

INFLUENCE OF TRANSACTION TRANSFER PRICING POLICIES ON CORPORATE ORGANIZATIONS TAX IN NIGERIA

Osho, Augustine E. Ph.D

Department of Accounting, Achievers University, P. M. B. 1030, Owo, Nigeria

Ilori, Folusho Olayemi

Department of Accounting, Achievers University, P. M. B. 1030, Owo, Nigeria

Corresponding Email: ilorifolusho24@gmail.com

ABSTRACT

The purpose of this study was to address the effect of transaction transfer pricing on corporate tax in Nigeria. A descriptive research model was adopted. Secondary data were obtained from KPMG International (Tax) Bulletin report on fifty (50) major corporate organizations in Nigeria for 2014 to 2018 concerning transaction transfer pricing policies in terms of its influence on the organizations' business growths, tax rate, profit rate and tax liability. Results obtained for the study showed that transaction transfer pricing policies have a positive influence on the business growth on corporate organizations in Nigeria. It was recommended that corporate organizations should employ adequate measure that safeguards and avoid costly error in the implementation of transaction transfer pricing policies.

KEYWORDS: Corporate organizations tax, Transfer Pricing, Transfer Pricing Policies.

1. INTRODUCTION

Transaction transfer pricing is the price charged to another member of the same organization by one member of a corporate company for the supply of goods or services or the use of a property which includes intangible assets (Nilufer, 2012). Hence, it could be said to be the price applied to inter-corporate organization transactions. There have been studies in time past showing that inter-corporate organizations transactions are growing very rapidly with a greater number from international terrains (Adams and Drtina, 2010; Dürr & Göx, 2013). Transaction transfer pricing is the price transaction between related corporate organizations in a joint venture transaction (McKinley & Owsley, 2013). These transactions may include product sales, service provision, money lending, asset utilization, among others. Transfer pricing is also important for the distribution of income between the different legal entities and multinational companies' branches (Allen, 1999). Transaction transfer pricing is often viewed as a strategy of tax avoidance, that is erroneous as it corresponds only to a series of substantive and administrative regulatory requirements placed on certain taxpayers by governments (Falk, 2010). Therefore, transaction transfer pricing policies empower tax authorities to adjust prices for transactions involving transfers of tangible or intangible properties facilities and loans for most intra-corporate organizations (Cooper, Fox, Leoprick, Mohindra, 2016). When addressing asset transfer pricing, the theory of arm's length cannot be overlooked. The concept of Arm's length states that associated parties are required to charge the same rates, taxes and other charges for a regulated transaction that independent parties would charge in an unregulated transaction. It's, therefore, the condition or the fact that the parties to a transaction are equal and on a voluntary basis (Tebogo, 2011). This could be emphasized that the prices and conditions applied between related corporate organizations should be equal to the prices and conditions charged within independent organizations. Influence of the transfer pricing specifically impose the stress on corporate organizations which involved in the registered in the same group as charges of transaction transfer pricing will affect the profitability of companies related in the same group.

Transaction transfer pricing is not just about corporate pricing, but other terms of transactions such as delivery, warranty and payment terms are also emphasized as part of the procedures. Transaction transfer price influences tax policy within the corporate organization. The transfer price measures the value established when one part of an organization provides tangible and intangible goods in two or more nations to another part of the same organization (Gupta, 2012). Corporate companies are widely using the transaction transfer pricing approach as a measure to reduce tax liability. Organizations acknowledge most of the revenues in low-tax nations, increasing the organization's tax burden as a whole (Adams et al., 2010). Transaction transfer pricing helps to incorporate the decision-making processes of companies that include minimizing corporate income tax payments or duties and shifting profits from countries where profit repatriation is forbidden or limited (Tebogo, 2011).

The payment transfer pricing strategy of multinational organizations is focused on many variables, such as the financial implications of countries involved in the group's member companies' cross-border operations, currency regulation, political and economic hazards, and price levels in the host country, among others. There are several challenges facing transaction transfer pricing policies with corporate organizations due to the current systems of corporate taxes, especially in Nigeria and several African countries. These gaps allow corporate organizations with cross-border activity to avoid the taxes because of variation in rules under which each subsidiary subject to tax rates on income taxes based on the activity in the host country. This could result in disputes between tax authorities and taxpayers that could arise in many areas as the tax authority may adopt an unfavorable economic method or an unfavorable characterization for corporate tax. Economic globalization and integration are great menaces in verifying actual transfer pricing used by the corporate organizations.

