Corporate tax sheltering and stock market value in emerging markets

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Keywords
Corporate tax sheltering, stock market value, emerging market, shareholders.

Abstract
This paper examines the extent to which corporate tax sheltering influences stock market value of quoted manufacturing firms in emerging markets. To achieve this objective, a review of related literature was made with a test of hypothesis. While the dependent variable (SMV) in this study was measured by the market value of the firm, the independent variable (CTS) was measured by the book-tax gap, and these data which covered a period of fifteen years (i.e 1997-2011), where generated from the Nigeria Stock Exchange Factbook of 2011. The data generated in this study were statistically tested with the regression analysis, which was computed with the aid of the Statistical Package for Social Science (SPSS) version 17. The findings from this study revealed that in emerging market as Nigeria, corporate tax sheltering has a negative impact on stock market value of quoted manufacturing firms. This was however due to the fact that the costs associated with corporate tax sheltering outweigh the net increase of value to shareholders. It was therefore recommended that for corporate tax sheltering to achieve its intended objective in emerging markets as Nigeria, its administrative costs, agency cost, and other related costs must be brought to the barest minimum.