

## Assessment of Deferred Tax Recognition and Measurement under IFRS and Nigeria-SAS: An Empirical Examination

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### **Authors' contributions**

*This work was carried out in collaboration between all authors. Author OCO designed the study and wrote the first protocol. Author EFC performed the statistical analysis, and wrote the first draft of the manuscript. Authors OCO and EFC managed the analyses of the study. Author AMFC managed the literature searches and wrote the updated protocol. All authors read and approved the final manuscript.*

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### **ABSTRACT**

This study examines the recognition and measurement of deferred taxes of manufacturing companies in Nigeria under IAS 12 and Nigerian-SAS. Deferred tax liabilities are recognized for taxable temporary differences and deferred tax assets are recognized for deductible temporary differences. The specific objective of the study is to determine the magnitude of change in deferred tax assets, deferred tax liabilities, and current taxes following the adoption of IAS 12. Three research hypotheses were formulated for the study. This study adopted the ex-post facto research design. The sample of the study comprises of fifteen (15) manufacturing companies in Nigerian. The study relied on secondary data from annual financial statements of the companies. The formulated hypotheses were analysed using paired samples t-test for difference, while linear regression was

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used to check for dependence. The analysis was performed with the aid of SPSS version 23. The dependent variables were proxied using deferred tax assets, liabilities and current tax liabilities as per IFRS reporting period while the independent variable were proxied using deferred tax assets, liabilities and current tax liabilities as per Nigerian-SAS reporting period. The study finds statistical significant change in deferred tax assets, tax liabilities, and current taxes. The findings also revealed a positive connection between deferred tax of manufacturing firms in Nigeria under IFRS and Nigerian-SAS. Consequent upon this study, it was recommended among others that deferred tax assets and liabilities are to be presented at the amounts that are expected to flow to or from the reporting entity when the tax benefits are ultimately realized or the tax obligations are settled.

*Keywords: Deferred tax; deferred tax assets and liabilities; IFRS recognition; Nigerian GAAP.*

## 1. INTRODUCTION

The adoption of International Financial Reporting Standards (IFRS) has become a global phenomenon. Globally, various trade blocks or countries have obliged all their listed companies to prepare their consolidated financial statement to conform to IFRS/IAS [1]. Also in Africa, several countries have equally adopted IFRS/IAS since 2005 and more are still on the path of adopting same,. IFRSs are standards issued by the International Accounting Standards Board (IASB), an independent organisation registered in the United States of America (USA) but based in London, United Kingdom. Between 1973 and 2000, international standards were issued by the IASB's predecessor organisation, the International Accounting Standards Committee (IASC), a body established in 1973 by professional accountancy bodies in Australia, Canada, France, Germany, Japan, Mexico, Netherlands, United Kingdom, Ireland and the United States. The pronouncements by the IASC were labelled 'International Accounting Standards (IAS)'.

From April 2001, this standard developing process was taken over by the IASB. The pronouncements by the IASB were labelled 'International Financial Reporting Standards (IFRS)', though the Board continues to recognise (accept as legitimate) the IASs issued by the defunct IASC [2]. Accounting standards are pronouncements made by recognized bodies with a view to ensure a high degree of standardization in the preparation of published financial statements. They represent statements of authority that are developed in other to minimize variations in accounting practices and reporting. These standards provide frameworks and guidelines through which accounting information is prepared and presented to users of such information to permit informed decisions.

Initially, the body responsible for setting accounting standards in Nigeria is the Nigeria Accounting Standards Board (NASB) and was established in 1982. This body was abolished in 2011, by the Financial Reporting Council Act 2011 which culminated in the establishment of Financial Reporting Council of Nigeria, following the recommendations of the Committee on the Roadmap to the Adoption of IFRS in Nigeria by the Federal Executive Council (FEC). The roadmap, which is in three phases, mandates publicly listed and significant public interest entities to prepare their financial statements based on IFRS by 1 January 2012 (that is full IFRS financial statements are required for accounting period to 31 December 2012) while other public interest entities are required to adopt IFRS for statutory purposes by 1 January 2013. The third phase requires Small and Medium Sized Entities (SMEs) to adopt IFRS by 1 January 2014.

According to Rosin [3] international convergence of accounting standards is aimed at development of a unified set of high-quality standards that companies throughout the world can employ for both domestic and cross-border financial reporting. The adoption of IFRS would enhance the quality and credibility of accounting information as its impacts are on internationalisation of economic trade, foreign investment and globalisation of business ventures [4]. The adoption of IFRS in any country will introduce varying levels of changes in the way that entities report their transactions (Wong, 2006). One specific area of accounting that will be affected is deferred taxes, which historically has been a complex and controversial issue [5].

