



Capital Allowance and Operation Efficiency of Listed Consumer Goods Firms in Nigeria

Titilayo Moromoke Oladejo^{1*}, Samson Olajide Olaniyan², Peter Sunday Daramola³ and Jimoh Ibrahim⁴


¹ Department of Accounting, Osun State University, Okuku, Nigeria

 <https://orcid.org/0000-0002-0317-8125>
e-mail: titilayo.oladejo@uniosun.edu.ng


² Department of Economics, Osun State University, Okuku, Nigeria

 <https://orcid.org/0000-0002-8525-2076>
e-mail: samson.olaniyan@uniosun.edu.ng

³ Department of Accounting, Osun State University, Okuku, Nigeria

 <https://orcid.org/0000-0002-8560-6655>
e-mail: peter.daramola@uniosun.edu.ng

⁴ Department of Accounting, Osun State University, Okuku, Nigeria

 <https://orcid.org/0000-0001-7495-418X>
e-mail: jimohibrahim889@gmail.com

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Abstract: *This study looked into the impact of capital allowance on the operational effectiveness of firms producing consumer goods in Nigeria. The proxies of capital allowances are: initial allowance, annual allowance and balancing charge while operation efficiency was measured with asset turnover ratio. Population of the study was all the 21 consumer products companies listed on the Nigeria Exchange Group between 2014 and 2021. 12 companies were selected as the sample size using purposeful sampling. Through the use of the firm's publicly available financial filings, data was acquired from secondary source. The research design was expo-facto, both descriptive and inferential statistics such as correlation analysis, variance inflation factor, serial correlation, heteroskedasticity and multiple regression were employed in analyzing the data. Redundant fixed and hausman tests were also carried out in order to know the most appropriate statistical estimator. The results of the analysis showed that capital allowance improved efficiency. According to the study's findings, there was positive and significant relationship between the variables of capital allowance and proxy of operation efficiency, this implies that consumer items firms operate more efficiently when their capital allowances are advanced. Based on the outcome of the findings, It was advised that the Nigerian government reevaluate the capital allowances now enjoyed by firms in order to improve operational effectiveness and financial performance of consumer products enterprises. Additionally, greater capital allowances ought to be granted to more consumer products companies.*

Keywords: *Initial Allowance; Consumer Goods Firms; Tax Incentives; Efficiency.*

* Corresponding author

Introduction

Tax is an obligatory charge that governments round the world imposes on their constituents to raise money for the provision of social services. Although paying taxes is required by law, doing so has a significant negative influence on the ability of enterprises to make money (Ajiteru & Bakare, 2018). Therefore, firms all over the world create ways to reduce tax liabilities by utilizing tax advantages as offered by tax legislation in order to protect their net income (Undie et al., 2020). In Nigeria, however, despite the numerous tax advantages provided by the government to aid tax payers, there are still certain instances of stagnant performance throughout manufacturing enterprises, which serve as engines of growth and advancement (Ohaka & Dagogo, 2015). As a result, the main problem found is that, despite government tax incentive programs designed to promote investment, there is little to no rise in business earnings. From this issue, it can be concluded that such incentives have not significantly increased the productivity of potential manufacturing businesses. Therefore, considering the fact that the government's funds are depleted by these various tax advantages, why has the effort of the government not been successful? Thus, this study's goal is to evaluate the effects of capital allowance incentives on manufacturing firms' efficiency. In particular, personal allowances, capital allowances, investment allowances tax breaks, annual benefits, pioneer relief, and relief for losses are all being provided as incentives for different economic sectors (Uwaoma & Ordu 2014). These benefits are thought to hasten national growth and development while assisting in reviving Nigeria's manufacturing industry.

Businesses utilize incentives in various ways, and the reasons why they are started vary from one company to the next. The use of taxes by the government as a weapon for fiscal policy is intended to stimulate the global economy. Companies in Nigeria, especially those in the industrial sector, have a lot of tax benefits, including lower corporate tax rates, investment deductions, investment incentives, and depreciation allowances. This makes it possible for these companies to report greater gains after taxes, which enhances their financial performance. Companies that qualify for tax incentives have higher ROA and return on equity as well as reduced taxes to pay (Ohaka & Agundu, 2012).

