TAX AGGRESSIVENESS AND TIMELINESS OF FINANCIAL REPORTING IN NIGERIA FINANCIAL SECTOR

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ABSTRACT

This research explores the effect of tax aggressiveness on the timeliness of financial reporting. This research, comprising a survey of 50 companies operating in Nigeria's financial sector, gained insights from the stakeholders' theory to investigate the impact of tax aggressiveness on the timeliness of financial reporting. Tax aggressiveness was measured using variables such as tax avoidance, taxable income, book-tax difference and book effective tax rate. We analysed the data using the logistics regression method. Empirically, the results showed that there is a significant positive association between the tax avoidance and the timeliness of financial reporting. Taxable income revealed a positive and significant relationship with timeliness of financial reporting. Book-tax difference indicates a negative and an insignificant relationship to the financial reporting timeliness. While, book effective tax rate revealed a positive and insignificant association with the timeliness of financial reporting. Overall, this indicates that Nigerian financial firms' tax aggressiveness has a bigger effect on the timeliness of financial statements. It therefore recommends that corporate strategies and policies should take into account the tax planning and structure when drawing up the company's strategic framework.

Keywords: Tax Aggressiveness, Timeliness of Financial Reporting, Tax Avoidance, Book Effective Tax Rate, Stakeholders Theory.

INTRODUCTION

Professional accountants, audit practioners and other stakeholders have recognised timeliness of financial report as a critical attribute of financial reporting quality (McGee & Tarangelo, 2008). A true test of managerial efficiency and effectiveness is the ability to ensure prompt presentation and publication of reliable financial information, this will improve the image of corporate bodies. Any delay in such act will give access to some set of investors, primarily those who are wealthy or influential, to acquire costly private unreleased information and lead to information asymmetry. A perceived delay in published financial information will increase the chances of uncertainty faced with key investment decisions (Aktas & Kargin, 2011). Furthermore, an increasingly perceived delay connotes a drop in the quality content of such information. (Ettredge et al., 2006). For the financial information to be timely, it is important to capture all aspects of a transaction, or other events are well known, thus impairing reliability (Sengupta, 2004).

A critical factor that can affect the timeliness of financial reporting is tax aggressiveness. Tax aggressiveness can be seen as a strategic scheme employed by taxpayers to reduce the amount of money they pay to the government from their profit (Hanlon & Heitzman, 2010). They achieve this by taking advantage of loopholes in the laws to reduce

their profit within the ambits of the law in order not to attract cost from the tax authorities and the society as a result of engaging in tax aggressive acts.

Engaging in aggressive tax activities confers on the company, on the one hand, benefits in the form of tax savings which leads to an increase in the cash flow and wealth of the organisation which translates to an increase in the wealth of the shareholders in the long-run (Huseynov & Klamm, 2012). On the other hand, engaging in aggressive tax activities is associated with costs such as the reputational cost of being labelled a tax defaulter and socially irresponsible (Christensen & Murphy, 2004). These activities could also lead to a fall in the market value of the company if news of such activity is perceived negatively by the stock market.

Several reasons have been suggested in research on the impact of tax aggressiveness on the timeliness of financial reporting. Desai & Dharmapala (2006) indicate that a potential linkage between tax planning, managerial opportunism and complex tax structures, may stimulate further enquiry during financial statement audits which may delay the financial report. The cumbersome nature of tax planning behaviour connotes that tax aggressiveness can be use wrongly by managers and, because of the concomitant lack of financial transparency that it may induce (Ying et al., 2017). The case of Enron clearly showed how the behaviour of managers toward tax aggressiveness crippled the going concern of the firm. The tax scheme was aggressive and challenging to all the department but they benefitted from such scheme. This act was kept form the investors but eventually got released and investors lost confidence in the board and resulted to the drop in the share price of the company. (Li et al., 2016).

However, several studies measure their timeliness using the time lag of the firms computed from the financial year-end to the time the annual report was signed for publication while neglecting the statutory requirement for reporting. Timeliness computed using the audit reporting lag (ARL) which is ascertained as the number of days from the financial year-end to the time the audit practioners signed the report for publication which does not depict delay, this measure has a flaw for ignoring post-audit functions. However, these articles failed to clearly express if the companies under study published their reports within the statutory requirement of ninety days (90) as required by the Security and Exchange Commission. To clearly decipher firms that delay in reporting financial information, the study will use a dummy variable to capture this delay, i.e. beyond the statutory requirement, the study code it as 1 but otherwise, we code it 0 to address the gap in methodology identified above. Also, few studies (Crabtree & Kubick 2013; Zamani & Barzegar 2015) in developed and developing countries like Nigeria have investigated the effect of tax aggressiveness on the timeliness of financial reporting. This provides the motivation to embark on this study. The question is: to what extent do tax aggressiveness affect the timeliness of financial reporting in Nigeria?

