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EVALUATION OF CORPORATE GOVERNANCE AND TAX COMPLIANCE OF LISTED FINANCIAL INSTITUTIONS IN NIGERIA

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ABSTRACT

This study examines the impact of corporate governance mechanisms on tax compliance among listed financial institutions in Nigeria, drawing on Institutional Theory and the Theory of Planned Behavior to explain managerial and organizational behavior. A qualitative research approach was adopted, with data collected through semi-structured interviews with board members, audit committee representatives, and tax managers of selected institutions from 2014 to 2024. Findings reveal that strong corporate governance practices significantly improve tax compliance levels. Specifically, institutions with independent boards, active audit committees, and higher levels of managerial transparency demonstrate greater adherence to tax regulations. Conversely, weak governance structures and concentrated ownership were associated with aggressive tax avoidance and non-compliance tendencies. The study further discovered that regulatory oversight, ethical leadership, and effective internal control systems play pivotal roles in curbing non-compliant practices and promoting fiscal discipline within the financial sector. Challenges hindering compliance included complex tax laws, frequent policy changes, limited staff knowledge, and inadequate enforcement. The study concludes that corporate governance mechanisms significantly influence tax compliance among listed financial institutions in Nigeria. Based on the findings, the study recommends strengthening board independence, improving audit committee oversight, enhancing staff training, upgrading digital tax reporting systems, and simplifying tax policies to promote compliance. The study contributes to the understanding of

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governance-tax compliance dynamics in the Nigerian financial sector and provides actionable insights for policymakers, corporate managers, and regulatory authorities.

KEYWORDS: - Audit committees, Board characteristics, financial institutions, Ownership structure, Tax compliance.

Word Count: 227

1.0 INTRODUCTION

Corporate governance may be broadly understood as the framework of rules, processes, and relationships through which corporate entities are directed and controlled. It determines how objectives are set, how performance is monitored, and how the interests of diverse stakeholders, shareholders, managers, regulators, and the public, are balanced. The Organization for Economic Co-operation and Development. Good governance provides mechanisms for effective oversight, thereby reducing managerial opportunism and encouraging responsible corporate behavior. Strong governance mechanisms, such as independent boards, effective audit committees, and transparent ownership structures, are therefore expected to minimize misconduct and foster compliance with financial and legal obligations (OECD, 2023).

Tax compliance, in contrast, reflects the degree to which firms and individuals adhere to tax laws by disclosing accurate financial information, filing returns within deadlines, and paying taxes when due. In Nigeria, the Federal Inland Revenue Service (FIRS) is responsible for tax administration and has introduced reforms such as digital platforms, stricter enforcement measures, and increased penalties for non-compliance. Despite these efforts, non-compliance remains widespread, manifested in tax evasion, avoidance schemes, and underreporting of taxable income. For financial institutions, particularly those listed on the Nigerian Exchange Group (NGX), this issue is critical because they contribute significantly to national revenue and serve as key intermediaries in the financial system (Desai, & Dharmapala, 2006).

In practice, however, the Nigerian financial sector has faced recurring governance and compliance challenges. Regulatory codes issued by the Central Bank of Nigeria (CBN), the Securities and Exchange Commission (SEC), and the Financial Reporting Council outline clear governance expectations, yet numerous institutions continue to exhibit weaknesses. Allegations of aggressive tax planning, creative accounting, weak audit oversight, and board inefficiencies highlight a disconnection between policy frameworks and actual practices. These lapses not only diminish government tax revenue but also erode investor confidence, threaten financial stability, and undermine Nigeria’s broader economic reform agenda (Okike, 2007).