A company can simply show by its performance how successfully and effectively it uses its resources to generate revenue. Since a firm's efficacy and value are highly correlated, it follows that the better a company performs, the higher its values will be. Increasing shareholder wealth is one company goal that cannot be overlooked. It is achievable when a firm generates returns that are higher than the market average, which happens when a larger market grows as a result of value creation. The government may play a big role in achieving this goal by providing tax benefits to those enterprises in order to encourage them to grow their wealth. Supporters of tax incentives claim that tax cuts boost equity and asset returns, allowing them to reinvest a portion of their profits (Uwaome & Ordu, 2014).

There is a wealth of literature on tax incentives and business success. (Abdulrahman & Kabir, 2017) examined the impact of tax incentives on FDI, economic growth, and development in Nigeria and came to the conclusion that there is a positive association between the variables. In studies like (Ngure, 2018; Onyago, 2015; Mayende, 2013) the effect of tax incentives on the performance of manufacturing enterprises was examined generally. Studies have also looked at capital allowance and business performance. The studies on capital allowance by (Eke et al., 2021; Nduati, 2020; Nwanyanwu, 2018; Kuria et al., 2017; Ahakiri & Oboh, 2017; and Agudu & Ohaka, 2013) centered excessively on profitability as measured with ROA, ROE and profit after tax as an indicator of financial performance without anyone taking into consideration the connection between capital deductions and one of the basic metrics of performance specifically operation efficiency. This study is being conducted to close this gap in the literature. The purpose of this study is to determine whether capital allowance incentives affect the operational effectiveness of 12 listed consumer products manufacturing

firms in Nigeria between 2014 and 2021 in a favorable (or adverse) manner. The selection of this study period was made to give researchers the chance to conduct an up-to-date and latest thorough evaluation of the impact of tax benefits with an emphasis on capital deductions on the economy, where manufacturing enterprises are believed to contribute a substantial share of total economic output despite their modest contribution to the nation's economic goals.

Literature Review

Conceptual Review

Initial allowance (IA)

Companies who expended a qualifying capital expenditure within the year of assessment when the asset was first employed for the purposes of the company's operation or business are entitled to this kind of deduction. This allowance offers immediate relief. No matter how long the starting term or possession period is, it is unchanged. This reduction is provided if a taxpayer requests it in writing for the assessment to be determined using the fiscal year during which the investment cost was incurred. The asset in question was initially exclusively or predominantly used for production or profit-making purposes. The permission is given when the asset is utilized both domestically and commercially. Distribution of the allowance is equitable. It is calculated by dividing the asset's initial purchase price by the first permissible rate.

Annual allowance (AA)

This is a reimbursement provided to companies who have made qualifying capital expenditures at the conclusion of the beginning period and for every single year during which the asset is still in use, regardless of whether the initial reimbursement has been made. The duration of occupancy or usage of the asset within the basis time has no bearing on the annual allowance, although it shall be appropriately decreased if the basis timeframe to which it applies is less than one year.

Balancing charge

This is stated in paragraph 9 of CITA 2007 (as amended)'s second schedule. This results from any qualified asset that is sold after a capital allowance claim has been made on it. When a business disposes of assets for which qualifying expenses were incurred at a price higher than the asset's residual worth, a balancing allowance is given. A balancing charge is the surplus, profit, or gain from the sale of any eligible capital outlay that has earned capital allowance. This occurs when the sale proceeds of any eligible capital expense that qualified for a capital deduction during the period exceed the tax-deductible value (TWDV).

Asset turnover

The best use of an organization's resources is a key component of efficiency. Asset turnover compares the revenue for the time period to the cost of every asset in the business. It gauges how effectively a business has used its resources to produce money. To calculate the asset turnover ratio, divide annual sales by total assets. A greater ratio indicates that the leadership of a company is using its resources wisely. Conversely, if the ratio is lower, management is not maximizing shareholder value by making the most optimal use of its resources. Poor efficiency ratios can be brought on by bad management practices like speculation, failing to put out the required effort to turn a profit for the business, as well as poor managerial choices (Anget et al., 2000).

Theoretical Framework

Normative theory

Although this theory is based on realistic tax management strategies, it differs from previous ideas in that it has received less criticism for the basis on which regulators are guided. According to this hypothesis, the development of a government institutional framework will culminate in various kinds of incentives and restrictions which act as the foundation for the operations of the government as well as other players. The incentives offered will mark a turning point for development because it is generally known that various administrations emerge; only a few of them are effective at raising taxes. Therefore, it is extremely possible that the process of developing tax strategies and tax management enhancements will result in interactions between tax regulations and administrative modifications. The article by (Chukwumerije & Akinyomi, 2011) presents useful signaling implications of this concept with regard to this research that won't cause any loss of revenue for the government. Putting money into tax incentives and deductions will result in precise focused policy actions that help achieve the previously mentioned objective. It will only be deemed sound and ideal under the conditions if a present tax incentive could substantially decrease corporate taxes to levels comparable to those of other countries doing business there.

