Ilomata International Journal of Tax & Accounting
P-ISSN: 2714-9838; E-ISSN: 2714-9846
Volume 5, Issue 4 October 2024
Page No. 1-16

Impact of Social Responsibility on Income Tax: Empirical Evidence from Nigeria

Emmanuel Imuede Oyasor[1]
[1]**Walter Sisulu University, South Africa.**
Correspondent: emmanueloyasor247@gmail.com1

Received : July 15, 2024
Accepted : October 10. 2024
Published : October 31, 2024

Citation: Oyasor, E.I. (2024). Impact of Social Responsibility on Income Tax: Empirical Evidence from Nigeria. Ilomata International Journal of Tax and Accounting, 5(4), 175-183.

https://doi.org/10.61194/ijtc.v5i4.1665

ABSTRACT: The study investigated the relationship between community responsibility and effective income tax rate of listed insurers in Nigeria; determined the relationship between environmental responsibility and effective income tax rate of listed Insurers in Nigeria; examined the relationship between ethical responsibility and effective income tax rate of listed insurers in Nigeria; examined the relationship between firms' diversity and effective income tax rate of listed insurers in Nigeria The ex-post facto research design was employed and on published sourced from the Audited Annual Reports of the Listed Insurers between the periods of 2013-2022. The data were pre-tested using descriptive statistics, stationarity (unit) root test, Johansen co-integration. The hypotheses were analyzed using fixed effect (panel data). The findings revealed that (p=0.8909>0.05) which indicated that there is not enough evidence to reject the null hypothesis one. Thus, community responsibility has no significant relationship with effective income tax rate of listed insurers in Nigeria. Similarly, the environmental responsibility indicated (p=0.4889>0.05) on effective income tax rate, which implied that environmental responsibility has no significant relationship with effective income tax rate of listed insurers in Nigeria. Ethical responsibility depicted (P=0.4801>0.05) on effective income tax rate, which implied that the ethical responsibility has no significant relationship with effective income tax rate of listed insurers in Nigeria. And Firms' diversity showed (p = 0.7930 < 0.05) effective income tax rate, which revealed that the firms' diversity has no significant relationship with effective income tax rate of listed insurers. The study concluded that community responsibility, environmental responsibility, ethical responsibility and firms' diversity have no connection with corporate income tax of the listed insurance companies.

Keywords: Community Responsibility, Environmental Responsibility, Ethical Responsibility And Firms' Diversity, Effective Tax Rate

INTRODUCTION

Corporate social responsibility (CSR) is a moral obligation which, sometimes, conflicts with the firms' profitability objective. Gribnau (2015) notes that companies endorsing CSR accept ethical obligations "beyond compliance with the law. The sustained interest being shown by organizations

in CSR is a continued attempt to satisfy the expectations of various stakeholders. There have been civic, labor, ecological, and product factors. Ecological factors concentrate on investment in a safe and habitable environment or doing business in a manner that allows the environment to remain sustainable. These lines of thought signpost a good part of the Sustainable Development Goals (Obaideen et al., 2022).

In Nigeria, most firms, especially insurance companies are deemed to be socially responsible and at the same time consider CRS as one of the tax planning strategies. The main reason for insurance business to make the economy more resilient for the people (Oyetunji et al., 2021). Corporate taxes in Nigeria are not fully utilized for it purposes due to bad governance and corruptions. As a result, most insurers prefer to invest in CSR to socially and economically safeguard the lives and properties of their insureds (Olaleye, 2022). This would lower risk exposure to the public and in turn reduce the burden of claim to be paid by the insurers. For instance, a motor liability insurance company with large number of policyholders would prefer to invest on road constructions and rehabilitations to reduce risk burdens, because if the corporate tax is paid, it may not deliver the road because of bad government.

CSR enhances financial growth of insurers and in the same vein serves as tax-deductible as recommended in Section 25 of the Companies Income Tax Act (CITA) (Olaleye, 2022). It has been argued that being CSR compliant can put an organization at a less vantage competitive position than the ones that are not (Itotenaan et aal., 2022). The primary focus of CSR is a redefinition of the objective of the firm from the more common motive of making a profit to making it in a manner that can be described as fair and environmentally sustainable. This raises a question of management and control of CSR given that the law does not expressly demand all angles of CSR from corporate organizations (Carroll on Sunday & Adenike 2016) Therefore, it becomes necessary to investigate impact of CSR practices on corporate income tax of listed insurance in Nigeria.

