regulations to line up with worldwide best practices, advancing financial value by moderating occasions of backward taxation, supporting private venture elements in accordance effortlessly with Business Reforms and presenting tax motivating forces for interests in the foundation and capital market (Finance Act, 2020).

Nwokoye and Rolle (2015) express that taxation comprises a significant wellspring of income for both created and non-industrial nations. Tax-produced incomes are utilized to finance public utilities, perform social obligations, and oil the authoritative wheel of the public authority. In Nigeria, tax organization has been hampered by a few factors going from deficient and untrustworthy information, lack of authoritative limit, lack of talented labor supply, degenerate tax authorities, high frequency of tax aversion and avoidance, complex tax codes, and the hydra-headed beast of various taxation (Odusola, 2006). The Nigerian government has set out on a few tax strategies and reforms since the year 1991. Preceding tax strategies and reforms, tax organizations reflected failures, characterized by a lack in the tax organization and assortment framework, complex regulations, and unresponsiveness concerning those external the tax nets (Adebayo, Bunu, and Zainab, 2015).

Akwe (2014) states that tax approaches and reforms assume two significant parts in supporting financial development. One is to keep an economy at a higher work level so the saving limit of individuals is brought with an increment up in pay per head. The second is to raise the minimal affinity to save the local area as far over the normal

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penchant to the greatest degree, without beating work exertion or abusing groups of value down. The review is accordingly set to analyze Finance Act Reforms and Profitability of Firms in Nigeria Petroleum Sector.

The complicated idea of tax regulations has made it challenging for taxpayers to grasp the example of a tax organization in Nigeria. The tax regulations are arranged in language that occasionally is truly challenging for even the informed people in the general public to comprehend. It is along these lines, difficult for the conventional taxpayers and now and again even the learned authorities to comprehend because of the dangerous idea of our regulations. The absence of lucidity in the constitution and the National Tax strategy has been a significant issue in the Nigerian Tax.

Tax liabilities represent an issue for a business. First, every tax expected of a business is simply one more cost. It adds to the exhaustion of authoritative profitability as well as the income of associations. Be that as it may, tax schooling might cause residents to play out their obligations eagerly. Additionally, in managing tax regulations and arrangements, rules ought to be clear, brief, and basic, there ought to be insignificant consistence costs, simple admittance to data, and low tax trouble on taxpayers, including common trust and reasonableness.

This study has assessed the Finance Act, 2020 which appeared on 31st December 2020 after President Muhammadu Buhari marked the Finance Bill, 2020. This study is quite possibly the earliest survey of this Finance Act, 2020 as most creators have not yet audit this Act. In this manner, this examination has had the option to fill a hole requiring the embodiment of this concentrate on the Finance Act Reforms and Profitability of Firms in Nigeria’s Petroleum Sector.

Statement of the Problem

The financial services industry (FSI) covers a broad range of operations, such as banking, insurance, asset, capital market, etc. The industry typically plays a pivotal role in the development of any economy and Nigeria is not an exception in this regard. Notwithstanding this, despite the strategic nature of the industry, some of its key performance indicators are yet to be met in Nigeria. To accomplish the point of the review, the accompanying targets were expressed:

Objective of the Study

The main objective of the study is to examine the effect of Finance Act Reforms on the Profitability of Firms in Nigeria’s Petroleum Sector. Specifically, the study seeks to;

- **I.** Assess the impact of the Petroleum Profit Tax change on profit for the extended time of oil and gas firms in Nigeria
- **II.** Examine the impact of custom excise duties on profit for the time of oil and gas firms in Nigeria.

Hypothesis of Study

- **I.** Petroleum Profit Tax change has no significant impact on the profit for the extended time of oil and gas firms in Nigeria
- **II.** Custom excise duties have no significant impact on the profit for the time of oil and gas firms in Nigeria.

Review Related Literature
Conceptual Review

Finance Act Reform

The Finance Act 2020 was enacted in furtherance of the Federal Government's progressive reform of the **business climate** in Nigeria, and the need to constantly restructure the tax system to align and conform same with international best practices, and make it respond effectively to the changing socio-economic landscape.