2. REVIEW OF THE LITERATURE

2.1 Framework for conceptualization

2.1.1 *The concept of transfer pricing*

Globalization and international trade have been identified as the key factors that increase multinational companies' transfer pricing activities to enter markets, especially where there are limited numbers of local producers (Tanzi, 2000). Many of these transfer pricing transactions are between foreign multinational corporations within a group, thus greatly boosting international trade. Transfer pricing is classified as the price charged for a product or service provided to a purchasing department or subsidiary of the same multinational company by a multinational service department, section or subsidiary (Mutua, 2012). The transfer prices adopted by multinational division or branch that directly affect the profits posted in their respective host countries by each of these units. These transfer rates, therefore, provide us with an opportunity to move income from high-tax countries into related groups to participants in low-tax countries. Transfer pricing in cross-border transactions is regulated by the rule of arms-length stating that the terms and conditions of exchange between units of the same group should be the one stated as if they were not members of the same group (Dean, Feucht & Smith 2008). Those include transactions taking place within a network of separate companies.

2.1.2 *Transfer pricing policies*

A business entity's transfer pricing policy of exchanging rates relies on the one followed by the state and this varies across the globe. A country's selection of any policy will depend on its relative merits and demerits, as well as other internal and external factors. Such policies can be classified roughly into three categories:

2.1.2.1 *Regulation on the cost-based transfer of prices*

This form of transfer pricing strategy is considered suitable for conditions where market prices for competing products are not obtainable or are not appropriate. In this way, business entities' divisions in inter-related business transactions are called cost-centered (Oyunda, 2015). There are also perceived to be better control of costs, effective decision-making and assessment of performance. Inflation, however, may cause the cost to be high and the buying agencies reject it.

2.1.2.2 *Market transfer pricing policy*

For more distributed enterprises, this form of transfer pricing policy is considered useful. A market price-based transfer pricing policy has significant appeal to many business entities. With an objective measure of the quality of the transferred item, this form of the policy was considered fair. It also raises the stress and expectations for internal competition. As regards external incentives, this calculates divisional gain (Williams, 2007). By using market-based transfer pricing strategies in perfectly competitive markets, a business can accomplish its strategic objectives autonomously.

2.1.2.3 *Negotiated-based transfer pricing policy*

When the demand is open, negotiated transfer pricing policies are considered to be optimal for adoption. These are known as the product of the negotiation process between the selling companies and the purchasing companies. Such transfer pricing policies depend solely on the negotiating strengths of both parties, thereby reducing misunderstandings and conflicts between the selling and purchasing companies (Dubin, 2004).

2.1.3 *Corporate organization tax and business growth*

A corporate tax is a direct tax imposed on the income and resources of corporations and specific legal organizations by a jurisdiction (Liu, 2011). Many countries impose such taxes on a national scale and a similar tax may be imposed on a national or local level. Taxes could also be dubbed income tax or capital tax. Corporate tax turnover is often determined much like individual taxpayers' taxable income. Typically, net profits are taxed. In some jurisdictions, rules governing corporate taxation can vary substantially from regulations governing individual taxation (Clausing, 2012). Some corporate acts may not be taxed, including reorganizations. Some types of entities may be tax-free. Corporate tax rates vary widely from country to country, contributing to some companies shielding profits from overseas subsidiaries or residing in countries with lower tax rates which may negatively affect business growth within these countries (Clausing, 2012).

It is worth noting, however, that if corporate tax rate reductions occur at the same time as other measures that boost the user cost of capital, the net effect may not result in additional investment or output (Gupta, 2012). Countries may tax corporations on the net income and, unless the corporation pays a dividend, may also tax shareholders. Where dividends are taxed, before the share price is dispersed, a corporation may be required to withhold tax.

2.1.4 Profit margin influence on corporate organizations

The profit margin is an accounting measure to measure an enterprise's or industry's economic health. It is generally defined as the ratio of profits earned over a specified period of time to total sales receipts (or costs). The profit margin is a measure of the number of profits generated by the selling of a product or service to a client (Falk, 2010). The profit margin is the gap between the revenue earned and the cost of selling products, it varies depending on the industry and the corporation. It also provides an indication of efficiency by capturing the amount of surplus generated by the product or service sold each unit. In order to generate a healthy profit margin, a company must operate efficiently enough not only to recover the costs of the product or service sold, operating expenses, and debt costs, but also to reimburse its owners in exchange for their risk acceptance. For organizations implementing transaction transfer policies, there are higher profit margins reported to ensure appropriate business growth (OECD, 2010).