In the insurance sector, CSR applies the role of providing financial assistance to people in the event of a disaster, as well as sharing expertise in solving environmental problems, maintaining social security and promoting human rights. In Nigeria, most insurance companies have seen investment on CSR as a way of evading tax. They tend to inflate the investment amount to quantify the level of taxes to be waived. This practice is unethical (Olaleye, 2023). The CSR investment policy framework is not effective that most insurers discovered and used against revenue generation. Another issue with CSR is the non- disclosure of CSR activities as well as false disclosure of profits by the insurance company performance to dodge tax. They do have two separate annual reports, one for government for tax purposes and the other for stakeholders for returns purposes. The former is usually falsified to lowering the level of tax to pay while the latter shows the normal profits realize over a fiscal year (Olaleye, 2023). Most previous studies have considered government institutions which include (Mas'ud et al., 2020; Amrie & Riska, 2020; Lanis & Richardson 2015; Gugong & Ayuba, 2018). None of the studies examined CRS practice on corporate income tax, especially insurance companies in Nigeria. This study uses listed insurers in Nigeria to understudy their CRS practice on corporate income tax.

Legitimacy Theory

The theory postulates that there should be mutual co-existence and understanding between the companies and their host communities, the business entities must rely on societal legitimacy to operate; business entities normally cannot succeed without the society as well as the cooperation and understanding of other stakeholders in the society. The corporate entities' value systems must be in consonance with that of the society since the entities must produce goods and services that must be accepted by the society. The social contract between the companies and their host communities or the society must be respected for them to operate smoothly. The social contract reflects the expectations of the society from the business entities. Many authors have shown support for the legitimacy theory including, Bissadu et al. (2017). Other authors such as Munoz et al. (2017), and Izzo et al. (2020) questioned the veracity of the theory, stating that the expectations of the stakeholders or the society from corporate bodies are open-ended and sometimes unattainable, which makes it impossible for companies to meet up. The relevance of the legitimacy theory is that it explains the interconnectedness between the company, its stakeholders and the society at large.

Benefit Theory

The theory, from Eric Lindahl (1919) assumes that the government has another source of infrastructure funding, and that the burden will now be passed on to the citizen. The theory assumes that taxpayers and the state have an exchange or contractual relationship. Members of society contribute to the cost of certain goods and services provided by the state in proportion to the benefits received. Issues like equitable income and wealth distribution have no place in this quid pro quo arrangement. Instead, the benefits received are used to determine how the tax burden should be distributed. Eric-1919 believed that levying taxes on this principle as stated would result in justice. The model has been criticized that benefit-based taxation will not generate much revenue for the government because, as previously stated, many people who can afford to pay high taxes may end up paying less tax simply because they do not receive much benefit from government spending. if the state maintains a certain connection between the benefit conferred and the benefits served, it will be against the principle of tax as it is compulsory contribution made to the public authorities to meet the expense of the government and for the provision of general infrastructures to all and; Another flaw of benefit theory is that most of the expenditures incurred by the state are for the general benefits of the citizen.

Ability to Pay Theory

The theory was propounded in 1939 by M. S. Kendrick. According to this theory, every taxpayer should be taxed based on his or her ability to pay. People with higher incomes, according to this theory, should pay more taxes than people with lower incomes. In this case, taxes should be levied based on an individual's taxable capacity. This approach considers tax liability in its purest form, as a mandatory payment to the government with no strings attached and does not assume any commercial or semi-commercial relationship between the government and the individuals. Individuals must pay taxes simply because they can, and their relative share of the total tax burden

is determined by their ability to pay. The rationale behind the theory is that it ensures tax justice or equity on taxpayers: taxes are based upon the amount of money people earn.

The paper tests the following research hypotheses:

1. Community responsibility has no significant impact on effective income tax of Nigerian insurers.
2. Environmental responsibility has no significant impact on effective tax rate of Nigerian insurers.
3. Ethical responsibility has no significant impact on effective income tax rate of Nigerian insurers.
4. Firms' diversity has no significant impact on effective income tax rate of Nigerian insurers.

The study investigates the impact of examine impact of CSR practices on corporate income tax of listed insurance in Nigeria. First, we examine the impact of community responsibility on effective income tax rate of listed insurers, second, we assess the impact of environmental responsibility on effective income tax rate of insurers. Third, we determine how ethical responsibility affect effective income tax rate of insurers. And lastly, we confirm how firms' diversity impact effective income tax rate of insurers in Nigeria. The findings show that community responsibility has no significant relationship with effective income tax rate. Moreso, the insurers' environmental responsibility has no significant relationship with effective income tax rate. Lastly, ethical responsibility has no significant relationship with effective income tax rate of listed insurers in Nigeria. The outcome provides insurers to understand the linkage between their respective firms' CSR investments and corporate income taxes. The findings enlighten stakeholders, including corporations, on the significance of CSR practices and aid them in effective managerial decision-making. It educates the government on the useful channel for the improvement of policy on effective tax rate. Its informative for firms on understanding fair return on capital invested through improved efficiency. We structure the reminder of the paper as follows. Section two presents literature, section three offers methodology. Section four discloses the results and section five concludes.