Taxation

The tax has been characterized in numerous ways by various creators. Anyanwu (2007) characterizes tax as the "obligatory exchange or installment of cash or periodically of labor and products from private people, foundations or and administrations from private people, organizations or gatherings to the public authority. It very well might be required upon abundance or pay or as overcharge on cost. Nwokoye and Rolle (2015) are of the view that tax is the exchange of assets and pay from the private area to the public area to accomplish a portion of the country's monetary and social objectives, perhaps as the arrangement of extra government essential administrations especially in instruction, general wellbeing, transportation, capital development and in the arrangement of offices. The Institute of Chartered Accountants of Nigeria (2006) and the Chartered Institute of Taxation of Nigeria (2002) describe charge as a maintained responsibility of money to the government as per a portrayed supported guideline. The World Bank (2000) describes a charge as a mandatory trade of resources from the rest of the economy for the public authority. A charge is an obligatory cost constrained on individuals and corporate characters regardless the status. Anyanwaokoro (2004) portrays charge as a required portion constrained by the public expert on individuals and corporate bodies in the addressed locale for which no prompt work and items are offered as a trade-off of the portion made.

Adebao (2009) moreover describes the charge as a mandatory cost constrained by the public expert on individuals and business affiliations. It is a portion as a compromise for which no prompt and unequivocal "remuneration" is introduced by the public power and winding benefit to different individual citizens not permanently set up. From the above definitions, Okwo (2011) summarized charge as a compulsory portion made by individuals and corporate bodies to the public expert for supporting government utilization or for the all-around value of government highlighting further fostering the citizen's government help and which both the citizen and everybody at large benefit. There are three parts of tax collection. These are;

I. The duty base.
II. The duty rate.
III. The duty yield.

The duty base is the article being burdened. Cases of duty based are pay, benefit, and property. The duty rate is the degree of the assessment's value based on what is covered as an expense. The expense yield is the genuine aggregate gathered by the public expert in charge.

Various Tax Reforms from 2018 to 2020

Tax Reforms 2019 – 2020

The 2019 Finance Bill which was carried out in December 2020 tries to present major developments including:

I. Excess profit tax to apply just to untaxed dispersions other than profits explicitly excluded from tax and franked venture pay
II. Small organizations with turnover under N25m to be excluded from Companies Income Tax
III. A lower CIT pace of 20% to apply to medium-sized organizations with turnover somewhere in the range of N25m and N100m
IV. Commencement and suspension rules adjusted to dispose of covers and holes to keep away from twofold taxation and complexity during initiation.
V. Minimum tax arrangements corrected to 0.5% of turnover and exception just applies to little organizations (under 25m turnover), so non-occupant organizations will currently settle the least tax
VI. Insurance organizations can now convey forward tax misfortunes endlessly, deduct save for unexpired dangers on time allotment bases while extraordinary least tax for protection has been abrogated
VII. Bonus of 2% of tax payable (medium-sized organizations) and 1% for enormous organizations for the early installment of CIT
VIII. Introduction of meager capitalization of 30% of EBITDA for interest deductibility. Any abundance allowance can be conveyed forward for a very long time
IX. Deemed tax presence for non-inhabitants as for imported specialized and the board benefits now taxable at the last WHT pace of 10%
X. Any cost brought about to procure excluded pay is currently explicitly denied as an allowance against other taxable pay.
XI. Dividend disseminated from petroleum profits now attract a 10% portion tax.
XII. Banks to demand Tax Identification Number (TIN) before starting business ledgers for people, while existing record holders should give their TIN to keep working on their records
XIII. The significance of supply and the meaning of labor and products has been extended to cover elusive things other than land, among others.
XIV. Introduction of VAT switch charge on imported administrations.

XV. VAT enrollment limit of N25 million turnover in a scheduled year to be presented.
XVI. Remittance of VAT is now to be on a cash premise, or at least, a distinction between yield VAT gathered and input VAT paid in the previous month.
XVII. Compensation for loss of work underneath N10m to be absolved from CGT
XVIII. Stamp obligation on bank move to apply just on the sum of N10, 000 or more. Moves between similar proprietors' records in a similar bank are likewise to be excluded.