2.1.5 Corporate tax liability

Corporate tax responsibility is the cumulative amount of tax debt due to a taxing authority such as the Internal Revenue Service (IRS) by a business organization. Tax liabilities result from earning income, benefit from trading an asset or other taxable events. Taxes are levied by a variety of taxing authorities including federal, state and local governments within a country and businesses operating in countries (Uthman, 2016). The taxpayer could know the tax base for the activity as well as the rate of the tax when a taxable event occurs. The tax liability covers not only the current year but considerations that the company may owe taxes in all years. This ensures that if back taxes (the certain taxes that remain unpaid from previous years) are due, they will also be added to the tax liability. Sales tax and transaction transfer pricing tax liabilities are among the common tax liabilities among corporate organizations, a tax debt occurs when corporate organizations tend to defer tax payment after a profitable transaction. This impedes the actual assessment of the corporate organization's business growth as reported growth may be tax debts.

2.1.6 Challenges of Transaction Transfer Pricing

Several challenges facing transaction transfer pricing policies with corporate organizations have been reported and a major challenge is one that allow corporate organizations with cross-border activity to avoid the taxes because of variation in rules under which each subsidiary subject to tax rates on income taxes based on the activity in the host country. This could lead to conflicts between tax authorities and taxpayers that may occur in many places as the tax authority may implement an unfavorable economic method or an unfavorable definition of corporate tax. Economic globalization and integration are great menaces in verifying actual transfer pricing used by the corporate organizations (Adum, 2015). With this, it will be complex to determine accurate transaction transfer pricing due to increase in the presence of transactions among new and emerging corporate organizations. There may also be challenges in ensuring consistency in the application of global transaction transfer pricing policies on corporate organizations negligence to the host's tax requirements (KPMG, 2017). It will also be difficult to prevent the double tax impact of a country's transfer price adjustment. Eventually, the implementation of the concept of Arm's length in payment transfer pricing is tedious since it is difficult to identify all the transactions required for measurement.

2.1.7 Conceptual framework on transaction transfer pricing policies on Corporate Organizations Tax in Nigeria

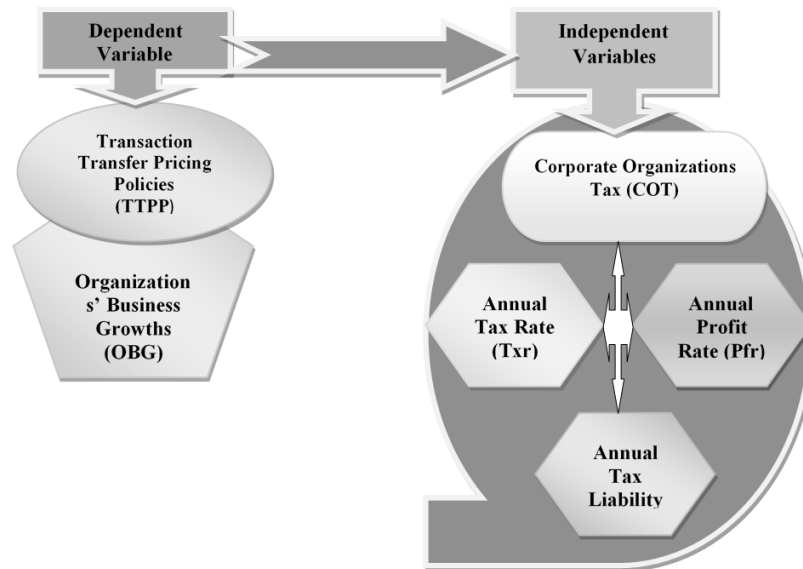


Fig.1: Researchers' transaction transfer pricing policies on Corporate Organizations Tax in Nigeria, 2019