Deferred income taxes arise when a revenue or expense item is reported on the income tax return in a year that is different from the year the item appears on the financial statements. Under the provisions of International Accounting

Standard (IAS) 12, revised in 1998, the liability method of computing inter-period income tax allocation is required. This method is oriented towards the Statement of Financial Position, rather than the Statement of Profit or Loss and Other Comprehensive Income, and has as its highest objective the accurate, appropriate measurement of assets and liabilities, so that the representation of deferred tax benefits and obligations will comply with the definitions of assets and liabilities set forth by the IASB's Framework. In order to achieve this, at each Statement of Financial Position date, the amounts in the deferred tax asset and/or liability accounts must be assessed, with whatever adjustment(s) needed to achieve the correct balance(s) being reported in the tax provisions for the period. In other words, tax expense is a residual, with the primary objective being achieving the correct balances in the deferred tax asset and liability accounts.

Under IFRS, entities will have to account for deferred taxes using the requirements embodied in IAS 12, "Income Taxes." This replaces Statement of Accounting Standard (SAS) No.12, "Accounting for Deferred Taxes". The Statement of Financial Position liability method applied in IAS 12 focuses on temporary differences, which are the difference between the carrying value and tax base of all assets and liabilities. The income statement liability method applied previously focuses on timing differences, which was the difference between the amounts recognized in the accounting profit or loss and the taxable income for a reporting period. With the adoption of IAS 12 in Nigeria, there is a significant change on how to account for deferred taxes. At the heart of this is the reorientation towards a "balance sheet" approach, as opposed to an "income statement" approach. Accordingly, the requirements of IAS 12 lead to deferred tax figures reported in financial statements that are somewhat different to those that would be determined under Nigerian SAS 12.

This therefore forms the basis for this study, by examining the figures of deferred taxes computed under IFRS and Nigerian SAS in order to understand the implication of the adoption on reported tax figures.

### 1.1 Statement of Problem

Financial reporting inconsistencies have persisted due to varying reporting standards and requirements in different countries (Pologeorgis,

2013) [6]. According to Delloite [7], the inception of IFRS has led to the use of a variety of definitions for elements of financial statements like assets, liabilities, equity, income and expenses. It has also resulted in the use of different criteria for the recognition and measurement of items in financial statements.

Various studies have therefore examined the effect of the adoption on elements of financial statements like assets, liabilities, equity, income, expenses and financial ratios (Jermakowicz [8]; Umobong & Akani [9]; Callao, Jarne, & Laínez, [10]; Jeanjean & Stolowy, [11]; Callao & Jarne, [12]; Devalle, Onali, & Magarini, [13]; Latridis & Rouvolis, [14]). There is limited research on the actual impact of the adoption on deferred tax assets and liabilities- studies that examined whether the transitioning from the income statement approach to the balance sheet approach has led to significant changes (Ernst & Young, [15]; Wong, [5]; Stent, Bradbury, & Hooks, [16]). Soderstrom and Sun [17] posit that the determinants of accounting quality following IFRS adoption are articulated in three factors: quality of the standards; political and judicial system in the country; and, financial reporting incentives. One key financial reporting incentive is the tax system. Income taxes are likely to be affected because of fundamental changes in concepts and methods for recognising deferred tax assets and liabilities (Teixeira, [18]; Bradbury & van Zijl, [19]).

In Nigeria, studies have also examined the impact of the adoption on income tax and profitability of Nigerian companies (Samuel, Samuel, & Obiamaka, [20]; Faboyede, Oyewo, Fakile, & Nwobu, [21]; Abiahu & Amahalu, [22]). Income taxes are expenses incurred in operating most businesses, and as such are to be reflected in the entity's operating results. However, accounting for income taxes is complicated by the fact that, in most jurisdictions, the amounts of revenues and expenses recognized in a given period for taxation purposes will not fully correspond to what is reported in the financial statements (whether prepared in accordance with various national GAAP or IFRS).

Specifically, critics question whether deferred tax is useful for investors in predicting future cash flows (Cheung, Krishnan, & Min, [23]; Legoria & Sellers, [24]; Chludek, [25], Laux, [26]), or has any influence on share prices (Chaney & Jeter, [27]; Lev & Nissan, [28]; Diehl, [29]), or is useful for analysts (Van Horne & Wachowicz Jr, [30]),

the cost of calculating deferred tax (Cheung, Krishnan, & Min, [23]), and whether costs of calculating deferred tax outweigh the benefits (Chludek, [25]).