Effect of Tax Policies on the Profitability of Firms in the Petroleum Sector in Nigeria

Adebao (2009) is of the view that tax reforms allude to the interaction and methodology through which underlying and managerial changes in the tax are affected. It is the persistent course of suggesting and carrying out helpful changes which are coordinated toward accomplishing a superior tax. As novel thoughts and designs grab hold, as the innovation of tax assortment changes, and as the country's financial conditions are modified, there will undoubtedly be new open doors that will incite improvement in a nation's tax. In any case, the essential target of the change interaction is to guarantee an expansion in the income base of the public authority (Easterly and Rebelo, 2010).

A superior income base is commensurate to the accomplishment of a further developed framework, taking everything into account. This will thusly prompt other underlying reforms and positive changes in the economy. A decent tax is supposed to give proper impetuses to safeguard the climate. This is to express that with a suitable tax strategy set up, padding the impact of ecological challenges will be conceivable. Actually, on the off chance that administration at all levels needs to guarantee ecological assurance, value, financial development, and improvement, the tax should be changed taking into account its tremendous potential and commitment.

Tax reforms that diminish the tax rate and shun an assortment of taxation won't just further develop the speculation environment, yet influence venture limits by beefing interior assets for business undertakings. Along these lines, Akwe (2014) states that tax reforms are intended to serve three capacities. They are amendatory capacity, inventive capacity, and income work. While the amendatory job endeavors to address shortcomings in the tax, the imaginative capacity endeavors to present a novel, new thing in the tax system, and the income job endeavors to augment public tax-created income by expanding the tax base and forestalling tax avoidance and evasion.

Adedeji and Oboh (2010) express that an effective tax change cycle ought to originate from a thoroughly examined program of action and an unmistakable impression of the issues of the pre-change tax; ought to be upheld by driving strategy creators and technocrats; ought to be cautiously and methodically carried out and checked; ought to put forth an attempt to decrease the weight of tax on poor people; ought to focus on interactions among various parts of the tax, and perceive the significance of income ampleness; ought to put additional time and assets in the preparation and overhauling of the degree of managerial execution.

Theoretical Review
Benefit Principle Theory

The Benefit Principle Theory was propounded by Knut Wicksell in 1896. The benefit standard hypothesis is a thought in the hypothesis of tax assessment from public money. The standard is a portion of the time contrasted with the limit of expenses in dispensing private items. In its usage for looking over the adequacy of expenses and evaluating money-related game plans, the benefit approach was at first advanced by Knut Wicksell (1896) and Erik Lindahl (1919), two monetary experts of the Stockholm School. Wicksell's nearby unanimity plan of the standard was initiated on an impartial compensation spread. The philosophy was loosened up in made by Paul Samuelson, Richard Musgrave, and others. It has moreover been applied to such subjects as expense progressivity, organization unendingly burdens on property or overflow. The unanimity rules a piece of Wicksell's technique in interfacing charges and utilizations is referred to as a take-off point for the examination of holy monetary viewpoints created by James Buchanan. As shown by this hypothesis, the state should force charges on individuals according to the benefit given to them. The more benefits an individual gets from the exercises of the express, the more he should pay to the public power. This rule has been presented to outrageous investigation on the going grounds (Ogbonna and Ebimobowei, 2012):

I. The assumption that the duty should be paid by an individual comparable to benefits given by the State to that individual, is truly irrational considering the way that the benefits derived can't be precisely assessed concerning cash. The benefit is essentially a profound matter and there is no legitimate technique for assessing the significance of benefit and its money regard.

II. If benefits gathered from an individual are the reason for tax collection, the poor ought to pay higher assessments because an administration help expresses the poor get a bigger number of benefits than the rich from the utilization of public power. This is misleading and as such an unacceptable idea.
III. It is moreover incredibly testing to choose under this hypothesis what degree of the general benefits assembles to explicit individuals. Government is for enlightened presence and there is, in this manner, not a great explanation regarding the organizations which the state renders.
IV. An enormous piece of the organizations given by the state is insoluble and beneficiaries are unidentified. For example, it is entirely unworkable to hope to parcel the upsides of public gatekeepers, etc.
V. Certain benefits fabricate just to indisputable individuals and in clear degree. If this standard is noticed, the whole of the benefit, they should return to the state as duties. For example; benefits paid to surrendered laborers, are unquestionable and enough clear, and therefore, they should offer the whole of their annuity as charges.
VI. The fair transport of wealth, the principal focus of by far most of the state-of-the-art state-run organizations, will be squashed accepting that this standard is stuck.