Organizations' Business Growths (OBG): Growth objectives are what every company seeks to achieve, regardless of its size, as it is a sign of success and development. A growing business is one with a higher survival rate, a higher reputation, and increasing annual profit estimates (Lipton, 2003). Crosby (1990) said the growth of business organization is a mechanism through which the structure of an entity of the business system increases the number of its functions and relations. The business growth of organizations is essentially a quantitative process compared to other growths required in a business entity's survival. Annual Tax Rate (Txr): The government usually taxes its citizens and all enterprises related to the country to help build and maintain the infrastructure used in the country. All raised taxes are used to develop the economy and all those who reside in it. The tax rate adopted is the ratio normally expressed as a percentage, the rate at which such enterprises or entities are taxed (Piper, 2014). Therefore, the amount at a specified annual rate at which a person and company are taxed is an annual tax rate. These tax rates overlap in business transactions from one country to another. Many countries implement a progressive tax system, while others use regressive or proportional tax rates (Piper, 2014).

Annual Profit Rate (Pfr): Profit defines the financial benefit achieved if the revenue generated from a business activity exceeds the expenditures, costs, and taxes involved in maintaining the activity in question (Carbaugh, 2006), thus measuring profit as total revenue less total expenses. An organization's income could be measured as the remaining amount after all costs and deductions have been subtracted from gross revenue. In this regard, expenses and allowances include the direct costs of selling goods, operating expenses such as selling, administrative and general expenses and non-operating expenses such as depreciation, financing charges and taxes. Annual Profit is a key measure of success and quality of a company such as a full year development. The annual rate of profit is expressed as a percentage of sales or profit margin that can be used to compare the earnings of the year with previous years or other companies' profit margins in the same industry (Adams & Drtina, 2010). It allows business entities in future years to estimate average annual income and annual stakeholder return price.

Annual Liability for Taxation (Txl): Tax liability is the amount of tax debt owed by a person, corporation or other entity to a taxing authority, such as the internal revenue service (Steven, 2011). It is the amount of tax paid on the premise of current fiscal laws by a corporation or individual. For organizations involved in transactional transactions, it is necessary to understand the tax rates for each country involved in such business in order to avoid incurring liabilities. Tax liability is a legally binding obligation to an agency and is a perpetual liability (these are short-term liabilities to be settled within one year). Annual tax liabilities are incurred in legitimate business transactions and failure to pay a tax liability may lead to back taxes, tax liabilities, penalties, interest and even imprisonment (Steven, 2011).

2.2 Theoretical framework

Transfer pricing policies are quite similar globally as implemented in various corporate organizations (Abu-Serdaneh, Al-Okdeh & Gauher, 2008). The payment transfers pricing recommendations for the Organization for Economic Cooperation and Development (OECD) have been implemented in this report. The OECD Guideline offers five effective

methods of transfer pricing embraced by almost all tax authorities (OECD, 2010). In addition, these five forms of asset transfer pricing are graded into two categories:

- Traditional methods of transaction transfer of prices
- Transactional methods of transaction transfer of prices

2.2.1 *Traditional methods of transaction transfer of prices*

Traditional methods of transaction transfer pricing are recognized to be the most effective methods for implementing the principle of arm length (OECD, 2010). The traditional method of transaction transfer pricing evaluates and compares the conditions of transactions between companies with those of a controlled transaction. The OECD Guideline adopted recognizes that there are three types of traditional transaction transfer pricing methods:

2.2.1.1 *Uncontrolled comparable price method*

This approach contrasts the terms and conditions in which the cost of a regulated contract is included with those of a third party. By comparing the market price invested in a related company with the other non-related company in the same transaction, transaction transfer pricing policy under this approach is established (Savita, 2003). This third-party transaction (method) is clearly of two categories, namely:

- Internal Uncontrolled Comparable Price Method – A taxpayer's transaction with an independent company.
- External Uncontrolled Comparable Price Method - A deal between two commercial companies.

2.2.1.2 *Method of Resale Price (RP)*

This method of resale pricing is applied to distributors' control. The first thought is given to the price at which an associated company sells a product to a third party. This price is referred to as the resale price. The resale price is then reduced by a gross margin known as the price margin for resale. This approach is calculated by comparing gross margins in comparable uncontrolled transactions and deducting the costs of buying the product such as transaction taxes. An organization's marketing unit also uses the technique of resale price when a small value is added and major manufacturing operations do not exist. The outcome of this process can be considered as the long-term price of the controlled transaction between associated companies (Singh, 2015). The technique is also known as the Resale Minus Technique.