Empirical review

There is a wealth of information available on capital allowance and the success of manufacturing enterprises in Nigeria and other nations. However, the level of divergence in the significant factors and the conclusions from the numerous researches indicate that there are conflicting with inconsistent results about the connection between firms' financial success and capital allowances. Additionally, the majority of earlier research focused heavily on profitability as a performance indicator, with particular attention on ROA and ROE, as well as other kinds of capital allowances. In order to contribute to the sparse body of literature on the topic, this study concentrated on the effect of capital allowance on the efficiency of registered consumer goods enterprises in Nigeria.

The effect of tax rebates on the corporate earnings of 69 publicly traded manufacturing businesses in Nigeria was examined by (Timah & Chukwu, 2021). The types of tax benefits that are really put into practice include the yearly allowance, investment allowance, and tax holidays. Stock capital is a moderator in the earnings per share (EPS) measure for company earnings. The main source of secondary data for the study was the accounting records of the selected firms. All of the variables affecting tax incentives have a considerable impact on EPS, according to the results of data analysis using multiple regression and descriptive statistics.

Between 2010 and 2019 (Picas et al., 2021) looked into connection between tax and governmental incentives and long-term viability of Small scale businesses in Portugal. In order to ease the financial strain on SMEs and increase business profitability, the study investigates various incentives provided by the Portuguese government. According to the research, tax reductions have greater consequences on SMEs' financial sustainability than government incentives do. Financial incentives have a favorable effect on the ROA and a negative effect on the ROE, resulting in sustainable performance. Incentives from Portugal 2020 have a small initial effect before becoming more useful in the years that followed.

Ochieng (2020) examined the impact of tax reductions on Kenya's export processing zones' profitability. Primary information was gathered for the study using a standardized, closed-ended questionnaire. The tax inducement indicators used were corporate income tax, capital allowances, and value value-added tax. Performance-related determinants were ROA and ROE. The outcome of the research demonstrated a significant and favorable association between performance and corporation tax reduction, capital allowance benefits, and value-

added tax rebates. He came to the conclusion that enhancing value-added tax incentives and corporate tax incentives would improve performance but not capital allowances.

Nwonyuku (2019) performed research on capital allowances and the Nigerian Company Income Tax Act with an emphasis on the effects of capital allowances for Nigerian business income tax purposes. It was emphasized how significant the potential for religious capital allowance implementation was. When employed properly, it is an investment that boosts industrial output, and industries will gain from it. In addition to its benefits, it aids government initiatives to accomplish global economic objectives and attract foreign direct investment. The study's findings demonstrate that a properly executed capital allowance plan can increase profitable non-current asset investments made by Nigerian businesses, improve tax revenue generation, and foster a culture of tax compliance.

Ngure (2018) 90 manufacturing companies in Kenya had their tax advantages and financial outcomes examined between 2011 and 2016 to determine whether there was any association between the pertinent variables. The study examined the effects of company income tax breaks, capital allowance rewards, benefits from reduced customs duties, and excise tax breaks on the performance of specific manufacturing firms. Using a secondary data gathering template and a descriptive research approach, panel data were collected for the study. The degree of the independent variables' influence on the dependent variable was examined using a pooled panel regression model. The results of the study showed that the corporate income tax advantages for the businesses had the most favorable and significant effects on their performance.

Kuria et al. (2017) research was done on the productivity of 86 Kenyan export processing zone businesses in relation to capital allowance incentives. Primary data were used in the investigation. Performance measures included return on asset, the number and value of new employment created, and the company's longevity. The findings revealed that capital investment allowance and performance measures have a positive and significant association.

Methodology

The study's target audience consists of all of Nigeria's publicly traded consumer goods companies. The annual reports of 12 carefully chosen consumer goods companies from 2014 through 2021 were used in this study as a source of secondary data. Given that the 12 companies had complete financial records and shares that were often traded on the Stock Exchange Group's trading floor over the study's duration, they were taken into consideration. A panel research design that combines cross sectional and time series features, as well as panel regression, were employed to analyze the work. Secondary data on important elements such as revenue, total assets, balancing charge, initial allowance, yearly allowance, and annual allowance were extracted from the financial statements of the tested companies.