The remaining part of this article is structured as follows: section two includes literature review and hypotheses development relating to tax aggressiveness and timeliness of financial reporting; section three consists of methodology, design and model specification adopted in the study; section four is the results; section five is the discussion; lastly, section six includes the conclusion, recommendations, suggestions for further studies.

LITERATURE AND HYPOTHESES DEVELOPMENT

Tax Aggressiveness and Timeliness of Financial Reporting

Tax aggressiveness is an act of reducing the firm's amount of tax payable through activities that fall on illegal to a grey area category (Lietz, 2013). It means that even though it

does not always count as illegal or fraudulent, the measure taken to reduce taxable income might not be compliant to the law. Tax aggressiveness refers to the effort of corporate entities to reduce tax payments using aggressive tax planning activities and tax avoidance (Chen et al., 2010; Olarewaju, & Olayiwola, 2019). Chen et al. (2010) noted that tax aggressiveness is the corporate manipulation entities engage themselves in, to lower tax income due to a kind of tax planning that can be considered as tax management.

Li, et al. (2016) averred that, tax aggressiveness is likened to a form of wealth transfer exempted from the government but distributed to stockholders. It imperatively boosts corporate values for shareholders and ignores corporate reality of owners and managers. Hence, potential managerial expropriation exists behind aggressive tax behaviour (Li, et al., 2016; Richardson, & Lanis, 2007; Salehi, Tarighi, & Shahri, 2020).

Bauer et al. (2020) argue that tax aggressiveness facilitates the diversion of corporate resources through cash savings and financial reporting opacity. With respect to cash savings, the implementation of aggressive tax planning generates higher cash savings, which provides both the justification and the capacity for large shareholders to siphon cash through related loans from the listed firm. With respect to financial reporting opacity, tax aggressiveness is associated with tunnelling because the complex tax planning that helps obfuscate detection of aggressive tax strategies by tax authorities also helps hide the nature of the underlying transactions from the capital markets (Desai & Dharmapala, 2006).

Managers use tax aggressiveness as a yardstick for self-benefits and chase their own personal expectation at the expense of their shareholders. The use such resource to enrich themselves go on wide and expensive vacation and trips, acquire expensive ornamentals (Hanlon & Heitzman, 2010; Tehupuring, 2016). Often times tax aggressiveness is seen as a mask that shield the personal agender of mangers. Ranging from shift mergers, stock issuance, assets re-evaluation and obscure transfer pricing (related parties) are expropriated which are, in reality, solely for the benefit of management. In this way, the wealth of stockholders is thus invisibly sequestrated.

It is expected that managers, concerned about the exposure of detailed tax strategies, have incentives to control information flows and strive to keep specific planning secret from interested parties such as the tax authorities. Furthermore, the detection risk of tax avoidance by the tax authorities or shareholders whose interests are not aligned with managers could force the managers to make tax-related transactions more complex and information environments opaquer (Bae, 2017). Tax sheltering activities comes with lots of cashflows and earning benefits which is beneficial to the firm, but alongside could trigger information asymmetry. This is evident when manger subscribe to an aggressive tax avoidance strategy this will trigger agency cost because such decision by managers depicts managerial incentive drive at the expense of the stakeholder’s expectations. Furthermore, such decision will increase information asymmetry due to managerial opacity, and the resulting agency costs, potential increase in tax compliance cost resulting from the increase in tax audit services and litigation (Uwuigbe et al., 2019; Ying, et al., 2017).

The increasing focus on ethical behaviour has shed more critical light on tax aggressiveness, which is perceived as a breach of corporate social responsibility by the firms’ stakeholders, including the government and society at large. Different variables have been used to determine the tax aggressive behaviour of corporate organisations but this current study focused on firm specific attributes (Osamudiame et al., 2019).