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The literature suggests that corporate governance plays a pivotal role in shaping firms' tax compliance behavior. For instance, independent boards are better positioned to curb opportunistic decisions, large boards may provide diverse expertise for effective monitoring, while robust audit committees can enhance the credibility of financial reporting. Ownership structure also influences compliance, as concentrated ownership may encourage transparency, whereas dispersed ownership might weaken monitoring incentives. Although these relationships are well documented in studies of manufacturing and non-financial firms, limited empirical evidence exists for the financial sector despite its strategic importance (Minnick, & Noga, 2010). This study therefore seeks to fill this gap by evaluating the extent to which corporate governance mechanisms, specifically board characteristics, audit committee effectiveness, and ownership structure, affect tax compliance among listed financial institutions in Nigeria. It also aims to identify the major challenges impeding compliance within the sector. In doing so, the study contributes to both theory and practice by clarifying the governance, compliance nexus in a critical industry. The findings are expected to provide regulators, policymakers, and corporate leaders with evidence-based insights for strengthening governance frameworks, enhancing tax compliance, and ultimately promoting accountability and transparency in Nigeria's financial system (Halioui, Neifar, & Abdelaziz, 2016).

2.0 LITERATURE REVIEW

Corporate governance and tax compliance remain at the center of scholarly and regulatory debates in developing economies. A large number of studies have attempted to explain how governance structures influence compliance behaviour, yet the evidence remains mixed and context-dependent.

The Organization for Economic Co-operation and Development (2023) emphasized that corporate governance is fundamentally a system of relationships between boards, managers, shareholders, and regulators, designed to ensure accountability and performance monitoring. Within this framework, governance is not merely about board structures but about the culture of transparency and disclosure that sustains compliance. However, the Nigerian context often reveals a disconnect between the existence of governance codes and their effective implementation. In one of the earliest detailed analyses of Nigerian corporate governance, observed that the adoption of governance codes had not translated into substantive accountability. She argued that weak enforcement, coupled with a culture of regulatory tolerance, undermined the ability of governance structures to restrain management excesses. This tension between formal codes and practical enforcement creates the backdrop for exploring tax compliance in the financial sector (Okike, 2007).

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Several Nigerian studies have established a link between governance mechanisms and tax compliance. Salaudeen and Abdulwahab (2022), for example, found that firms with larger and more independent boards were more likely to disclose accurate financial information, thereby reducing opportunities for tax avoidance. Their study provided evidence that board independence promotes ethical decision-making, particularly in tax matters. Similarly, Alqatan, Chemingui, and Arslan, (2024), demonstrated that effective audit committees play a significant role in constraining aggressive tax practices among Nigerian deposit money banks. They argued that audit committee size, expertise, and frequency of meetings were critical in determining the extent of compliance with tax regulations. These findings reinforce the view that internal governance mechanisms serve as a first line of defense against tax evasion.

However, not all evidence points in the same direction. Ugbah, Amahi, and Offor (2023) reported that concentrated ownership structures sometimes encourage tax avoidance, as controlling shareholders can exert undue influence on financial reporting and disclosure. Their study noted that when ownership is dominated by a small group, there is often less incentive to comply with regulations if non-compliance benefits the dominant owners. This view contrasts with earlier studies that suggested ownership concentration enhances monitoring and discipline. The divergence highlights the complexity of governance mechanisms and their varying effects on compliance.

In the broader African context, governance challenges are often shaped by institutional voids. Nichelatti and Hiilamo (2024). argued that in Sub-Saharan Africa, weak governance systems interact with low levels of tax morale, producing persistently high levels of non-compliance. Hiilamo (2022) supported this line of reasoning, noting that compliance in developing countries is less a product of technical enforcement than of the governance culture within firms. Both studies highlight that corporate governance cannot be examined in isolation from the broader institutional environment in which firms operate.

Recent studies continue to document the limitations of Nigeria's regulatory reforms. Ifeanyi et al, (2024) observed that despite multiple tax reforms introduced by the Federal Inland Revenue Service, many listed financial institutions still exploit loopholes in the tax system. The study attributed this persistence of non-compliance to weak board oversight and a culture of aggressive tax planning. Similarly, Adamu and Ugwudioha (2025) found wide inconsistencies in the application of governance codes across financial institutions, resulting in significant variations in compliance behaviours. These studies collectively suggest that regulatory reforms have yet to achieve uniform adherence to governance and compliance standards.