METHOD

To establish the impact of corporate social responsibility on corporate income tax in Nigeria, the study is based on the Legitimacy theory. Ogunode (2022) stated that the legitimacy theory has to do with a social contract between corporate bodies and the society where the companies operate. The existence of an agreement between the corporate entity and the society or community in which it carries out its operations is very important for the purposes of legitimacy, peaceful co-existence and for the mutual benefits of both parties. Suddaby et al. (2017) posit that legitimacy theory entails such assurance of meeting the conditions and expectations of the society, while the entity is carrying on its legitimate business. The theory suggests that companies should naturally accept to carry on their operations or activities within the confines of the existing laws without violating the existing peace, rules and regulations as well as environmental and social norms where they do their businesses.

The paper employs 13 insurance firms, registered, with published information during 2013 to

2022. The data are obtained from audited financial reports of selected insurance firms on Nigerian Stock Exchange. The independent variable was Corporate Social Responsibility Disclosure Index. This was rated between disclosure = 1 and non-disclosure = 0 (Shafat, 2018). Also, the dependent variable, effective tax rate which was measured as the income tax expense divided by the earnings (or income earned) before taxes (Greene, 2016). Further, firm size (SIZE) is defined as the natural log of book value of assets. Larger firms are expected to disclose more CSR-related information (Kansal et al., 2014). Claim Settlement is defined as a request filed by the beneficiary of the policy to the insurer to avail death benefit in case of the unfortunate demise of the insured during the policy tenure. The ability of insurers of settle claims lies on her net claim. The larger the net claim the more the ability to indemnify the insureds (customers) who have suffered any loss (Adeloju, et al., 2019). Reinsurance occurred when multiple insurance companies share risk by purchasing insurance policies from other insurers to limit their own total loss in case of disaster. By spreading risk, an insurance company takes on clients whose coverage would be too great of a burden for the single insurance company to handle alone. Claim settlement and reinsurance indicate the insurers' risk tolerance towards social activities (Falade & Olasupo, 2021). We estimate the model below".

$$EITR_{it} = \alpha_0 + \beta_1 COMR_{1t} + \beta_2 COMR_{1t} + \beta_3 ENVR_{1t} + \beta_2 ETHR_{1t} + \beta_5 SIZE_{1t} + \beta_6 NET_{1t} + \beta_7 REN_{1t} + e_{it} \quad (1)$$

"Where, COMR = Community Responsibility, ENVR = Environmental Responsibility, ETHIR = Ethical Responsibility, DIV = Diverse, NET = Net Claim, REN = Reinsurance Profit, et = Error term. β_{01} = constant term β_{1}- $\beta_{6} = \varphi_t$ parameters to be estimated. Before the paper assesses the main hypothesis, the study extends the behaviour of the data by presenting the basic deterministic statistics and correlation matrix. Some pre-estimation (multicollinearity, panel effect, cross-section dependence, and Hausman) tests are completed to confirm the stochastic characterization of the stacked panel. The ordinary least square (OLS) regression estimates the panel data based.

RESULTS AND DISSCUSION

Table 1 shows the basic summary of the considered variables. The minimum and maximum values of effective interest rate during the period of 2013 – 2022 for the sample are 0.000 and 3.84 respectively and with an average rate of 0.165. The variable according to the value deviated with 0.391 from its mean and positively skewed with the rate of 6.905 which showed that EITR has a long right-tail, and the kurtosis is Mesokurtic distribution in nature, simply because the EITR exhibited the rate of 62.46 < 3. Further, the Jarque-Bera of 20031.04 was observed, which implied that the variable had a good fit in the distribution but statically significant as the p-value < the table value (0.0000< 0.05).

Community responsibility was also related in the table to have an average value of 0.474 which showed the accumulated average contribution of community responsibility on effective interest rate in Nigeria over the period of 10 years. The Table confirmed that community responsibility exhibited the minimum and maximum value of 0.000 and 0.8200 respectively. The variable deviated with 0.13042 from its mean and positively skewed with the value of 0.019 which implied

that the variable has a long right-tail and the kurtosis was leptokurtic, simply because the variable exhibited the value of 3.426>3.This implied that the variable has a flatter shape with fatter tails resulting in a greater chance of extreme positive effect. The table depicted Jarque-Bera value of 0.984, implied that the variable has a good fit in the distribution but confirmed to be insignificant at 0.611>0.05. An average value of 0.411 was observed for environmental responsibility. The table as well depicted the minimum and maximum value of 0.250 and 0.75000 respectively. The environmental responsibility over the period, according to the table, deviated with 0.165 from its mean value and positively skewed with the value of 0.529. The kurtosis was Mesokurtic, as the value was 2.298<3. The Jarque-Bera test exhibited 8.676 which implied that the variable has a good fit in the distribution and is confirmed significant.