2.2.1.3 *Method of Cost Plus (CP)*

The cost-plus approach calculates the transfer price by comparing the cost of production with the gross profit ratio (Blocher, Stout, Cokins & Chen, 2006). The procedure for that should be followed to adopt this method effectively is described below:

- Determine the costs incurred by the supplier for products transferred to an associated purchaser in a controlled transaction.
- To make an adequate profit in the functions performed, add the appropriate mark-up has to the cost.
- Consider a price at the length of Arm.

2.2.2 *Methods of transactional profit*

In the transactional benefit process, the emphasis is not the exchange price but the income created by the transactions between the two associated corporate organizations (OECD, 2018). Nevertheless, this approach is used more often in the absence of detailed transaction data compared to the traditional method; that's because the implementation of traditional transaction methods requires detailed information that is often not available. The net operating profits from managed transactions are determined while the level of profit is compared to the level of profit generated by independent business organizations involved in the transactions. There are two types of transactional profit methods:

2.2.2.1 *Method of Net Margin (NM)*

In this method, the net profit of an associated corporation's-controlled transaction is first determined and then compared with comparable uncontrolled transactions of independent companies (OECD, 2010). Under similar business situations, the net profit for similar companies is contrasted with the net margin of different companies' transactions. This approach is successful when there are broadly similar transactions between the corporate organizations. A same transaction may take place between an affiliated company and an individual company or between two independent companies.

2.2.2.2 *Method of Profit Split (PS)*

This approach can be implemented if the related entity participates in very interrelated transactions is asset transfer pricing. They cannot therefore be analyzed separately. However, usually these associated organizations decide to share the profits. This procedure is to determine the profit-split formula among related organizations participating in that particular transaction. This must be considered under the current market circumstances while the stakes in profits are assigned to interrelated companies (OECD, 2010). It is possible to take two main approaches to split profits. These are as follows:

Contribution analysis: The aggregate profits are split based on the relative value of the functions performed within the managed transaction by each of the related entities (considering capital used and potential risks).

Residual analysis: these are two phases of the accumulated gain. First the period allowance for each entity's activities and contribution to the managed transaction is allocated. Second, any residual gain or loss after the first stage is divided on the basis of consideration of the transaction's facts and circumstances.

2.3 Review of empirical framework

As mentioned earlier, payment transfer pricing is the price paid for a product or service from one entity to another when both are owned and reported to the same parent company (Nulifer, 2012; McKinley and Owsley, 2013), as well as its relevancy in the allocation of profits between the various organizations (Allen, 1999). This determines the approach taken by both companies when evaluating the price of the product or service (Abu-Serdaneh et al., 2008; OECD, 2010). In order to achieve different objectives, corporate entities implement various transfer pricing strategies, some of these widely implemented policies are addressed in this report. Cost-plus pricing policy includes adding a markup (direct cost of materials, direct labor costs and overhead costs) of a product to the cost of goods and services to reach a selling price (Ordu & Anele, 2015). In this policy model, it is quite easy to derive a product price using this method, even though the overhead apportionment method should also be defined among the corporate organizations involved in the transaction, to be consistent in calculating the product prices, and transaction profits are assured for each transaction. The approach, however, is based on historical costs and is likely to include as many costs as possible in the agreement for reimbursement.

Contribution margin transfer pricing policy is the incremental money generated for each product sold after depreciation of the fixed portion of the company's costs; it is measured as the sales price per unit, less the variable cost per unit (OECD, 2010). This transaction pricing policy indicates how a specific product contributes to the organization's overall profit. It provides one way to show the profit potential of a particular product that a company offers and shows the sales portion that helps to cover the fixed costs of the company. While the remaining revenue is the profit produced after covering the fixed costs. The merit is that all participating organizations will share the expenditure margin during the transaction, while the demerit is that willing to participate organizations may not know the transfer price until the product is sold to a consumer. A negotiated transfer pricing policy is the result of discussions between the sales and purchasing divisions to allow these units some degree of freedom in determining the price to be used for cross-company transfers (Aaron and Stefan, 1995). Negotiated exchange levels have many significant advantages in preserving divisional control and ensuring efficient decentralization.

The external market policy is a policy that empowers investment opportunities that are offered outside a country's jurisdiction. It is a policy that allows investments to be put on sale in multiple countries at the same time, enabling international investors to select and choose inter-organizational transactions (Mutua, 2012). The benefit of this strategy is that at the higher market rate, all sales happen, allowing the company to maximize profits. The shortcomings of this policy are that the company loses quality control when purchasing from outside the company and is less strictly regulated because there are fewer regulations and the regulations may be inconsistent and confusing (OECD, 2019).