Specification of Model

The following model specification was created in accordance with the (Mauda & Saidu, 2019) study on the tax incentives and financial success of selected manufacturing enterprises in Nigeria. The study used capital allowance, investment allowance, and loss relief as measurement variables, with the following model:

$$PERF = \beta_0 + \beta_1 CAL_{it} + \beta_2 INVA_{it} + \beta_3 LRI_{it} + \epsilon_{it} \tag{1}$$

Where:

PERF = Performance;

CAL = Capital Allowances;

INVA= Investment Allowances;

LRI= Loss Relief Incentives.

This study adjusted the model in response to changes in the corporate environment which can be described as follows:

$$ASTO_{it} = \beta_0 + \beta_1 IA_{it} + \beta_2 AA_{it} + \beta_3 BC_{it} + \beta_4 LEV_{it} + \beta_5 GRT_{it} + \mu_{it} \quad (2)$$

Where:

ASTO = Assets Turnover $\left(\frac{Sales}{Total Assets}\right)$;

INVTO = Inventory Turnover $\left(\frac{Cost\ of\ goods\ sold}{Average\ Inventory}\right)$;

Initial Allowance (IA) is equal to its natural logarithm;

AA stands for Annual Allowance (annual allowance's natural logarithm);

BC = Balancing Charge (balancing charge's natural logarithm);

LEV = *Leverage* $\left(\frac{Total\ debt}{Total\ asset}\right)$;

GRT = Growth $\left(\frac{Previous\ year\ sales - Current\ year\ sales}{current\ year\ sales}\right)$;

Subscript_i = Firms;

Subscript_t = The period from 2014 until 2021;

β_1, β_2 = Unknown Coefficient of Estimates;

μ_{it} = Error term;

β_0 = Parameter to be determined;

Apriori Expectation = $\beta_1, \beta_2, \beta_3, \beta_5 < 0$; $\beta_4 > 0$.

Data Analysis and Discussion of Findings

Descriptive Statistics

According to the descriptive information shown in Table 1, asset turnover (ATO), a metric of efficiency used by consumer goods businesses, is on average positive with a value of 0.2276. The company has a fair asset ratio turnover; the fact that the management is able to generate moderate income from its total assets is undeniable. Initial allowance, yearly allowance, and balancing charge mean values are 5.7607, 6.4710, and 0.3514 respectively, with corresponding standard deviations of 1.6192, 1.5849, and 1.4094. The standard deviation figures demonstrate that the sampled firm has benefited from capital allowances with little variation between firms. The tested companies employ more equity than debt to finance their projects, as evidenced by the average leverage of 0.1598, while average growth was 0.2294. The quality of fit and the fact that the data are normally distributed were both demonstrated by the Jaque-Bera analysis of the variables shown in (Table 1). Except for the initial (IA) and annual allowance (AA), which are negatively skewed, the majority of the statistics are positively skewed.

Asset turnover (ATO), annual allowance (AA), and balancing charge are mesokurtic, while initial allowance (IA), leverage (LEV), and growth are leptokurtic, according to the variables' kurtosis.

Table 1. Descriptive Statistics

	ATO	IA	AA	BC	LEV	GRT
Mean	0.2276	5.7607	6.4710	0.3514	0.1598	0.2294
Median	0.9021	6.0740	6.5421	0.0000	0.1488	0.0635
Maximum	1.6631	7.9257	7.4499	0.8714	0.5966	7.0500
Minimum	0.3670	0.0000	4.6496	0.0000	0.0080	-0.9330
Std. Dev.	0.2752	1.6192	1.5849	1.4094	0.1167	0.9751
Skewness	0.5209	-2.3172	-0.9570	0.2995	1.5307	5.4008
Kurtosis	3.0151	8.8225	3.0418	3.0959	6.1168	35.261
Jarque-Bera	4.3435	221.51	18.996	15.936	76.350	4629.8
Probability	0.1139	0.3216	0.7005	0.0646	0.0563	0.0000
Sum	90.978	553.03	621.22	33.734	15.342	22.023
Sum Sq. Dev.	7.1985	249.08	32.502	15.927	1.2947	90.339
Observations	96	96	96	96	96	96

Source: Authors' Computation, 2023.

Table 2. Correlation Matrix

	ATO	IA	AA	BC	LEV	GRT
ATO	1.0000					
IA	0.0364	1.0000				
AA	-0.2356	0.3787	1.0000			
BC	0.1353	0.0723	0.2971	1.0000		
LEV	-0.0522	-0.0561	0.0406	0.1524	1.0000	
GRT	0.1299	0.1050	0.0043	0.0815	-0.0189	1.0000

Source: Authors' Computation, 2023.