Studies have shown that tax aggressiveness can be a tax-saving vehicle that reduces costs and increases shareholders’ wealth (Hanlon & Heitzman, 2010; Osamudiame et al., 2019). Thus, to determine the level of tax aggressiveness, firms trade off the marginal benefits against the marginal costs of managing taxes (Chen et al., 2010). The marginal benefits include greater tax savings, whereas the marginal costs include the potential penalty

imposed by tax administrations, implementation costs (time/effort and transaction costs of implementing tax transactions), and the agency costs that accompany tax aggressive activities (Desai & Dharmapala, 2006).

Richardson & Lanis (2007) investigated salient determinants influencing firm's ETR in Australia. The outcome depicts the size, leverage, capital intensity research, development intensity, and tax reform adversely influence the effective tax rates (ETR). Rego (2003) averred that larger firms can plan their tax well and reduce its taxes. This outcome resonates with the findings of Dyreng et al. (2008) who found small firms having higher tax rates. The study of Nugraha & Meiranto (2015) found that CSR and leverage adversely affect tax avoidance. The size and capital intensity have an adverse but not significant effect on tax avoidance. The profitability has an optimistic but non- substantial effect on tax avoidance.

Extant work has provided certain justification on how tax aggressiveness affects the time taken to disclose financial information. Firstly, Desai & Dharmapala (2006) suggested a connection amid tax planning and managerial opportunism. Secondly, complex tax structure may necessities more scrutiny during financial statement audits. Finally, the extent of a firm tax avoidance helps the firm identify other future growth strategy and opportunities.

Desai & Dharmapala (2006) suggested that a complex tax structure create room for managers mask agender. They found companies with weak governance use compensation incentive as a tool to reducing the level of tax avoidance. Hanlon & Heitzman (2010) suggest additional research investigating the implications of Desai & Dharmapala's (2006) theory is warranted.

Khadami & Amini (2013) investigated the relation between tax avoidance and debt cost, and the impact of institutional ownership on this relation in the listed companies in Tehran Stock Exchange from 2001 to 2010. The results showed an adverse association between tax avoidance and debt cost. Balakrishnan et al. (2019) examine the impact of tax aggressiveness and corporate transparency. The result revealed that tax planning resonates with lower corporate transparency. The outcome further revealed that managers of firms attempt to reduce these transparency problems by increasing various tax related disclosure. In the same vein, Allen et al. (2016) conclude that analyst demand for more transparent information led to reduce tax aggressiveness.

Zamani & Barzegar (2015) examined the impact of corporate governance on the relationship between tax avoidance and timeliness of financial reporting of listed companies in Tehran. 85 firms were selected from the Tehran Stock Exchange from 2009-2013 as sample size. The result from the study reveals a substantial association between tax avoidance and timely financial report.

Crabtree & Kubick (2013) investigated corporate tax avoidance and timeliness of annual earnings announcement. The study employed a sample size of 16,340 firms from 1993 – 2010. The result from the finding showed that tax avoidance has a significant impact on the timeliness of financial reporting. Based on this background, the hypothesis states that:

H1: Tax Avoidance is not significantly related to timeliness of financial reporting.

H2: Taxable Income has no significant relationship with timeliness of financial reporting.

H3: Book-Tax Difference has no significant relationship with timeliness of financial reporting.

H4: Book Effective Tax Rate has no significant relationship with timeliness of financial reporting.

METHODOLOGY

This study adopted the use of *ex-post facto* research design. The *ex-post facto* research design helps to establish the causal effect among variables between dependent and

independent variables. This study is based on dynamic panel data since it involves the combination of time series and cross-sectional method in pooling the required data (Umukoro et al., 2020; Uwuigbe et al., 2018).

Sample Formation

The sample size for this study is 50 companies for the period of 2012 to 2018 for companies listed in the Nigerian financial sector. The rationale for selecting this period is based on the basis of uniformity in financial information as a result of the adoption in 2012 of International Financial Reporting Standards (IFRS) by all listed firms on the Nigerian Stock Exchange. The choice for 2012 is to ensure conformity and consistency in reporting as a result of the Nigerian Stock Exchange's mandatory adoption of IFRS by listed firms. Because of its attractiveness of the firms listed on the NSE, the financial sector in Nigeria will be of interest to this research. The reason for this sector's choice is based on the fact that on the Nigerian Stock Exchange, the financial segment accounts for 32 per cent of the total market capitalization (NSE Factsheet, 2018). As of 31 December 2018, there are currently 57 companies operating in Nigerian Stock Exchange's financial sector.