The result depicted the data on ethical responsibility with an average value of 0.585 as the accumulated contribution average on effective interest rate over the period of 10 years. It was confirmed that ethical responsibility exhibited the minimum and maximum value of 0.000 and 0.880 respectively. The variable deviated with 0.258 from its mean and negatively skewed with the value of -0.377, which implied that the variable has a short right-tail and the kurtosis was Mesokurtic. The Jarque-Bera value of 11.031 was observed which implied that the variable has a good fit in the distribution and confirmed to be significant at 0.004<0.05. An average value of 0.351 was observed for diversity. The outcome shows the minimum and maximum value of 0.250 and 0.380 respectively. The diversity deviated with 0.054 from its mean value and negatively skewed with the value of -1.318. The kurtosis was Mesokurtic, as the value was 2.738<3. Jarque-Bera test exhibited 37.741 which implied that the variable has a good fit in the distribution and was confirmed perfectly and significant at 0.000<0.05.

A record was taken on CSRDI to relate with effective interest rate with an average value of 0.622. The outcome shows CSRDI has a minimum and maximum value of 0.500 and 0.850, respectively, as well as a standard deviation of 0.062 and positively skewed. This implied that the variable has a flatter shape with fatter tails. The Jarque-Bera value of 17.81, implied that the variable has a good fit in the distribution but confirmed to be insignificant at 0.000136<0.05.

The insurance firms' size deviated, with 24572857 from its mean value and positively skewed with the value of 4.324. The kurtosis was leptokurtic, as the value was 26.47>3. However, the Jarque-Bera test exhibited 3363.156 which implied that the variable has a good fit in the distribution and was confirmed significant at 0.000<0.05. The result shows that net claims have an average value of 2290771 the minimum and maximum value of -2599181 and 30776073 respectively. The variable deviated with 4485732 from its mean and positively skewed with the value of 4.241 which implied that the variable has a long right-tail and the kurtosis was leptokurtic, as the value 22.81561>3. The Jarque-Bera value of 2497.332, implied that the variable has a good fit in the distribution.

Finally, the industry invested an average value of N1910340 billion in reinsurance, contributing to good risk practices. The minimum and maximum values are -7579125. And N8618365 billion was recorded, respectively. The reinsurance deviated with N2516270 billion but negatively skewed with the value of -0.339553. The kurtosis was leptokurtic, as the value was 5.260484>3. However, the Jarque-Bera test exhibited a value of 29.94399, which implied that the variable fits well in the distribution and was confirmed statistically significant at 0.00000<0.05.

Table 2 presents the results for the panel unit root. The test assumes a null of no unit root. At level, the Levin, Lin & Chu (LLC)'t* had a p-value of 0.0000<0.05, Im, Pesaran and Shin (IPS)' W-stat had 0.0000 <0.05, implying that the variable is stationary at level. Table 3 reports co-integration outcomes. At the 5% level of significance, the result indicates the existence of a co-integrating equation. The hypothesis of no co-integration was accepted at a 5% significance level for the trace statistic and Max Eigenvalue test. This is because 8 of 9 tested parameters revealed values above 0.05. This result indicated that there is no presence of long-term relationship among the variables".

Table 1. Descriptive statistics

Variable	Min	Mean	Max	Std. Dev.	skew	Kurt	Normal	
							JB	P(JB)
EITR	0.000	0.164	3.843	0.391	6.904	62.46	20031.1	0.000
COMR	0.000	0.474	0.820	0.130	0.019	3.426	0.984	0.611
ENVR	0.250	0.411	0.750	0.164	0.529	2.297	8.676	0.013
ETHR	0.000	0.585	0.880	0.258	-0.377	1.782	11.031	0.004
DIVR	0.250	0.351	0.380	0.054	-1.318	2.739	37.741	0.000
SIZE	0.000	20215121	1.96E+08	2457285	4.324	26.471	3363.1	0.000
NET	-259918	2290771.1	30776073	4485732	4.241	22.815	2497.3	0.000
REN	-7579125	-1910340.1	8618365	2516270	-0.340	5.260	29.943	0.000