The tax considerations associated with the conversion to IFRS are complex. The statement of financial position liability method applied in IAS 12 focuses on temporary differences, which are the difference between the carrying value and tax base of all assets and liabilities. The income statement liability method applied previously focuses on timing differences, which was the difference between the amounts recognized in the accounting profit or loss and the taxable income for a reporting period.

Under IAS 12, deferred tax assets and liabilities are to be presented at the amounts that are expected to flow to or from the reporting entity when the tax benefits are ultimately realized or the tax obligations settled. Under IFRS, the basis for computation of deferred tax is different from that of Nigerian SAS. IFRS requires the use of the balance sheet liability method, which focuses on temporary differences; SAS tilts towards the income statement method, which focuses on timing differences. The balance sheet liability method which requires full provision for deferred taxes is more complex compared to the income statement method (Oduware, [2]).

There seems to be a lacuna of empirical research on the tax implication of IAS 12 adoption. The study by Nengzih [31] on the impact on tax income before and after IFRS adoption in Indonesia Listed Companies found that the average ratio of companies' profitability increases after the adoption of IFRS. The study by McAnally, McGuire and Weaver [32] found that deferred tax assets are able to predict future cash flows better until the next five years when compared to EU GAAP.

It is against this backdrop, that this study is set out to examine the tax implication of IAS 12 adoption in Nigeria, on a sample of selected manufacturing companies which were required by the Act to adopt IFRS in 2012.

## 1.2 Objective of the Study

The main objective of this study is to empirically examine the recognition and measurement of deferred taxes under IAS 12 and Nigerian-SAS. The specific objectives of the study are as follows:

1. To determine the magnitude of change in deferred tax assets following the adoption of IAS 12.
2. To determine the magnitude of change in deferred tax liabilities following the adoption of IAS 12.
3. To ascertain the magnitude of change in current taxes under IAS 12 and Nigerian-SAS.

## 2. REVIEW OF RELATED LITERATURE

### 2.1 Conceptual Review

#### 2.1.1 Overview of the IASB

In June of 1973, nine countries' professional accountancy bodies, including the U.S., created the International Accounting Standards Committee (IASC) with the mission to "formulate and publish in the public interest, basic standards to be observed in the presentation of audited accounts and financial statements (FASB, 2014 [33a][33b]). Their vision was to create a global set of accounting standards. Over the next 27 years, the IASC accomplished what it set out to do-- create accounting standards that were endorsed by the International Organization of Securities Commission (IOSC) and the International Federation of Accountants (IFAC) (Crosbie, Finley, Wallentine, & Grover, [34]). However, not one of the nine countries who helped to found the committee had adopted the standards by 2000. Meanwhile, the European Union (EU) was deciding whether to adopt the International Accounting Standards (IAS) set by the IASC or to create custom standards. When they chose to adopt the IAS, this caused a ripple effect in other countries outside Europe, whose adoptions were in effect by 2005 (Pacter, [35]).

In 2001, due to part-time members and low funding, the IASC was re-structured to form the IASB, becoming adequately financed with full-time members. The IASB continued to produce new standards under IFRS as well as overhaul the standards previously set by the ISAC (Pacter, [35]). The IASB subsequently became responsible for IFRS and is now in control of preparing and issuing IFRSs and exposure drafts, approving and issuing interpretations of its standards, and progressing and following its own technical agenda (Rosin, [3]).

International Financial Reporting Standards (IFRSs) refers to a series of accounting pronouncements published by the IASB to help

prepares of financial statements, throughout the world, produce and present high quality, transparent and comparable financial information. IFRS 1 'First Time Adoption' requires adoption of all standards in issue as to date of convergence. The objective of IAS 12 is to prescribe **the accounting treatment for income taxes**. The main issue here is how to account for the **current and future consequences** of:

- The **future recovery (settlement) of the carrying amount of assets (liabilities)** recognized in the reporting entity's financial statements. Here, if the future recovery or settlement will make future tax payments larger or smaller than they would be if such recovery or settlement were to have no tax consequences, then an entity must recognize **deferred tax liability or asset**.

- **Transactions and other events** of the current period recognized in the entity's financial statements.