VARIABLE MEASUREMENT

Dependent Variables

Timeliness of Financial Reporting: This was proxied using dichotomous procedure of 1 and 0. A firm will score 1 if they disclose their financial report within the statutory requirement of ninety (90) days required by the Security and Exchange Commission (SEC) for quoted firms and 0 if they disclose outside the period.

Independent Variables

This research aims to use several variables as proxies for tax aggressiveness. The variables selected are those based on the previous literature and their related theories are important to the timeliness of financial reporting in Nigerian listed companies. The independence variables used in this study are:

Tax Avoidance: this is measured using natural log of Effective Tax Rate, which is the actual amount of cash paid for each financial year.

Book-Tax Difference: this is measured as the proportion of profit before tax to total asset.

Taxable Income: this is measured as the natural log of current tax expenses.

Book Effective Tax Rate: this is measured as total expense divided by pre-tax book income (Table 1).

Table 1
OPERATIONALISATION OF VARIABLES

Variable	Variable Type	Abbreviation	Measurement	Source
Timeliness of Financial Reporting	Dependent	**TFR**	Measured using the dichotomous procedure of 1 and 0. A firm will score 1 if they disclose their financial report within the statutory requirement with the 90 days and 0 if they disclose outside the period	

Tax Avoidance	Independent	**TAXAVOID**	Measured using natural log of Effective Tax Rate, which is the actual amount of cash paid for the financial year.	Carbtree & Kubick (2014)
Book-Tax Difference	Independent	**BTD**	Measured as the proportion of profit before tax to total asset.	Gebhart (2017)
Taxable income	Independent	**TAXINC**	Measured as the natural log of current tax expenses.	Carbtree & Kubick (2014)
Book Effective Tax rate	Independent	**BETR**	The book effective tax rate calculated as total expense (*TXT*) in year *t* divided by pre-tax book income (*PI*) in year *t*;	Dunbar et al. (2010)

Model Specification and Data Analysis Method

The models developed in this study are anchored on stakeholder theory, it is expected that the organisation maximizes the value of stakeholders by ensuring that the true picture of accounting information is passed to the public. It is expected that accounting information are provided to stakeholders on time so as to enable them to make informed decisions. Since stakeholders are part of company's strategic partners, it is expected that real picture of firms' financial information in terms of financial position, financial performance and the cash flow are disclosed on a timely basis. It is based on this proposition; this study derived the models on tax aggressiveness and timeliness of financial reporting.

Timeliness of financial reporting is posited to be a function of firms' characteristics. This study modified the model of (Crabtree & Kubick, 2013).

$$DELAY_{it} = \beta_0 + \beta_1 TAX_{it} + \beta_2 UE_{it} + \beta_3 EXTR_{it} + \beta_4 LOSS_{it} + \beta_5 OPIN_{it} + \beta_6 FYE_{it} + \beta_7 BIG4_{it} + \beta_8 SIZE_{it} + \beta_9 LIT_{it} + \beta_{10} MTB_{it} + \beta_{11} LEV_{it} + \beta_{12} DISTRESS_{it} + \beta_{13} VOL_{it} + \beta_{14} SHARE_{it} + \beta_{15} PPE_{it} + \beta_{16} ACC_{it} + \delta_{ind} + t + e_{it}$$

However, in line with the study objectives and the Nigeria environment this model was further modified and can be expressed explicitly in equations 1 and 2, respectively.

$$TFR = f(TAXAVOID, BTD, TAXINC, BETR) \quad \text{Eq. (1)}$$

$$TFR = \beta_{0it} + \beta_1 TAXAVOID_{it} + \beta_2 BTD_{it} + \beta_3 TAXINC_{it} + \beta_4 BETR_{it} + \mu_{it} \quad \text{Eq. (2)}$$

Where,
TFR = Timeliness of Financial Reporting; $TAXAVOID_{it}$ = Tax Avoidance; BTD_{it} = Book Tax Difference; $TAXINC_{it}$ = Tax Income; $BETR_{it}$ = Book Effective Tax Rate.
β_0 = Intercept of the regression line, regarded as constant; β_{1-4} = Coefficient or slope of the regression line or independent variables; μ = Error term that represents other independent variables that affect the model but not captured. '*t*' = year or period and *i = firm*

This study specifically made use of binary logistic (logit) regression analysis to illustrate the impact of tax aggressiveness and timeliness of financial reporting among a sample of firms in Nigeria. The logit analysis extends the multiple regression analysis techniques to research situations where the dependent variable is categorical. The relationship between a classifier and the characteristics is not a linear function. In this study, the

dependent variable is qualitative given that it measures whether a company engaged in timeliness of financial reporting or not. It is therefore a categorical variable that can be captured in a binary dummy form of "*1*" for engaging in timeliness of financial reporting, and "0" for not engaging in timeliness of financial reporting.