Multicollinearity Test of the Variables (Correlation Matrix)

The link between the capital allowance and the efficiency index is seen in Table 2. With a correlation of 0.0364, the IA and ATO have a positive but weak relationship, meaning that if the initial allowance of the sampled firm increases, the asset turnover will only increase by 3%. With a coefficient of -0.2366, the relationship between AA and ATO is moderately negative and suggests that increasing the annual allowance given to corporations will decrease ATO by 23%. Leverage also had a minimal as well as slight connection with ATO, while BC and GRT had a favorable but insignificant link with ATO. With a coefficient of 0.3787, AA had a moderately favorable relationship with IA, while BC and GRT had weaker but still positive relationships with IA (coefficients of 0.0723 and 0.1050, respectively). The relationship between LEV and IA is unfavorable and negligible. With a coefficient of 0.2971, BC had a moderately favorable relationship with AA, as did LEV and GRT, which had coefficients of 0.0406 and 0.0043, respectively. Table 2 shows that there is no multicollinearity in the relationship that exists between the explanatory variables because it is below the anticipated level of 0.8.

Variance Inflation Factor

The findings of the variance inflation factors-based multicollinearity test were shown in Table 3. After assessing how closely the independent variables are correlated as displayed in table 3, as a result of the tolerance values being somewhat outside of the recognized norm, the result is not considered to be statistically significant. According to the evidence provided, there is no multicollinearity issue because the tolerance values are larger than 0.10 and the variables' value ranges are less than 10. As a result, the study can use the regression coefficient to

estimate how much the independent factors will influence the dependent variables, and the results can be regarded as genuine.

Table 3. Variance Inflation Factor

Variable	VIF	$\frac{1}{VIF}$
IA	1.4421	0.6934
AA	1.3860	0.7215
BC	1.2642	0.7910
LEV	1.2203	0.8194
GRT	2.5478	0.3924

Source: Authors' Computation, 2023.

Heteroskedasticity Test

Table 4 displays the results of the heteroskedasticity check for the reliability of the model. The result shows that the model is not affected by the heteroskedasticity problem. For a model to be free from heteroskedasticity issue, the p-value must be higher than 0.05. In this instance, the p-value for the Breusch-Pagan Godfrey test for heteroskedasticity was more than 0.05. As a result, when determining the relationship between the elements, the calculated model is reliable and void of the heteroskedasticity problem.

Table 4. Heteroskedasticity Test: Breusch-Pagan-Godfrey

BP	5.7049	Prob. F(5,204)	0.9630
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Source: Authors' Computation, 2023.

Serial Correlation Test

Table 5 displays the outcome of the serial correlation evaluation for the model's robustness. The Breusch-Godfrey/Wooldridge check for serial correlation in panel models was employed in the current research to ascertain if autocorrelation was present. A model is said to be unaffected by the serial correlation issue if the test's p-value is higher than 0.05. In this case, the p-value is more than 0.05. As a result, this finding shows that the model has no serial correlation issues.

Table 5. Breusch-Godfrey/Wooldridge test

F-statistic	1.6014	Prob. F(2,305)	0.6737
Chi-squared	4.3681	Prob. Chi-Square(6)	0.1126

Source: Authors' Computation, 2023.

Redundant Fixed Effect and Hausman Tests

To select amongst pooled, fixed, and random effect as the best suitable statistical panel, redundant fixed and Hausmantests were run. As shown in tables 6 and 7, the results of the tests favored a fixed effect. The relationship involving capital allowance and efficiency (as determined by asset turnover) of quoted consumer goods firm was interpreted using fixed effect.

Table 6. Redundant Fixed Effect Tests

Effects Test	Statistic	d.f.	Prob.
Cross-section F	10.937911	(11,79)	0.0000
Cross-section Chi-square	88.843081	11	0.0000

Source: Authors' Computation, 2023.

Table 7. Correlated Random Effects – Hausman Test

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	7.366586	5	0.0148

Source: Authors' Computation, 2023.