Source: Author

Table 2. Panel unit root test

	Statistic	P-value	Order	Statistic	P-value	Order
Levin, Lin & Chu (LLC)						
EITR	-53.641	0.0000	I(0)	-24.9543	0.0000	I(0)
COMR	-3.0708	0.0011	I(0)	-12.8368	0.0000	I(0)
ENVR	-2.9522	0.0016	I(0)	-5.9683	0.0000	I(0)
ETHR	-4.9280	0.0000	I(0)	-18.0118	0.0000	I(0)
DIVR	-1.5445	0.0612	I(1)	-3.1746	0.0008	I(0)
SIZE	1.5261	0.9365	I(1)	-4.4985	0.0000	I(0)
NET	1.4422	0.9254	I(1)	4.72481	1.0000	I(1)
REN	0.2387	0.5942	I(1)	-5.7395	0.0000	I(0)
Im, Pesaran and Shin (IPS)						
EITR	-9.3213	0.0000	I(0)	-7.7375	0.0000	I(0)
COMR	-1.2870	0.0991	I(1)	-4.3819	0.0000	I(0)
ENVR	-1.7529	0.0398	I(0)	-2.9171	0.0018	I(0)

ETHR	-2.5887	0.0048	I(0)	-6.3107	0.0000	I(0)
DIVR	0.0734	0.5294	I(1)	-1.2492	0.1058	I(1)
SIZE	2.8844	0.9980	I(1)	-1.5939	0.0555	I(1)
NET	0.5765	0.7178	I(1)	1.53992	0.9382	I(1)
REN	0.9371	0.8256	I(1)	-0.8630	0.1941	I(1)

Source: Author (2024)

Table 3: Cointegration Test

Hypothesized	**Trace Statistic**				**Maximum Eigenvalue**			
No. of CE(s)	**EV**	**stat**	**Cv**	**Prob.****	**EV**	**stat**	**Cv**	**Prob.****
None *	0.491	207.56	197.37	0.0141	0.491	60.89	58.43	0.0281
At most 1	0.392	146.67	159.57	0.2012	0.392	44.91	52.36	0.2356
At most 2	0.340	101.75	125.64	0.5459	0.343	37.46	46.23	0.3152
At most 3	0.234	64.29	95.76	0.8803	0.238	24.02	40.07	0.8246
At most 4	0.171	40.26	69.81	0.9435	0.171	16.91	33.87	0.9250
At most 5	0.129	23.35	47.85	0.9551	0.129	12.46	27.58	0.9123
At most 6	0.073	10.88	29.79	0.9639	0.073	6.828	21.13	0.9603
At most 7	0.042	4.056	15.49	0.8990	0.042	3.922	14.26	0.8674
At most 8	0.001	0.133	3.841	0.7151	0.001	0.133	3.841	0.7151

Source: Author (2024)

Table 4 shows the outcome of the pre-estimation (Hausman) test for the multivariate panel regression. The test, completed with the null of random effects, confirms whether the model best fits fixed or random effects. The outcome indicates the Chi-Square. (χ^2) statistic of 7.4408 with Prob > $(\chi^2) = 0.3855$, is not significant, providing evidence to maintain the null. Hence, the model is best fitted with the random effect.

Table 5 shows the outcome of the fixed effect model. The result shows that a unit change in effective interest rate would be about a 4.1% change in community development, -1149% change in firms' size, -1838% change in the net claim of the insurers, and -531% change in reinsurance profit of the insurers. From the second model, it was also observed that β_2 had a coefficient of 0.159, which implied that a unit change in EITR would change environmental responsibility by 15.9%, -1149% change firms' size, -1838% change in net claim of the insurers, and -531% changes in reinsurance profit of the insurers. β_3 had a coefficient of -0.109 (-11.0%), which means that a change in EITR would negatively change environmental responsibility with -11.0%, -1149% change firms' size, -1838% change in the net claim of the insurers, and -531% changes in reinsurance profit of the insurers. It was also further observed that β_4 had a coefficient of -0.182649, which implied that a unit change in EITR would change insurance diversity by -0.182 (18.3%), change firms' size, -1838% change in the net claim of the insurers, and -531% changes in reinsurance profit of the insurers.

Based on the four hypotheses tested above, the results accepted the four null hypotheses, which stated that community responsibility has no significant relationship with the effective income tax rate of listed insurers in Nigeria; Environmental responsibility has no significant relationship with the effective income tax rate of listed insurers in Nigeria; Ethical responsibility has significant no

relationship with effective income tax rate of listed insurers in Nigeria; Firms' diversity has no significant relationship with effective income tax rate of listed insurers in Nigeria. These results seemed to align with some of the results of past studies. For example, Gulzar et al. (2018) found that CSR is negatively associated with ETR and Cash ETR, explaining that companies with higher CSR are involved in more tax avoidance when compared to companies with lower CSR.