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Other contributions emphasize the broader implications of poor compliance. Adekunle and Adeyemo, (2022) argued that corporate accountability failures and tax non-compliance erode public trust in Nigeria's financial system, undermining investor confidence and reducing the credibility of the regulatory environment. Johnson and Omodero, (2021), reinforce this concern by showing that irregularities in governance practices directly reduce government revenue and weaken fiscal sustainability. The practical insights from these reports align with academic studies that stress the need for stronger governance structures to ensure compliance.

Taken together, the reviewed literature shows some consensus on the importance of governance mechanisms, such as board independence, audit committees, and ownership structures, in shaping compliance outcomes. Nevertheless, it also reveals substantial gaps. First, while many studies have examined manufacturing and non-financial firms, there is a shortage of evidence focusing specifically on listed financial institutions in Nigeria, even though they are expected to demonstrate the highest levels of governance and compliance. Second, the mechanisms through which governance structures influence compliance, whether through board monitoring, audit oversight, or ownership concentration, remain contested, with some studies reporting positive associations while others find enabling effects for avoidance. Third, international perspectives highlight the role of institutional quality in shaping governance outcomes, but little is known about how Nigeria's unique regulatory and institutional environment mediates the governance compliance relationship (Adegbite, Amaeshi, & Nakajima, 2013).

This body of work underscores the need for focused inquiry into the Nigerian financial sector, where governance codes are most elaborate and where the sector's contribution to tax revenue is most significant. By addressing these gaps, the present study aims to provide sector-specific insights that will inform policy, strengthen enforcement, and enhance public trust in Nigeria's financial system.

3.0 THEORETICAL FRAMEWORK

The theoretical foundation of this study rests on two well-established perspectives in corporate governance and business ethics: Agency Theory and Stakeholder Theory. These theories provide the analytical lenses through which the study examines how governance mechanisms influence tax compliance in financial institutions. Each of these theories highlights different, yet complementary, dimensions of corporate governance and its role in ensuring that organizations discharge both their economic and social responsibilities effectively.

Agency Theory was popularized by Jensen and Meckling (1976) and has since become one of the most influential frameworks in understanding organizational governance and managerial behaviour. At its core, the theory focuses on the contractual relationship between principals (the

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owners or shareholders of an organization) and agents (the managers who are hired to run the business on their behalf). According to the theory, this relationship is characterized by the problem of divergent interests, where managers, as rational economic actors, may pursue personal goals that are not fully aligned with those of the shareholders.

In the context of financial institutions, the potential for agency conflict is heightened due to the complexity of operations, the vast resources at managers' disposal, and the regulatory environment within which these institutions operate. Tax compliance represents a particularly sensitive area where agency problems can manifest. Managers may be incentivized to minimize reported taxable income through aggressive tax planning, underreporting, or even deliberate evasion, especially when such actions create the appearance of higher after-tax profitability. While these practices may temporarily increase shareholder value or managerial rewards, they expose the firm to regulatory sanctions, reputational risks, and long-term financial instability (Wongsinhirun et al, 2024).

Agency Theory therefore underscores the importance of corporate governance structures as mechanisms to reduce the information asymmetry between principals and agents, and to align managerial actions with shareholder and organizational interests. Mechanisms such as independent boards of directors, effective internal controls, transparent disclosure practices, and active audit committees act as checks that discourage opportunistic behaviour. In the realm of tax compliance, these governance tools ensure that managers do not sacrifice legal and ethical obligations in pursuit of short-term financial gains. Instead, they promote compliance with tax laws and cultivate trust between the institution and its regulators (Uwuigbe, Uwuigbe, Jafaru, Igbinoba, & Oladipo, 2016).