The above depiction makes the benefit rule can't ensure the value thereof psyche of the weight of expenses among the different regions of the overall population.

Ability to Pay Theory

The ability to pay hypothesis was propounded by MS Kendrick in 1939. The hypothesis thinks about charge liability in its genuine design important portion of the state without remuneration. It acknowledges no business or semi-business association between the state and the inhabitants. According to this hypothesis, an inhabitant is to pay charges since he can and his general proposal in the outright expense inconvenience is still hanging out there by his general paying cutoff. This precept has been sharp for somewhat as long as the benefits hypothesis. A good record of its arrangement of encounters is found in Seligman. This hypothesis will without a doubt be maintained by socialist researchers considering its congruity with the considerations and thoughts of value and worth. The fundamental key of this hypothesis is that the heaviness of tax assessment should be shared by the populace on the guidelines of value and worth and that these principles expect that the expense inconvenience is distributed by their relative ability to pay.

Advertisers of ability to-pay tax assessment battle that individuals who have benefitted most from the country's way of life as higher profit and more essential overflow can oversee and should be resolved to propose back fairly more to keep the system running. The dispute is that the overall population that organizations charge pay has helped develop establishment, for instance, turnpikes and fiber-optic trades associations, a strong military, government subsidized schools, and an unregulated economy structure — give the environment in which their success is possible and in which they can continue to participate in that accomplishment (Ftouhi, Ayed and Zemzem, 2014).

The audit is secured on the ability to pay hypothesis considering the explanation that it lays highlights on the value and worth of the charge portion. This is the middle thought of leaving on arranged charge changes in Nigeria which rely upon value and worth.

Empirical Review

Jelilov, Abdulrahman, and Abdurahman (2016) concentrated on the impact of tax reforms and monetary development in Nigeria from 1986 to 2012. Relapse investigation was embraced for the review when it was figured out that tax reforms are emphatically and altogether connected with monetary development and that tax reforms for sure cause financial development.

Nwokoye and Rolle (2015) concentrated on tax reforms and interest in Nigeria: An experimental assessment. Yearly time series information spreading over the years (1981-2012) was used. A primer symptomatic test was led to look at whether the assessed model fulfills the OLS presumptions. The fundamental suspicions of the OLS were fulfilled. The consequence of the assessed OLS model showed that tax change as proxied by VAT and CIT, both decidedly and essentially invigorate interest in Nigeria.

Thusly, the gathering of the Generalized Least Squares (GLS) backslide model by Ftouhi, Ayed, and Zemzem (2014) to review the association between firms' worth and assessment orchestrating with firm size, impact, capital power, benefit, and pay the leaders as control factors found an immense and negative association between firm worth and expense organizing in like manner maintains the Agency cost hypothesis of duty orchestrating.

Heitzman and Ogneva (2015) surveyed the association between Corporate Tax Planning and Stock Returns of all U.S. firms traded on NYSE, AMEX, or Nasdaq from 1988 to 2013 using board backslide examination; they assumed that high-duty organizing firms truth be told manage to get more critical yields, yet during periods when charge prerequisite is low; the concentrate also found that little firms have less extended charge techniques than enormous, complex firms in light of nonappearance of scale and multifaceted nature, high receptiveness to disagreeable aftereffects of government activities feebleness to fund high fixed costs of assessment orchestrating approaches. The examination found that tremendous firms are less introduced to burden procedure risk due considering the way that they are dependably reviewed. The audit recommended that sheets and overseers should essentially focus on the ordinary steady livelihoods from charge organizing.

Zakariya'u, Muzainah, and Abdurrahman (2015) focused on charge evasion and Nigeria Tax: An Overview. The objective of this study was to overview the tax assessment and expense evasion thought and also give a short blueprint of Nigerian duty. The survey used co-compromise and sorted out that charge aversion depletes the level of wages delivered from tax collection overall.