Sari and Tjen (2016) found that corporate social responsibility disclosure reduces tax aggressiveness. This study also provides evidence that the environmental responsibility performance, as measured by the results of the Company Performance Rating Assessment in Environmental Management, can reinforce the reduction in tax aggressiveness caused by the disclosure of social responsibility. Yi and Li (2018) suggested that environmental taxes do not necessarily reduce carbon emissions in the long run, as the outcomes depend on the environmental pollution and the policy mechanism chosen to implement these taxes. Recent studies concluded that carbon taxes and policies have varied impacts in different areas within the same region (Bashir et al., 2021; Dong et al., 2019).

Table 4. Hausman test outcome

Hausman test: H_0: Random Effect and H_1: Fixed effect		
Test	Statistic	
Cross-section random, $chi - squared$	7.4408	(0.3855)

Source: Author (2024)

Note: The null (H_0) assumes the existence of a random effects model. If the test statistic exceeds the relevant critical value, the random effects model is rejected. Alternatively, if the p-value for the test is less than 1%, it indicates that the random effects model is not appropriate and that the fixed effects specification is to be preferred.

Table 5: Fixed Effect Estimation for $EITR_{it}$

Variable	Coefficient	Std. Error	t-Statistic	Prob.
Const.	0.1812	0.3146	0.5758	0.5659
COMR	0.0414	0.3014	0.1375	0.8909
ENVR	0.1594	0.2296	0.6944	0.4889
ETHR	-0.1100	0.1552	-0.7085	0.4801
DIVR	-0.1826	0.6945	-0.2630	0.7930
SIZE	0.0000	0.0000	-0.0386	0.9693
NET	0.0000	0.0000	-0.4341	0.6651
REN	0.0000	0.0000	1.7417	0.0843
R-squared (Adj)	0.1361			
F-statistic	1.0290			
Prob(F-statistic)	0.4333			
DW	2.0424			

Source: Author (2024)

CONCLUSION

The study leveraged the legitimacy theory, which demonstrates the interconnectedness between the company, its stakeholders and society. CSR asserts that corporations should consider the interests of customers, employees, shareholders, host communities, and the ecological footprint in all operations. We verify the relationship between social responsibilities, including community responsibility, environmental responsibility an ethical responsibility, and effective income tax rate of insurance. The findings show that community responsibility has no significant relationship with effective income tax rate. The insurers' environmental responsibility has no significant relationship with effective income tax rate. Lastly, ethical responsibility has no significant link with effective income tax rate of insurers in Nigeria.

The study perceived an adverse predisposition of the insurers to engaging in corporate income tax. The insurers belong more to the empathetic disposition of CSR as they do not see corporate income tax as a demonstration of social responsibility. We found that community, environmental, and ethical responsibility have no connection with the corporate income tax of insurers in Nigeria. The paper offers some recommendations based on this finding. First, to enhance performance and peaceful coexistence with people within its environment, insurers should make more efforts to increase their commitment to community projects, environmental protection and other social responsibility activities. Second, firms should proactively address social responsibility issues to avoid business disruption from host communities. Third, insurance firms are expected to increase their CSR activities in the immediate environment and the surrounding community so that the surrounding community can take advantage of the company's existence.

REFERENCES

Asian, A. U. & Uche, T. A. (2018). Corporate tax and corporate social responsibility of firms in Nigeria. *Research Journal of Finance and Accounting.* 9(10), 8-25. https://www.researchgate.net/publication/327289004_Corporate_Tax_and_Corporate_Social_Responsibility_of_Firms_in_Nigeria

Avi-Yonah, R.S. (2014). *Corporate taxation and corporate social responsibility*. University of Michigan Law School Scholarship Repository. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3189628

Branco, M.C. (2021). *Corporate Social Responsibility, the Fight Against Corruption and Tax Behaviour*. Berlin/Heidelberg: Springer. https://doi.org/10.1007/978-3-662-63735-7

Carroll, A.B. (2016). Carroll's pyramid of CSR: Taking another look. *International Journal of Corporate Social Responsibility* 1: 1–8. https://doi.org/10.1186/s40991-016-0004-6

Chouaibi, J., Rossi M. & Abdessamed, N. (2021). The Effect of Corporate Social Responsibility Practices on Tax Avoidance: An Empirical Study in the French Context. https://doi.org/10.1108/CR-04-2021-0062

Davis, A. K., Guenther, D. A., Krull, L. K. & Williams, B. M. (2016). Do socially responsible firms pay more taxes? *The Accounting Review*, 91(1), 47–68. https://www.jstor.org/stable/43867007

De Andrade, M.E., Rodrigues, L.L. & Cosenza, J.P. (2020). Corporate behaviour: an exploratory study of the Brazilian tax management from a corporate social responsibility perspective. *Sustainability,* 12 (1), 4404. https://doi.org/10.3390/su12114404