In the specified logit model for this study, the probability that a company engaged in timely financial reporting is assumed to depend on tax aggressiveness variables as shown in (3) and it is specified as:

$$Pr(Y = 1) = f(TAX) \quad (3)$$

RESULTS

The descriptive statistics in Table 2 show the summary of tax aggressiveness. Tax avoidance (TAXAVOID) reported a mean value of 5.46, a maximum value of 10.54 and a minimum of 0.00. This implies that the sample firm's pay an average of 5.46 as proportion of total tax obligation as actual tax during the financial year-end. For book-tax difference (BTD), the mean value is 0.24, indicating that about 24% of the sampled firms engage in tax aggressiveness. The taxable income (TAXINC) has a mean of 5.80 with a maximum value of 11.4, and minimum value of 4.23. This suggests that the 5.80 billion are estimated as tax payable by the selected firms. In the same vein, book effective tax rate (BETR), has a mean of 0.48, implying that on average, the sampled companies will pay 48% tax using the BETR. The skewness for the tax ratios of BD and BETR is high, while both TAXAVOID and TAXINC have probabilities that indicate that the variables are non-normal distribution.

Table 2
DESCRIPTIVE STATISTICS FOR TAX AGGRESSIVENESS

Variable	Mean	Max	Min	S. D.	Skew.	Kurt.	J-B	Prob	N
TFR	0.49	1	0	0.50	0.06	1.00	53.50	0.00	321
TAXAVOID	5.46	10.54	0	2.28	0.11	3.22	1.28	0.53	321
TAXINC	5.80	11.49	4.23	2.10	0.18	3.20	2.33	0.31	321
BTD	0.24	16.66	0	1.45	9.61	99.92	130567.6	0.00	321
BETR	0.48	27.60	0	2.20	11.01	130.88	225213.6	0.00	321

In Table 3, the correlation matrix for the tax aggressiveness variables is reported. The tax aggressiveness components appear to be relatively strongly correlated among each other. For instance, tax avoidance is highly correlated with tax income ratio and book-tax difference, indicating that tax expenses and tax avoidance are highly related, and they move in the same direction. Also, while book-tax difference is on the increase, the tax avoidance measure is also on the increase. This is a strong indicator of effective tax aggressiveness among the companies in the study. Essentially therefore, the tax obligation variables appear to move in the same direction for the companies. Thus, tax income and book-tax difference are also highly and positively related. However, the book effective tax rate has negative correlation with tax avoidance and book-tax difference, showing that the cost of taxation in a company drives down tax compliance.

Table 3
CORRELATION MATRIX FOR TAX AGGRESSIVENESS

Variable	TAXAVOID	TAXINC	BTD
TAXINC	0.823 (0.000)		
BTD	0.145 (0.009)	0.156 (0.005)	
BETR	-0.071(0.202)	0.064 (0.254)	-0.028 (0.617)

The result of the effects of tax aggressiveness on timeliness of financial reporting is stated in Table 4. the coefficients of tax avoidance indicator (TAXAVOID) and that of current tax expenses (TAXINC) are both positive and significant in the baseline logit estimates. This means that tax avoidance and tax expenses both significantly influence the probability of timeliness of financial reporting. When the marginal effects are considered, the coefficients of TAXAVOID and TAXINC are also the main tax aggressiveness factors that affect the probability that a company will be timely in financial reporting or not. Both of these tax aggressiveness factors are seen to promote timeliness. The other two ratio variables have coefficients that are not significant even in the marginal-effects estimation. Thus, increasing the provisions for tax expenditure by one percentage points has the capacity of increasing the probability of timely financial reporting by 0.054 percent. Essentially the result shows that tax aggressiveness that do not take the profitability of cashflow system of the company into cognizance are the important aspects that can help control the system of financial reporting in the companies as it relates to timeliness.