Furthermore, Agency Theory provides a framework for understanding why weak corporate governance often correlates with higher levels of tax non-compliance. In financial institutions where oversight structures are poorly developed or compromised, managers are more likely to exploit loopholes, underreport revenues, or engage in aggressive avoidance schemes. Conversely, strong governance reduces the latitude for such opportunism, thus reinforcing the idea that tax compliance is not simply a matter of legal enforcement but also of internal governance discipline (Ghorbel & Boujelben, 2025).

While Agency Theory offers an owner–manager perspective, Stakeholder Theory, introduced by Freeman (1984), expands the discussion by situating the firm within a broader social and institutional environment. This theory argues that businesses do not operate in isolation; rather, they exist as part of a network of relationships with multiple stakeholders, including employees, customers, suppliers, regulators, government agencies, and the wider community. Each of these

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stakeholders has a legitimate interest in the decisions and actions of the firm, and the long-term success of the organization depends on balancing these diverse and sometimes competing claims (Ofoegbu, & Megbuluba, 2016).

From this perspective, tax compliance is not merely a legal or financial issue; it is a moral and social responsibility. Taxes represent the contributions of businesses to the common good, funding essential public services such as infrastructure, healthcare, education, and security. For financial institutions, which often enjoy significant economic advantages and play a critical role in the economy, fulfilling tax obligations is a way of legitimizing their operations and demonstrating accountability to society. Non-compliance, on the other hand, may erode public trust, damage reputations, and invite stricter government scrutiny (Wang et al, 2023).

Corporate governance plays a vital role in operationalizing the principles of Stakeholder Theory. By embedding accountability, fairness, and transparency into organizational processes, governance mechanisms create an environment where firms are motivated to act responsibly toward all stakeholders, not just shareholders. In terms of taxation, good governance ensures that decision-making processes weigh the long-term benefits of compliance, such as reputational integrity and social goodwill, over short-term gains from avoidance (Babatunde, & Olaniran, 2019).

In financial institutions, where interactions with regulators and government agencies are especially significant, tax compliance becomes a visible indicator of responsible governance. Firms that pay taxes fairly are seen as partners in national development, whereas those that exploit loopholes risk is being perceived as socially irresponsible. Stakeholder Theory therefore complements Agency Theory by emphasizing the external dimension of governance, not only aligning the interests of shareholders and managers but also ensuring that the firm's obligations to broader society are fulfilled (Putri et al, 2024).

Together, Agency Theory and Stakeholder Theory provide a comprehensive foundation for this study. Agency Theory explains the internal dynamics of corporate governance, focusing on the mechanisms that align managerial behaviour with shareholder interests and discourage tax-related opportunism. Stakeholder Theory, in turn, situates tax compliance within the broader societal context, highlighting the ethical and social obligations of firms toward multiple constituencies (Eisenhardt, 1989).

For financial institutions, these theoretical perspectives reinforce the idea that corporate governance is not just a technical requirement but a strategic necessity. Effective governance reduces agency costs, ensures managerial accountability, and promotes compliance with

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statutory obligations. At the same time, it positions the institution as a responsible stakeholder in society, contributing to national revenue and supporting socio-economic development through tax compliance (Donaldson, & Preston, 1995).

By grounding this study in these two theories, a strong conceptual lens is established for analyzing the interplay between governance mechanisms and tax compliance behaviour. Agency Theory provides insights into how internal structures influence compliance, while Stakeholder Theory broadens the analysis to include the external expectations and responsibilities of financial institutions. Together, they demonstrate that good corporate governance is central not only to minimizing opportunistic behaviour but also to fostering transparency, fairness, and social legitimacy in the tax practices of financial institutions (Jensen, & Meckling, 1976).