Matthew (2014) concentrated on the impact of tax income on the Nigerian economy (Case of Federal Board of Inland Revenue). The goal of the review was to analyze the impact of tax income on the Nigerian economy. Unmistakable review configuration was taken on and a basic irregular examining strategy was utilized in the choice of the example size. 100 duplicates of polls were directed to laborers of the Federal Board of Inland Revenue (FBIR), Lagos, Nigeria. 75 polls were recovered and seen as usable for the concentrate henceforth, giving a 75% reaction rate. A pilot study was led and this gave an unwavering quality worth of 0.78. Four Hypotheses were planned and tried utilizing the Chi-square factual device of investigation. The discoveries showed that tax income essentially impact on Federal Government Budget execution in Nigeria, the Tax regulatory framework altogether impacted the income produced in Nigeria, Tax avoidance fundamentally impacted government income in Nigeria, and Lack of preparation with respect to tax officials fundamentally impacted the age of government income in Nigeria.

Adebayo, Bunu, and Zainab (2015) concentrated on an Examination of the Laws on Tax Reliefs and Exemption In Nigeria. The goal of the review was to cause notice of the resurrection idea of tax reliefs and exclusions under Nigeria's ongoing allotment and tax approaches. The point is to clarify a few questions and qualms about the status degree, nature, and goals of the tax exception idea. The review utilized common least squares and figured out that tax help advances taxation processes in Nigeria.

Akwe (2014) researched the effect of oil Tax Revenue on Economic Growth from 1993 to 2012 in Nigeria. To achieve this investigation reasonable, appropriate helper data were used from the 2012 Statistical Bulletin of the Central Bank of Nigeria (CBN). These data were penniless down using the Ordinary Least Squares Regression. The result from the test shows that there exists a positive effect of Non-oil Tax Revenue on monetary Growth in Nigeria.

Olaoye and Ayeni (2018) focused on the effects of critical worth including assessment and custom obligations pay age in Nigeria (2000-2016). The survey examined regard included expense and customs obligations pay age in Nigeria. Discretionary data was gotten from Federal Inland Revenue Service (FIRS) going from 2000 to 2016. Autoregressive Distributed Lag (ARDL) and Granger causality tests were used as the appraisal techniques. The revelations of the survey uncovered that the F-estimations regard was 2.883868 which is lesser than both the lower bound and the upper bound potential gains of 3.79 and 4.85 separately at the 5 percent level of significance which construes that there is no long-run relationship among regard added charge, customs obligations and pay age. It was likewise revealed that there is no causality with regard to added charge, customs obligations, and pay age. The survey construed that regarding added duty and customs obligations no colossal effect on pay age and there is no extensive run relationship among regard added charge, customs obligations, and pay age in Nigeria during the audit period. In this manner, it is proposed that the financial methodology should put tax avoidance somewhere around replicating measures for consistency of huge worth added expense and customs obligations.

Anyanwu (2014) explored the impacts of taxes on Nigeria's monetary development utilizing the Ordinary Least Squares strategy and Cochrane-Orcutt, and informational index from 1981 to 1996. The review figured out that individual annual tax adversely and inconsequentially influences financial development. He presumes that both organization annual tax customs and excise duties have positive and huge relationship with Gross Domestic Product, while petroleum profits tax is decidedly yet inconsequential connected with monetary development. He finds likewise that individual personal tax adversely and irrelevantly influences monetary development.

Egbunike, Emudainohwo, and Gunardi (2018) did a concentrate on tax income and monetary development in Nigeria and Ghana. The review embraced various relapses as apparatuses of examination and figured out that there is the positive impact of tax income on the total national output of Nigeria and Ghana.

Ebi and Ayodele (2017) did a concentrate on tax reforms and tax yield in Nigeria. The review embraced Error Correction Mechanism (ECM) procedure utilized in breaking down the information. The outcomes uncovered that all the tax parts were inelastic, there was an overall improvement in post-changed tax flexibilities going from 0.199 to 1.28 with petroleum profit tax and the all-out tax income having coefficients >1, upsides of tax buoyancies were all certain and <1, with post change tests buoyancies being more noteworthy than that of normal examples going from 0.13 to 0.93, tax change was further affirmed to further develop tax incomes by sure and critical coefficients of the fakers.

Gap in Literature

Diverse authors have carried out studies on tax policies and reforms and internally generated revenue using limited analytical techniques, for instance, Jelilov, Abdulrahman, and Abdurahman (2016) studied the impact of tax reforms and economic growth of Nigeria using ordinary least squares, Nwokoye & Rolle (2015) studied tax reforms and investment in Nigeria: An empirical examination using ordinary least square but this study on the finance Act reforms and profitability of firms in the Nigerian petroleum sector is set to use diverse analytical techniques to critically evaluate how these tax policies and reforms have affected the profitability of these firms.