Regression of Capital Allowance on Asset Turnover

A p-value of less than 5% was obtained from the results of the redundant fixed and Hausman tests, respectively. This suggests that the estimation panel with fixed effect is the best and most appropriate. The R-Squared test results of 0.6576 as displayed in table 8 suggest that there are numerous different kinds of capital allowance that could improve the efficiency of the businesses under review and that the explanatory factor influences the dependent variable to a degree of 66%, with the remainder accounted for by the error term. The F-statistic of 9.4864 and the p-value of less than 1%, which also implies goodness of fit, corroborate the significance of the explanatory factors. There is no autocorrelation issue, as shown by the Durbin Watson of 1.9725. The total outcome in table 8 demonstrates how capital allowances have a major impact on the operational efficiency of Nigerian listed consumer goods companies. Initial (IA) and annual allowances (AA) showed positive and significant effects on assets turnover (ATO) with (T-Stat= 2.1767, $p < 0.01$), and (T-Stat= 2.8091, $p < 0.05$), respectively, based on the regression outcomes for each of the explanatory factors. The outcome demonstrates that when businesses have access to capital allowance, their efficiency will increase. When approved, a capital allowance will reduce the tax burden on businesses and hence boost productivity. The results are consistent with those of (Kurira et al., 2017; Nduati et al., 2017; Ahakiri & Oboh, 2017; and Agudu & Ohaka, 2013) who discovered a favorable and significant impact of capital allowance on industrial enterprises performance in Nigeria and Kenya. Additionally, this suggests that once there is a sizable increase in the capital allowance given to these enterprises, they will have enough money to fund their assets without disposing of their inventory or turning to other sources of funding and will be able to fulfill their daily operating demands. The findings of this study refute those of (Muruny, 2021; Ochieng et al., 2020; Nadia, 2015), who showed that capital allowance had a detrimental impact on performance.

Table 8. Regression Analysis of Capital Allowance and Assets Turnover

Variable	Pooled Effect		Fixed Effect		Random Effect	
	Coeff.	T-Stat	Coeff.	T-Stat	Coeff.	T-Stat
C	1.8564	5.9843	1.8054	4.7455	1.7954	5.2065
IA	0.0239	1.3163***	0.0191	2.1767***	0.0193	2.1325**
AA	-0.1675	3.2086	0.1591	2.8091**	0.1573	3.0317**
BC	0.1564	2.2326**	0.0418	0.6054	0.0597	0.8711
LEV	-0.1497	-0.6389	0.2877	1.4470	0.2295	1.1238
GRT	0.0272	0.9747	0.0048	0.3127	0.0067	0.3198
R ²	0.2363		0.6576		0.2265	
Adjusted R ²	0.2183		0.5883		0.2075	
F-Statistics	2.8416		9.4864		2.3754	
F-stat p-val.	0.0198		0.0000		0.0450	
Durbin Watson	1.5311		1.9725		1.7036	

Source: Authors' Computation, 2023.

Discussion of Findings

Table 8 illustrates the impact of capital allowance on efficiency of operations and demonstrates how capital allowance positively impacted operational efficacy as determined by asset turnover. Turnover of assets will increase by 2% for every unit increase in the initial allowance and by 15% for every further unit increase in the yearly allowance. It was clear from the regression's results that capital allowance had a significant and favorable impact on operating efficiency. This is due to the fact that capital allowances allow businesses to claim certain financial savings that they might utilize to boost productivity, which in turn could lead to efficiency and economic growth. According to the study's findings, capital allowance plays a crucial role in improving capacity utilization when making asset management choices. Businesses gain from capital allowances because they are spared the monetary loss and current asset disposal that would have come from unpaid taxes. The outcomes align with the findings of Kuria et al. (2017) and Ahakiri & Oboh (2017), who found that capital allowance had a positive and noteworthy effect on industrial firms. The results of this investigation contradict the conclusions of (Muruny 2021; Ochieng et al., 2020), which demonstrated that capital allowance had negative effect on performance.

Conclusion and Recommendations

The study looked at listed manufacturing enterprises in Nigeria and their capital allowance and operational performance. The outcome demonstrates that initial and yearly allowance had a favorable and significant impact on the asset turnover of the sampled enterprises. The study came to the conclusion that capital allowances have the potential to affect how well Nigerian consumer products companies operate. The report thus urges the Nigerian government to evaluate the capital allowances now enjoyed by businesses and that greater capital allowances be awarded to more consumer goods businesses in order to increase their operational effectiveness and financial success.

Limitation and Areas for Further Research

The following are the limitations of the current study and the directions for future research. The study only took into account consumer products companies and concentrated on capital allowances, which are a component of tax incentives. Future research should try to extend this analysis by taking into account more tax breaks and other significant economic sectors.

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