4.0 EMPIRICAL REVIEW

Ogbeide and Obaretin (2018) explored the relationship between corporate governance and tax aggressiveness using data from 85 non-financial listed firms across a five-year period. Employing the Generalized Method of Moments technique, their study offered rigorous evidence that certain governance structures directly influence the aggressiveness of tax planning. Empirical studies examining the interaction between corporate governance and tax compliance in Nigeria have consistently highlighted the pivotal role that governance mechanisms play in shaping firms' tax behaviors and financial discipline. In one of the more robust analyses, specifically, they found that ownership concentration and managerial ownership increased tax aggressiveness, suggesting that when managers or dominant shareholders hold significant control, they are more likely to pursue aggressive tax minimization strategies to boost short-term profitability. In contrast, larger board size, gender diversity, and board independence were associated with lower tax aggressiveness, indicating that diverse and independent boards tend to prioritize compliance, ethical conduct, and long-term sustainability. This empirical evidence supports the argument that strong corporate governance mechanisms act as internal checks on managerial opportunism, especially in environments with weak institutional enforcement such as Nigeria.

The findings of Ogbeide and Obaretin (2018) align with those of Onyali and Okafor (2018), who investigated similar dynamics in 44 quoted manufacturing firms on the Nigerian Stock Exchange, using a longitudinal dataset spanning twelve years and employing OLS regression analysis. Their results confirmed that board independence and board size were significant determinants of firms' tax behavior. Firms with more independent directors and larger boards were less inclined to engage in aggressive tax planning. This suggests that the presence of independent directors, who are not directly tied to management, strengthens oversight and discourages excessive risk-taking in tax matters. By showing consistency with Ogbeide and

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Obaretin (2018), the work of Onyali and Okafor (2018) reinforces the conclusion that effective governance frameworks, particularly those that emphasize independence and diversity at the board level, provide a protective mechanism against aggressive and potentially non-compliant tax strategies. Importantly, their longitudinal design highlights how these governance mechanisms exert influence over time, thereby demonstrating the enduring role of governance in shaping corporate behavior.

Okoye & Akenbor (2012) examined tax compliance challenges in Nigeria's informal sector. While their focus was not strictly on listed companies, their insights are highly relevant because they provide context on the broader institutional weaknesses that influence compliance behavior. Their study, based on surveys and macroeconomic data covering two decades, revealed that systemic issues such as weak tax administration, corruption among officials, outdated policies, and poor government service delivery undermine compliance. Respondents in their study also noted that high tax rates and widespread distrust in tax authorities discouraged voluntary compliance. These findings highlight that corporate governance within firms cannot be analyzed in isolation from the external tax environment in which companies operate. In contexts where trust in public institutions is low and enforcement mechanisms are weak, firms may feel emboldened to exploit loopholes or engage in aggressive tax avoidance, regardless of internal governance frameworks. Thus broadens the conversation, demonstrating that effective corporate governance must be complemented by institutional reforms to produce meaningful improvements in tax compliance.

Uwuigbe, Peter, and Oyeniyi (2014) assessed the relationship between board structure and earnings management in 40 Nigerian listed companies over a five-year period. Although their research focused on earnings manipulation rather than tax practices directly, the implications are significant. They discovered that larger and more independent boards were associated with reduced levels of earnings management, while firms where the CEO also served as board chair (CEO duality) were more prone to manipulating earnings. This suggests that governance mechanisms that strengthen board independence and ensure a separation of powers between executive and oversight roles reduce the likelihood of opportunistic behavior by management. Since earnings management and tax aggressiveness often stem from the same desire to present a more favorable financial position, the study provides indirect but powerful evidence that robust governance structures also contribute to better tax compliance. By linking governance to financial reporting integrity, their findings emphasize the broader impact of governance on ethical corporate behavior and accountability.

Okoye and Akenbor (2012) analyzed that corporate governance mechanisms such as board size, independence, diversity, and separation of roles consistently act as deterrents against aggressive

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and non-compliant practices. They also reveal how ownership structures, particularly concentrated or managerial ownership, can incentivize managers to prioritize short-term profit gains over compliance with tax laws. Moreover, the broader institutional environment, as highlighted, plays a critical role in either reinforcing or undermining firm-level governance mechanisms. In contexts where tax policies are complex, administration is weak, and enforcement is selective, even strong governance structures may struggle to achieve full compliance. However, in firms where governance mechanisms are robust, the likelihood of compliance improves significantly, even within weak institutional settings.