Some of the works reviewed empirically were not recently carried out, for instance, Akwe (2014) covered the duration from 1993 to 2012, Ogbonna and Ebimobowei (2012) studied the period from 1970 to 2010 while Anyanwu (2014) investigated the duration from 1981 to 1996 but this study is set to evaluate from 1992 to 2018. Therefore, the study will arrive at a better finding than these authors whose works were reviewed empirically as there are diverse economic activities that would have affected the authenticity of their findings

Methodology

The review took on an ex-post facto research plan. The decision of the ex-post facto plan is because the exploration depended on auxiliary information (Onwumere, 2009). This study utilized auxiliary information got from the CBN Statistical Bulletins for the pertinent years as well as the financial report of the chosen organizations under study.
The research focused on all companies in the Oil and Gas industry of Nigeria that are listed on the Nigeria Stock Market. They are thirty-one (31) oil companies in Nigeria. They include; African Petroleum Plc, Ascon Oil Company Limited, Conoil Plc, Capital Oil Plc, Honeywell Oil and Gas Limited, Elf Marketing Nigeria Limited, Gas Link Nigeria Limited, Lubcon Limited Oil and Gas, Oando Group, Nigeria Liquefied Natural Gas Limited(NL, Texaco Nigeria Limited, Zenon Petroleum and Gas, Tudaka Petroleum and Gas Co. Ltd., Amazon Energy, Cakasa (Nig) Company Ltd, Ariosci Limited, Crestvide Engineering & Technology Company Limited, Geolynx Ltd, Delta Afrik Engineering Limited (Deltalek / worly parsons), Ilf consultants, LonadekOil and Gas Consultants, Linkso Engineering Design and Consultancy, National Engineering and Technical Co. Ltd (NETCO), Basic Engineering Services, Point Engineering Ltd, Precision Engineering and Procurement Company, Sabbyn Ltd, Sigmund Engineering Company Limited, Denver Petroleum Services, Lordmart Nig Limited and Fabric Oil and Gas Limited.

The study sampled three selected firms in the Oil and Gas industry in Nigeria. The sample size was ascertained using the judgmental sampling method. They are Oando Nigeria Plc, Conoil Plc, and Capital Oil Plc. These three firms were selected based on the fact that the data for the three firms were all available for the duration of the years under study. Historical data covering a period of 3 years from 2018 to 2020 is to be estimated using Random Panel Regression Model.

Presentation and Analysis of Data
Data Presentation

Table 1: Data on Petroleum Profit Tax, Custom and Excise Duties and Profit for the Year

	PPT	CED	PFY
Oando Nigeria Plc – 18	32010000	847500	179110
Oando Nigeria Plc – 19	33763281	1096465	178534
Oando Nigeria Plc – 20	42038300	1244900	193604
Conoil Plc – 18	32010000	847500	27910
Conoil Plc – 19	33763281	1096465	63505
Conoil Plc – 20	42038300	1244900	69273
Capital Oil Plc – 18	32010000	847500	2652748
Capital Oil Plc – 19	33763281	1096465	38408846
Capital Oil Plc – 20	42038300	1244900	39673571

Source: Financial Statement of the Selected Companies and CBN Statistical Bulletin

Table 1 comprised the data of the individual variables used in this study. The variables comprised petroleum profit tax, company income tax, and internally generated revenue

Table 2: Data showing logs of PPT, CED & PFY

	PPT	CED	PFY
Oando Nigeria Plc – 18	16.86749	15.92545	12.49086
Oando Nigeria Plc – 19	17.17133	16.32327	13.51232
Oando Nigeria Plc – 20	17.07615	16.35091	12.50557
Conoil Plc – 18	16.10849	16.64850	14.18601
Conoil Plc – 19	16.89121	16.57954	15.79803
Conoil Plc – 20	16.89542	16.67701	15.45412
Capital Oil Plc – 18	17.55943	16.64205	14.93565
Capital Oil Plc – 19	17.28589	16.50929	15.61929
Capital Oil Plc – 20	17.40063	16.33763	15.18927

Source: E-views Output, 2021

Table 2 contained the logged data of the variables under study. The data were log-transformed to minimize the values of the data in order to get an improved regression result.