De Melo, Larissa Queiroz, Gabriela Silva De Castro Moraes, Rafael Morais De Souza, and Eduardo Mendes Nascimento. 2020. A responsabilidade social corporativa afeta a agressividade fiscal das firmas? Evidências do mercado acionário brasileiro. *Revista Catarinense da Ciência Contábil* 19: e3019. 10.16930/2237-766220203019

Doyle, E., Jane, F. & Barbara, S. (2022). Ethical reasoning in tax practice: Law or is there more? *Journal of International Accounting, Auditing and Taxation* 48: 100483. https://doi.org/10.1016/j.intaccaudtax.2022.100483

Gribnau, H. (2015). Corporate social responsibility and tax planning. Not by rules alone. Social and legal studies. 24, 225-250. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2610090

Gribnau, H. J. & Jallai, A. (2017). Good Tax Governance: A Matter of Moral Responsibility and Transparency. *Nordic Tax Journal.* 1(1), 70-88. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3021914

Hardeck, I., Harden, J.W. & Upton, D.R. (2021). Consumer reactions to tax avoidance: evidence from the United States and Germany. *Journal of Business Ethics.* 170 (1): 75-96. https://doi.org/10.1007/s10551-019-04292-8

Hillenbrand, C. Money, K., Brooks, C. and Tovstiga, N. (2019). Corporate Tax: What do stakeholders expect? *Journal of Business Ethics*, 158(2), 403-426. https://doi.org/10.1007/s10551-017-3700-6

Hoang, T. (2018*).* The Role of the Integrated Reporting in Raising Awareness of Environmental, Social and Corporate Governance (ESG) Performance., Stakeholders, Governance and Responsibility (Developments in Corporate Governance and Responsibility). Leeds: Emerald Publishing Limited, 14, 47–69. https://doi.org/10.1108/S2043-052320180000014003

Ibrahim, M. & Hamid, K. T. (2019). Corporate social responsibility and financial performance of listed Non-Financial Services companies in Nigeria. *American Journal of Business and Society*, 4 (2), 56-71. https://www.scirp.org/reference/referencespapers?referenceid=3715245

Izzo, M. F, Ciaburri M, and Tiscini R. (2020). The challenge of sustainable development goal reporting: the first evidence from Italian listed companies. *Sustainability*. 12(1),1-18. https://doi.org/10.3390/su12083494

Jones, S., Max, B. & Ben, F.J. (2016). The relationship between CSR and tax avoidance: An international perspective. *Australian Tax Forum* 32: 95–128. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2954291

Kiabel B. D. & Nangih, E. (2018). Influence of peace and effective community policing on the performance of Oil and Gas companies in Nigeria. *Journal of Accounting and Financial Management*;4 (8), 20-31. https://www.researchgate.net/publication/343627317

Kim, C. F. & Zhang, L. (2016). Corporate political connections and tax aggressiveness. *Contemporary Accounting Resources,* 33(1), 78-114. https://doi.org/10.1111/1911-3846.12150

Kovermann, J. & Patrick, V. (2019). The impact of corporate governance on corporate tax avoidance-A literature review. *Journal of International Accounting, Auditing and Taxation* 36: 100270. https://doi.org/10.1016/j.intaccaudtax.2019.100270

Lanis, R. & Richardson, G. (2012). Corporate Social Responsibility and Tax Aggressiveness: An Empirical Analysis. *Journal of Accounting & Public Policy,* 31(1), 86-108. https://doi.org/10.1016/j.jaccpubpol.2011.10.006

Lyu, C., Wang, M, Zhang, R. & Ng, Y.N (2021). Corporate social responsibility and financial performance in Hospitality Industry: A critical review. *Advances in Social Science, Education and Humanities Research,* 598: 135-139. https://www.atlantis-press.com/proceedings/icsshe-21/125964091

Marta, A. S., Victor, B. & Joaquim, M. S. (2019). Corporate social responsibility and limits for corporate tax avoidance. In *Corporate Governance: Search for Advanced Practice*. Boston: Virtus Interpress, p. 27. https://doi.org/10.22495/cpr19a3

Martins, R. V. Eulália S., Teresa, E. & Ana, M. (2023). Is foreign direct investment caring for sustainability? A look in African sub-Saharan countries. *Sustainability Accounting, Management and Policy Journal* 14: 978–1001. https://doi.org/10.1108/SAMPJ-01-2022-0046

Mgbame, C. O., Chijoke-Mgbame, M. A., Yekini, S. &Yekini C. K. (2017). Corporate social responsibility performance and tax aggressiveness. *Journals of Accounting and Taxation*, 9(8), 101-108. 3547ABE66039.pdf