5.0 METHODOLOGY

This study employed a qualitative research design to examine the relationship between corporate governance mechanisms and tax compliance among listed financial institutions in Nigeria between 2014 and 2024, a period marked by significant governance reforms and heightened regulatory oversight. Using semi-structured interviews with purposively selected participants including board members, compliance officers, tax managers, and audit committee representatives the study explored how governance attributes such as board composition, ownership concentration, and audit committee effectiveness influence tax compliance behaviour. The purposive sampling technique ensured that only respondents with relevant expertise contributed, thereby enhancing the reliability and contextual richness of the data. The interviews also examined institutional challenges such as policy inconsistency, weak regulatory enforcement, and limited transparency that impede full compliance. Data were transcribed and analysed using thematic content analysis, allowing for the identification of key themes and patterns aligned with the study's objectives. This method provided deep insights into how governance structures shape compliance outcomes and informed policy recommendations for strengthening transparency, accountability, and voluntary tax compliance in Nigeria's financial sector.

6.0 RESULTS

The findings from interviews with experts in listed financial institutions in Nigeria revealed several insights regarding the relationship between corporate governance mechanisms and tax compliance. The responses were analyzed according to the study's objectives and compared with existing empirical literature.

First, regarding board characteristics, interviewees emphasized that the composition and function of a company's board significantly influence adherence to tax regulations. Boards with independent members who are not part of management, possess financial knowledge, and convene regularly were found to promote proper tax compliance. Participants highlighted, that independent directors encourage fairness and oversight, while financially literate members help

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identify and address discrepancies in tax reporting. Regular board meetings ensure that tax issues are discussed promptly and effectively. These observations align with the findings of Ogbeide and Obaretin (2018), who reported that strong and independent boards reduce aggressive tax behavior, Uwuigbe, Peter, and Oyeniyi (2014), who observed that financially competent boards enhance adherence to tax laws.

Second, the effectiveness of audit committees emerged as a crucial factor in tax compliance. Respondents indicated that audit committees with independent, finance-savvy members who regularly review tax documents play a critical role in detecting errors and ensuring accurate reporting. Effective committees were described as improving accountability and preventing risky tax strategies. These insights corroborate the studies of Onyali and Okafor (2018), who emphasized that robust audit committees mitigate tax evasion, Onatuyeh and Ukolobi (2021), who found that diligent committees enhance compliance and increase the reliability of financial reporting.

Third, the structure of ownership within financial institutions was highlighted as a significant determinant of tax behavior. Interviewees observed that firms dominated by concentrated or family ownership sometimes pursued aggressive tax avoidance to maximize profits. Conversely, institutions with large institutional investors, such as pension funds or foreign stakeholders, demanded transparency and compliance with tax laws. These perceptions are consistent with Ngozi and Omaliko (2022), who reported that concentrated ownership increased tax risk, whereas firms with institutional investors demonstrated more responsible tax behavior.

Finally, participants identified several challenges hindering effective tax compliance. Frequent policy changes, complex and unclear tax regulations, weak enforcement, limited staff tax knowledge, and outdated technology systems were all cited as obstacles. Experts emphasized that these challenges create confusion, reduce the effectiveness of compliance efforts, and increase the risk of errors. The findings mirror the conclusions of Okoye and Akenbor (2012), who noted that poor taxpayer education and weak enforcement discourage compliance, Adegbite, Amaeshi, and Nakajima (2013), who highlighted the need for stronger regulatory oversight and simplified tax policies in Nigeria.

7.0 DISCUSSION OF FINDINGS

This study investigated the influence of corporate governance on tax compliance among listed financial institutions in Nigeria. The findings indicate that corporate governance structures, particularly board composition, audit committee effectiveness, and ownership patterns, play a critical role in shaping tax compliance behavior.