The logit result also reports impressive Pseudo R-squared value of 0.109. The p-value of the Wald test statistic or LR test (reported in terms of the probability of Chi-square) indicates significance at the 1 percent level (prob < 0.01). This is a very impressive value for the LR test of the overall significance of the estimates. From this result, the null hypothesis of no significant relationship between all the independent variables combined (tax aggressiveness) and the dependent variable (TFR) is effectively rejected. Thus, the estimated model has impressive overall significance.

Table 4
REGRESSION RESULTS FOR TAX AGGRESSIVENESS AND TIMELINESS OF FINANCIAL REPORTING

Variable	Logit estimate			Marginal effects (no means)			Marginal effects (at means)		
	Coef.	z	P>z	Coef.	z	P>z	Coef.	z	P>z
TAXAVOID	0.209*	2.10	0.036	0.052*	2.10	0.036	0.045*	2.16	0.031
TAXINC	0.218*	2.01	0.045	0.054*	2.01	0.045	0.047*	2.05	0.040
BTD	-0.122	-1.46	0.143	-0.030	-1.46	0.143	-0.026	-1.48	0.138
BETR	0.001	0.02	0.982	0.0003	0.02	0.982	0.0003	0.02	0.982
_cons	-2.424**	-5.96	0.00	--			--		
Prob > chi2	0.000			--			--		
Pseudo R2	0.109			--			--		

Note: ** and * indicate significance at 1% and 5% level.

DISCUSSION

From Table 4 the results of model (Tax Aggressiveness and Timeliness of Financial Reporting) are presented which is used for testing the hypothesis. On the basis of the overall statistical significance of the model as indicated by the LR statistic, it was observed that the overall model was statistically significant since the probability value of the calculated LR statistic (p-value = 0.000 < 0.05). This implies that overall, the model passed the significance test at the 5 percent level. The empirical evidence suggests that tax aggressiveness has a

significant influence on the timeliness of financial reporting in the Nigerian financial sector. Therefore, the study rejects the null hypothesis and accept the alternate hypothesis.

Considering the tax aggressiveness variables, the result shows that tax avoidance (TAXAVOID) has a positive and a significant relationship with timeliness of financial reports (TFR) with p-value of 0.036 less than 0.05. This suggests that an increase in tax avoidance will lead to increase in timeliness of financial reporting. It is believed that complex tax structures may engender additional scrutiny during financial statement audits and delay the period of financial reporting submission. Apparently, tax aggressiveness contributes to constraints in maintaining efficient financial reporting in terms of timeliness. Furthermore, the result of taxable income (TAXINC) showed positive and significant relationship with timelines of financial reporting. This implies that increased tax expenses and aggressiveness tends to improve the timeliness of financial reports by the companies. However, the two other coefficients of tax aggressiveness (i.e., book tax difference - BTD and book effective tax rate – BETR both fail the significance test at the 5 percent level. This highlights the fact that tax aggressiveness ratios do not support timeliness of financial reporting among the companies. Rather, it is the tax payment and expenditure items that effectively influence timeliness of financial reporting among the financial industry firms in Nigeria.

CONCLUSION

This research examined the effect of board characteristics on timeliness of financial reporting in Nigeria. In achieving the aims of this study, information was obtained from the annual reports, Nigerian Stock Exchange Factbook and corporate websites of fifty (50) quoted companies in the Nigerian financial sector from 2012 - 2018. A significant linear association exist regarding tax aggressiveness and timeliness of financial reporting in Nigeria. However, in terms of specific variables, the study's finding documents that a significant positive association exist regarding tax avoidance and timeliness of financial reporting. Taxable income revealed a significant positive relationship with timeliness of financial reporting. Book tax difference revealed a negative and an insignificant relationship with timelines of financial reporting. While, book effective tax rate revealed an insignificant positive association with timeliness of financial reporting. It can therefore be concluded that tax aggressiveness in the financial sector affect the timeliness of financial statement. Since the findings of this research reveals that tax aggressiveness influence the timely report of financial report. It therefore recommends that corporate strategies and policies should take into account the tax planning and structure when drawing up the company's strategic framework.

The research marks a substantive methodological advancement by estimating marginal effects on which conclusive outcomes about the direction and magnitude of effects of tax aggressiveness on timeliness of financial reporting was presented. Further studies could consider the impact of market reaction to timeliness of financial reporting.

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