Test of Hypotheses

Test of Hypothesis one

Petroleum Profit Tax reform does not have a significant effect on profit for the year of oil and gas firms in Nigeria.

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Table 3: Hypothesis One

Dependent Variable: LPFY
Method: Least Squares
Date: 11/16/21 Time: 23:22
Sample: 2018 2020
Included observations: 3

Variable	Coefficient	Std. Error	t-Statistic	Prob.
LPPT	0.208822	0.089706	2.327854	0.0400
LCED	0.507412	0.135873	3.734461	0.0033
C	13.67981	1.390029	9.841383	0.0000

R-squared	0.830041	Mean dependent var	16.90008
Adjusted R-squared	0.769135	S.D. dependent var	0.573529
S.E. of regression	0.490314	Akaike info criterion	1.553095
Sum squared resid	2.644482	Schwarz criterion	1.640011
Log likelihood	-8.095120	Hannan-Quinn criter.	1.535230
F-statistic	5.418905	Durbin-Watson stat	2.336544
Prob(F-statistic)	0.040020		

Source: Author's Computation from Eviews 9.0, 2021

Given the decision criteria to reject H_O if the t-statistics is >2.0 and the probability value is < 0.05. Table 3 shows the t-statistics as 2.327854 while the probability is 0.0400<0.05. We reject the null hypothesis (H1) and conclude that Petroleum Profit Tax reform has significant effect on profit for the year of oil and gas firms in Nigeria.

Test of Hypothesis Two

Custom and excise duties do not have significant effect on profit for the year of oil and gas firms in Nigeria.
Given the decision criteria to reject H_O if the t-statistics is >2.0 and the probability value is < 0.05. Table 4 shows the t-statistics as 3.734461 while the probability is 0.0033<0.05. We reject the null hypothesis (H1) and conclude that custom and excise duties have a significant effect on profit for the year of oil and gas firms in Nigeria.

Discussion of Findings

It was found that Petroleum Profit Tax change fundamentally influences profit for the drawn-out season of oil and gas firms in Nigeria because its t-experiences been 3.734461 was more conspicuous than 2.0 and its probability regard been 0.0033 was under 0.05. This disclosure is simultaneous with the revelations of Akwe (2014). The maker separated the impact of oil Tax Revenue on Economic Growth from 1993 to 2012 in Nigeria. The audit sorted out that there exists a positive impact of Non-oil Tax Revenue on monetary Growth in Nigeria.

It was moreover seen that custom and excise duties definitively influence profit for the lengthy time of oil and gas firms in Nigeria as the t-bits of knowledge been 2.327854 was more imperative than 2.0 while its probability regard been 0.0400 was under 0.05. The disclosure agreed with the revelations of Inyiama and Ubesie (2016) who focused on the impact of Value Added Tax, Customs, and Excise Duties on Nigeria's Economic Growth. They sorted out that the strength of their relationship was very high for all of the factors. The experts contemplated that Value Added Tax and Customs and Excise Duties were a piece of huge allies of Nigeria's Gross Domestic Product.

Summary of Findings, Conclusion, and Recommendations

This part is made up of the synopsis of exploration discoveries, end, proposals, and regions for additional investigations.

Summary of Findings

The accompanying discoveries were made in this review:

I. Petroleum Profit Tax change meaningfully affects profit for the time of oil and gas firms in Nigeria.
II. Custom and excise duties significantly affect profit for the extended time of oil and gas firms in Nigeria.

Conclusion

Tax reform is necessary and healthy for developing nations as it helps to reduce or block leakages and improve efficiency thereby increasing or promoting economic growth. The study equally concluded that all the tax variables under study had a significant effect on profit for the year of oil and gas firms in Nigeria.

Recommendations

The following recommendations were made for this study:

I. Tax authorities in Nigeria should ensure the effective and efficient implementation of the petroleum tax reform policy in 2020. This is to ensure that all revenues accrued from petroleum tax are generated as when due.
II. Tax authorities should be meticulous in tax administration to avoid multiple taxations levied on imported goods in Nigeria.

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