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Firstly, the composition of the board emerged as a key determinant of compliance. Boards with independent members, financial expertise, and regular meetings were reported to foster transparency, accountability, and adherence to tax regulations. Interviewees emphasized that such boards discourage opportunistic behaviors and ensure tax matters are properly addressed. These findings align with Ogbeide and Obaretin (2018), who reported that strong board oversight reduces aggressive tax behavior, Uwuigbe, Peter, and Oyeniyi (2014), who observed that competent and independent boards enhance ethical financial practices, including tax compliance.
Secondly, the study highlighted the importance of effective audit committees. Respondents noted that audit committees with independent, skilled members who diligently review tax matters improve compliance and reduce the likelihood of tax avoidance. This is consistent with Onyali and Okafor (2018), who found that robust audit committees mitigate risky tax strategies, and Onatuyeh and Ukolobi (2021), who emphasized that active committees promote accurate financial reporting and responsible tax practices.

Thirdly, ownership structure significantly influenced tax behavior. Firms dominated by concentrated or family ownership were more prone to aggressive tax avoidance, whereas companies with institutional or foreign investors exhibited higher compliance levels due to greater scrutiny and accountability. These observations corroborate the findings of Ngozi and Omaliko (2022), Omaliko et al. (2021), who reported that broader and more institutionalized ownership encourages responsible tax practices.

Finally, several systemic challenges were identified as barriers to effective compliance. Interviewees cited complex tax laws, frequent policy changes, weak enforcement, poor communication with tax authorities, and inadequate staff training as factors that hinder compliance. These challenges are consistent with earlier studies by Okoye and Akenbor (2012), who highlighted confusion in tax administration, who noted weak regulatory enforcement and technological deficiencies in Nigerian tax systems (Adegbite et al, 2013).

8.0 CONCLUSION AND RECOMMENDATIONS

This study concludes that corporate governance mechanisms significantly influence tax compliance among listed financial institutions in Nigeria. Independent and financially literate board members, coupled with active and diligent audit committees, were found to enhance transparency and adherence to tax regulations. Ownership structure also plays a pivotal role, as companies with institutional investors demonstrated higher compliance levels, while those with concentrated ownership were more prone to tax avoidance. Despite the positive impact of governance structures, systemic challenges, including complex and frequently changing tax laws, weak enforcement, inadequate staff knowledge, and outdated digital systems, were identified as barriers that hinder full compliance. These findings corroborate previous studies and underscore

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the need for a dual approach that strengthens both internal governance and the external tax environment.

Based on the findings of the study, the following recommendations were made to improve tax compliance among listed financial institutions in Nigeria:

i. **Enhance Board Independence**: Companies should ensure that their boards include independent, non-executive directors with strong financial expertise, as this enhances objectivity and oversight over tax matters.

ii. **Modernize Digital Tax Systems**: Financial institutions and tax authorities are encouraged to modernize and upgrade digital systems for efficient tax reporting, filing, and monitoring, which would reduce delays and improve accuracy.

iii. **Strengthen Audit Committees**: Audit committees should comprise professionals with accounting and financial backgrounds who meet regularly to review tax-related issues, as their active engagement can detect irregularities early and discourage aggressive tax strategies.

iv. **Promote Institutional Ownership**: Regulators and policymakers should promote broader institutional ownership in financial institutions, as institutional investors often demand greater transparency and ethical compliance, thereby reducing the likelihood of tax evasion.

v. **Simplify Tax Laws**: The government and tax authorities should simplify tax laws to make them more understandable and consistent, minimizing errors and deliberate avoidance.

vi. **Provide Regular Staff Training**: Regular staff training on current tax policies, compliance procedures, and legal obligations is essential to reduce ignorance and unintentional non-compliance.

vii. **Enforce Stricter Penalties**: Stricter enforcement strategies and penalties should be adopted by tax regulatory bodies to discourage deliberate non-compliance and reinforce adherence to tax obligations.

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