### 2.1.2 IAS 12-Income taxes

IAS 12 was reissued in October 1996 and is applicable to annual periods beginning on or after 1 January 1998. IAS 12 implements a so-called 'comprehensive balance sheet method' of accounting for income taxes which recognises both the current tax consequences of transactions and events and the future tax consequences of the future recovery or settlement of the carrying amount of an entity's assets and liabilities. Differences between the carrying amount and tax base of assets and liabilities, and carried forward tax losses and credits, are recognized, with limited exceptions, as deferred tax liabilities or deferred tax assets, with the latter also being subject to a 'probable profits' test.

**Table 1. History of IAS 12**

<b>Date</b>	<b>Development</b>	<b>Comments</b>
April 1978	Exposure Draft E13 <i>Accounting for Taxes on Income</i> published	
July 1979	IAS 12 <i>Accounting for Taxes on Income</i> issued	
January 1989	Exposure Draft E33 <i>Accounting for Taxes on Income</i> published	
1994	IAS 12 (1979) was reformatted	
October 1994	Exposure Draft E49 <i>Income Taxes</i> published	
October 1996	IAS 12 <i>Income Taxes</i> issued	Operative for financial statements covering periods beginning on or after 1 January 1988
October 2000	Limited Revisions to IAS 12 published (tax consequences of dividends)	Operative for financial statements covering periods beginning on or after 1 January 2001
31 March 2009	Exposure Draft ED/2009/2 <i>Income Tax</i> published	Comment deadline 31 July 2009 (proposals were not finalised)
10 September 2010	Exposure Draft ED/2010/11 <i>Deferred Tax: Recovery of Underlying Assets (Proposed amendments to IAS 12)</i> published	Comment deadline 9 November 2010
20 December 2010	Amended by <i>Deferred Tax: Recovery of Underlying Assets</i>	Effective for annual periods beginning on or after 1 January 2012
19 January 2016	Amended by <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	Effective for annual periods beginning on or after 1 January 2017

Source: <https://www.iasplus.com/en/standards/ias/ias12> [36]

Adeboyejo [37] opined that tax on taxable profits for the period (current tax) is recognised as:

- An expense in the profit or loss account
- liability in statement of financial position to the extends of unpaid;
  - a) Current tax period or prior period tax
  - b) Error on prior period tax
- Asset to the extends of
  - a) Excess payment on current tax and prior period tax
  - b) Tax loss that can be carried back to recover current period tax
  - c) Current tax credit

Tax expense (income) comprises two components: current tax expense and deferred tax expense. Either of these can be an income (i.e., a credit amount in the statement of profit or loss and other comprehensive income), rather than an expense (a debit), depending on whether there is taxable profit or loss for the period. Current tax expense is easily understood as the tax effect of the entity's reported taxable income or loss for the period, as determined by relevant rules of the various taxing authorities to which it is subject. Deferred tax expense, in general terms, arises as the tax effect of temporary differences occurring during the reporting period. Using the liability method, the reporting entity's current period total income tax expense cannot be computed directly (except when there are no temporary differences). Rather, it must be calculated as the sum of the two components: current tax expense and deferred tax expense. This total will not, in general, equal the amount that would be derived by applying the current tax rate to pretax accounting profit. The reason is that deferred tax expense is defined as the change in the deferred tax asset and liability accounts occurring in the current period, and this change may encompass more than the mere effect of the current tax rate times the net temporary differences arising or being reversed in the present reporting period. The recognition of income tax is based on the liability method. The liability method is statement of financial position– oriented to understand the application of the liability method as incorporated in IAS 12, the basic recognition and measurement principles in IAS 12 must be understood, including how these recognition and measurement principles are applied to determine the current and deferred tax amounts. In May 2012, the IASB clarified that any income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity

transaction should be accounted for in accordance with IAS 12, *Income Taxes*. In practice, the amendment was clarifying that if there are tax consequences, such as a secondary tax on companies or a withholding tax on distributions, then these should be accounted for under IAS 12 and not as part of the equity distribution. In most jurisdictions, this is how entities had been applying these requirements, so the amendment is not expected to have a major impact. This amendment is to be applied retrospectively and was effective for annual periods beginning on or after January 1, 2013.

### **2.1.3 Deferred taxes & liabilities**

The recognition of deferred tax is based on a statement of financial position orientation. Based on this orientation, deferred tax liabilities are recognized for taxable temporary differences and deferred tax assets are recognized for deductible temporary differences, the carry forward of unused tax losses and the carry forward of unused tax credits. Under IAS 12, deferred tax assets and liabilities are to be presented at the amounts that are expected to flow to or from the reporting entity when the tax benefits are ultimately realized or the tax obligations are settled (PKF International Ltd., [38]).

