# The Nexus of Company Income Tax and Dividend Policy on Firms in Nigeria

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**Abstract**

The study examines the nexus of company income tax and dividend policy on firms in Nigeria. The objectives of the study determines whether there is a significant relationship between company income tax and dividend policy of firms. Data for the study were collected from the annual reports of the nine selected firms listed in the Nigerian Stock Exchange Data for 2018 and 2022 were analyzed using the Pearson correlation and Ordinary least squares (OLS) regression analysis. The analyses of the results revealed that profitability is a core determinant of the dividend policy as there is significant relationship between dividend and company income tax. Also, taxes have negative and non- significant effect on the dividend policy of the firms. It was recommended that since high taxes scared investors and businessmen away, government should make tax policies that would attract and keep them on track. The paper concludes that there are other factors that determine the dividends of Nigerian firms other than profitability and taxes.

**Keywords**: Dividend, taxes, firms, dividend policy