3. METHODOLOGY

Descriptive research design has been implemented in this study This type of research is based on the idea of studying frequencies, averages and other numerical calculations. This method was adopted as it is termed to be highly accurate. The data for this study was obtained from KPMG International (Tax) Bulletin report on fifty (50) major corporate organizations in Nigeria for 2014 to 2018. Five years' data transactions on transfer pricing policies in terms of its influence on the Organizations' Business Growths (OBG) which is the dependent variable (regressed) and the annual rates of tax (Txr), annual rates of profit (Pfr) and annual liability for taxes (Txl) which are the independent variables (regressors) are used. Regression analysis was adopted for this study for estimating the relationships among variables.

3.1 Model specification

A regression model relates Y to a function of X and β .

$$Y \approx f(X, \beta) \tag{1}$$

Where:

β = unknown parameters,

X = independent variables, and

Y = dependent variables.

A model was developed for this analysis to analyze the impact of transaction transfer pricing policies on corporate organizations in Nigeria using the business growths of organizations as the dependent variable while the annual tax rate, annual profit rate and annual tax liability as the independent variables. The study hence employed the model as specified below:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \dots + \varepsilon_i \quad (i = 1, \dots, n) \tag{2}$$

$$\text{i.e., } OBG = f(T_{xr}, P_{fr}, T_{xl}, \beta) \tag{3}$$

The modification for this study is thus,

$$OBG = \beta_0 + \beta_1 T_{xr} + \beta_2 P_{fr} + \beta_3 T_{xl} + \varepsilon_i \tag{4}$$

Where:

Y (OBG) represent the influence of transaction transfer pricing policies on corporate organizations in Nigeria in terms of the Organizations' Business Growth between 2014 and 2018.

β_0 represent the Regression Constant term.

β_1 represent the partial regression coefficient of annual tax rate.

β_2 represent the annual profit rate's partial regression coefficient.

β_3 represent the annual tax liability's partial regression coefficient.

$X_1(T_{xr})$ represent the Annual Tax Rate influence due to the transaction transfer pricing policies of the organizations.

$X_2(P_{fr})$ represent the Annual Profit Rate of corporate organizations.

$X_3(T_{xl})$ represent the reported Annual Tax Liability of corporate organizations.

ε represent the Random Error term/Residuals.

4. RESULTS

Table 1: Transaction transfer pricing policies among corporate organizations (adopted)

Transaction transfer pricing compliance	Average level – 70% High level – 30%
Annual transaction transfer pricing policies evaluation (2014 – 2018)	All years – 74% Some of the years – 22% No – 4%
Internal transaction transfer pricing policies in place	Yes – 88% No – 10% Not applicable – 2%

Source: Transaction transfer pricing policies among corporate organizations of Nigeria (2019).

The table above shows the attitude of the corporate organizations in Nigeria which data was retrieved and adopted for this study to transaction transfer pricing policies. An average value of 70 per cent indicated compliance with transaction transfer pricing policies while 30 per cent indicated a high level. For the years 2014-2018, 74 per cent indicated a yearly evaluation of their organizations' pricing policies while 88 per cent shows that there are internal transaction transfer pricing policies in place in their respective corporate organizations. This is an indication of high-level awareness of transaction transfer pricing policies among the corporate organizations in Nigeria and also an indication of knowledge of applicable penalties that may arise in the event of non-compliance of transaction transfer pricing policies requirements.

Table 2: Descriptive Analysis

	T_{xr}	P_{fr}	T_{xl}	OBG
Mean	29.92	41.83916	13.1452	22.63182
Standard Error	0.312776	1.20202	0.760296	1.057458
Median	30	43.23	12.06	20.1265
Mode	30	54.16	12	25
Standard Deviation	2.211657	8.499567	5.376101	7.477356
Sample Variance	4.891429	72.24265	28.90247	55.91086
Kurtosis	0.151935	-0.71199	0.434581	0.341205
Skewness	0.211341	-0.42785	0.446056	0.910373
Range	10	32.36	25.4	28.2
Minimum	25	24.06	3.5	12
Maximum	35	56.42	28.9	40.2
Sum	1496	2091.958	657.26	1131.591
Count	50	50	50	50

Source: Researchers' Descriptive Analysis Outputs (2019).