Munoz, E., Zhao L, & Yang D. C. (2017). Issues in sustainability accounting reporting. *Accounting and Finance Research.* 6(3):64-71. https://doi.org/10.5430/afr.v6n3p64

Nangih, E. (2017). Corporate social responsibility investments and profitability of quoted consumer goods firms in Nigeria. *Proceedings of the 7th Annual International Academic Conference on Accounting and Finance Disruptive Technology: Accounting Practices, Financial and Sustainability Reporting. https://icanig.org/documents/40-CORPORATE-SOCIAL-RESPONSIBILITY-INVESTMENTS.pdf*

Nangih, E., Ofor, T. N. & Onuora, J. K. J. (2020). Cash flow management and financial performance of quoted oil and gas firms in Nigeria. *Journal of Accounting and Financial Mgt* 6 (4), 1-11. https://www.researchgate.net/publication/343627225

Narotzki, D. (2017). Corporate Social Responsibility and Taxation: A Chance to Develop the Theory. *Western New England Law Review*. 39(4/5), 539-556. https://digitalcommons.law.wne.edu/lawreview/vol39/iss4/5

Obaideen, K, Shehata, N; Sayed, E.T; Abdelkareem, M.A.A; Mohamed, S; Mahmoud &Olabi, A.G (2022). The role of wastewater treatment in achieving sustainable development goals (SDGs) and sustainability guidelines, Energy Nexus, Volume 7. https://doi.org/10.1016/j.nexus.2022.100112

Oboreh, L. E. & Arukaroha, J. (2021). Corporate Social Responsibility and performance of selected quoted companies in Nigeria. *International Journal of Business & Law Research*. 9(2):83-96. IJBLR-J-9-2021.pdf

Ogunode, O.A. (2022). Legitimacy Theory and Environmental Accounting Reporting and Practice: A Review. *South Asian Journal of Social Studies and Economics*. 13(1): 17-28. 10.9734/SAJSSE/2022/v13i130345

Otusanya, O. J. (2011). The role of multinational companies in tax evasion and tax avoidance: The case of Nigeria. *Critical Perspectives on Accounting*, 1(1), 22-29. https://doi.org/10.1016/j.cpa.2010.10.005

Preuß, A. &Preuß, B. (2017). Corporate Tax Payments and Corporate Social Responsibility: Complements or Substitutes? Empirical Evidence from Europe, *Business Economic j,* 8, 326. https://www.researchgate.net/publication/319079121

Sari, P., & Wiwiek, P. (2019). Corporate Social Responsibility and Tax Aggressiveness in Perspective Legitimacy Theory. *International Journal of Economics, Business and Accounting Research* 3: 330–43. https://doi.org/10.29040/ijebar.v3i04.726

Scarpa, F. & Signori, S. (2023). Understanding corporate tax responsibility: a systematic literature review. *Sustainability Accounting, Management and Policy Journal*, 14 (7), 179-201. https://doi.org/10.1108/SAMPJ-04-2022-0200.

Sharma, R. B., Sharma, A., Ali, S. & Dadhich, J. (2021). Corporate social responsibility and financial performance: Evidence from Manufacturing and Service Industry. *Academic Journal of Interdisciplinary Studies*. 10 (3), 301-307. https://www.researchgate.net/publication/351473926

Silva, P. F., Sá, C., & Eugénio, T. (2024). The Influence of Social Responsibility Practices on Tax Planning: An Empirical Study for Companies Listed on Euronext Lisbon. *International Journal of Financial Studies*, *12*(3), 73. https://doi.org/10.3390/ijfs12030073

Suddaby, R., Bitektine, A., & Haack, P. (2017). Legitimacy. *Academy of management annals*. 11(1):451-478. https://doi.org/10.5465/annals.2015.0101

Sunday C. E, & Adenike O. B. (2016). Corporate social responsibility in nigeria: a critical review of the literature. *International Journal of Business and Management Review*. 4(10),86-103. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3856705

Tarek, A. & Aboud, A. (2020). Tax avoidance, corporate governance, and corporate social responsibility: The case of the Egyptian capital market. *Journal of International Accounting, Auditing and Taxation* 38: 100304. https://doi.org/10.1016/j.intaccaudtax.2020.100304

Umobong, A. A. &Agburuga, U. (2018). Corporate tax and corporate social responsibility of firms in Nigeria, *Research Journal of Finance and Accounting*. 9(10), 8-25. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3189628

Whait, R. B., Katherine, L. C., Eduardo, O., & Roger L. B. (2018). What do we know about tax aggressiveness and corporate social responsibility? An integrative review. *Journal of Cleaner Production* 204: 542–52. https://doi.org/10.1016/j.jclepro.2018.08.334