Table 2 above shows the descriptive analysis of the influence of transaction transfer pricing policies on corporate organizations in Nigeria between 2014 - 2018 using tax rate (T_{xr}), profit rate (P_{fr}) and tax liability (T_{xl}) as indicators on the organizations business growth (OBG). The calculated Mean values are 29.92, 41.84, 13.15 and 2.63; Standard Deviation of 2.212, 8.499, 5.376 and 7.477; Kurtosis of 0.15, -0.71, 0.43 and 0.34 and Skewness of 0.211, -0.427, 0.446 and 0.910 among

others. The profit rate has a negative value of -0.47 in the calculated Skewness hence there was a continuous fluctuation in the profit rate yearly. This is also in conformity with the Kurtosis calculated value of -0.711 for the profit rate.

4.1 Regression Analysis

H₀: Transactional transfer pricing policies have no significant influence on corporate organizations in Nigeria.

<i>Statistics of regression</i>	
Multiple R	0.212748293
R Square	0.452618363
Adjusted R Square	0.170036961
Standard Error	7.540659748
Observations	50

ANOVA					
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	3	124.0007774	41.33359	1.2526916	0.0124116597
Residual	46	2615.631274	56.86155		
Total	49	2739.632051			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>
Intercept	47.56688663	16.95549518	2.805396	0.007341	13.43724501	81.69653
Txr	-0.727162218	0.523654066	1.38863	0.111633	-1.781223183	0.326899
Pfr	-0.097491577	0.13743922	0.70934	0.081692	-0.374142378	0.179159
Txl	0.06851114	0.224711099	0.304885	0.061829	-0.383808843	0.520831

Source: Researcher's Regression Analysis Outputs (2019).

The table above shows the Regression Statistics and ANOVA of the annual tax rate, profit rate and tax liability as influenced by transaction transfer price policies in corporate organizations in Nigeria covering the period of 2014 - 2018. It was reported that the determination coefficient (R square) value of 0.452618363 revealed that 45 percent of the model and dependent variables had a good relationship power. The reported F-statistics value of 1.2526916 having a significant level value of 0.0124116597 reported from the model adopted indicated that the model was very significant since its F-value is greater than the recommended 0.05. The P-values calculated for tax rate, profit rate and tax liability are 0.111633, 0.081692 and 0.061829 respectively which indicated that there is a good influence of the dependent variable on corporate organizations. The calculated P-values are below the recommended 0.15 P-value to be termed significant. The result obtained from the regression analysis showed there is a high positive intercept value of 47.56688663, an indication of the high influence of transaction transfer pricing of corporate organizations in Nigeria. However, insignificant T-stat values were calculated, evidence that the Txr, Pfr and Txl values calculated are not significantly different from its influence on the corporate organization using OBG in proxy as used in the study. The significance F-value (F-sig) of 0.012 reported indicated that the null hypothesis (H₀) "Transactional transfer pricing policies has no significant influence on corporate organizations in Nigeria" is not true. Therefore, the H₁ hypothesis "Transactional transfer pricing policies have a significant influence on corporate organizations in Nigeria" is supported are termed true.

5. CONCLUSION

The influence of transaction transfer pricing policies among corporate organization in Nigeria was studied using secondary data obtained from KPMG International (Nigeria) annual reports for the year 2014-2018 and analyzed using Origin61, a statistical software adopting regression analysis and descriptive analysis models. Hence the Tax Rate (Txr), Profit Rate (Pfr), Tax Liability (Txl) and Organizations' Business Growth (OBG) were regressed. The results obtained showed that the parameters adopted for the study have a significant influence on corporate organizations in Nigeria. It is therefore concluded that transaction transfer pricing policies adopted by organizations have a significant positive influence on the growth of the organization in Nigeria, a model that can be adopted worldwide. The study then recommends that corporate organization should employ adequate measure that safeguards are in place to avoid costly error in the implementation of transaction transfer pricing policies. This action may include ensuring that a transaction transfer pricing specialist monitors

and compiles all applicable transaction records and supporting documents to protect the duration nature of the related party transactions of the corporate organization. Also, due to the negative Skewness and Kurtosis calculated for the study, the corporate organization may outsource transaction transfer pricing function to specialists who can assist the corporate organizations in mitigating transaction transfer pricing risks.

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