The income figure before tax that is calculated on an entity's income tax return, (referred to in IAS 12 as *taxable profit*) is often different from that reported in its annual financial statements (referred to in IAS 12 as *accounting profit*). This is because these two income numbers are often calculated using different rules. Taxable profit is based on taxation legislation to derive the amount of tax that is currently payable (referred to in IAS 12 as *current tax*) to the taxation authorities. On the other hand, accounting profit is based on generally accepted accounting principles (GAAP) embodied usually in accounting standards to provide information for a variety of decision making contexts, such as investment decisions (Wong, [5]).

From an accounting perspective, the issue of concern is how to calculate the income tax expense to be recognized in the financial statements? One approach is to base the income tax expense calculation on the taxable profit figure by letting the income tax expense equal the current tax (commonly known as the "taxes payable" method). However, this approach has not been widely accepted in the major accounting jurisdictions. This is because of the

view that income taxes are the outcome of transactions or events that bring about the accounting profit figure. As such, the income tax expense should be related to accounting profit and be subject to the same recognition and measurement rules that apply to other expenses reported in the financial statements. This view has led to the development of "tax effect" accounting, which is required under IAS 12.

Both deferred tax assets and liabilities are measured by reference to expected tax rates, which in general are the enacted, effective rates as of the date of the statement of financial position (PKF International Ltd.,[38]). Tax effect accounting attempts to reconcile the difference that may arise between taxable profit and accounting profit. It does this by recognizing an income tax expense figure that aligns with accounting profit, rather than taxable profit. In particular, income tax expense is calculated as the sum of the amount of current tax and an item known as deferred tax.. Tax effect accounting acknowledges the importance of tax effects of transactions or events that produce accounting profit, even if the effects have not taken place yet and will actually occur in the future. Two approaches can be broadly used to implement tax effect accounting (Wong, 2006 [5]). These are: (1) the "income statement" approach, and (2) the "balance sheet" approach. The general principle is that a deferred tax liability is recognized for all taxable temporary differences. Two exceptions are, however, applicable. The first is temporary differences arising from the initial recognition of goodwill and the second is temporary differences arising from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). Deferred tax assets recognized for deductible temporary difference, the carry forward of unused tax losses and the carry forward of unused tax credits are subject to a probability limitation. Deferred tax is only recognized to the extent that is probable that taxable profits are available against which the deductible temporary difference could be utilized. An exception is also, similar to a deferred tax liability, applicable to deductible temporary differences arising from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). Special principles are applicable to the recognition of temporary differences associated with investments in

subsidiaries, branches and interest in joint ventures, which is discussed under special transactions.

Deferred tax is necessary to apply the 'matching principle' to accounting profit and tax expense. The amount of tax payable in any particular period does not necessarily bear a direct relationship to the amount of profit or loss shown on the statement of profit or loss. This is because the tax laws provide for the computation of taxable income for a period, based on rules different from the IFRSs followed while preparing the financial statement. To comply with matching concept, a deferred tax provision thus becomes necessary [37].

Chaney and Jeter [39] posits that many believe that deferred tax bears no relation to what taxes will be paid in the future and because it has no relevance, the change to comprehensive tax basis will increase record keeping burdens and therefore costs without any further benefits. Chaney and Jeter [39] recommend the partial basis with discounting as the most useful and cost effective method of calculating deferred tax. Kissinger [40] has an opposing view to Chaney and Jeter [39] and suggests that the comprehensive basis for calculating deferred tax is better option as it provides consistency amongst financial statements. Sidhu [41] agrees with Chaney and Jeter [39] and concludes that a narrower structure for deferred tax and assets is preferable rather than the comprehensive basis.

#### **2.1.4 The balance sheet approach**

The most significant change in IAS 12 is that the basis used to account for deferred taxes follows a balance sheet approach as opposed to an income statement approach (Wong, [5]; Fowokan, [42]). To calculate deferred taxes under the balance sheet approach, we must determine an entity's *temporary differences*. Temporary differences are the differences between the carrying amount of an asset or liability in the balance sheet and its *tax base* (i.e., the amount attributed to the same asset or liability for tax purposes) (Wong, [5]). Temporary differences are regarded as differences between the carrying amount of an asset or liability in the balance sheet and its tax base. Temporary differences may be either:

- a. Taxable temporary differences, which are temporary differences that will result in taxable amounts in determining taxable

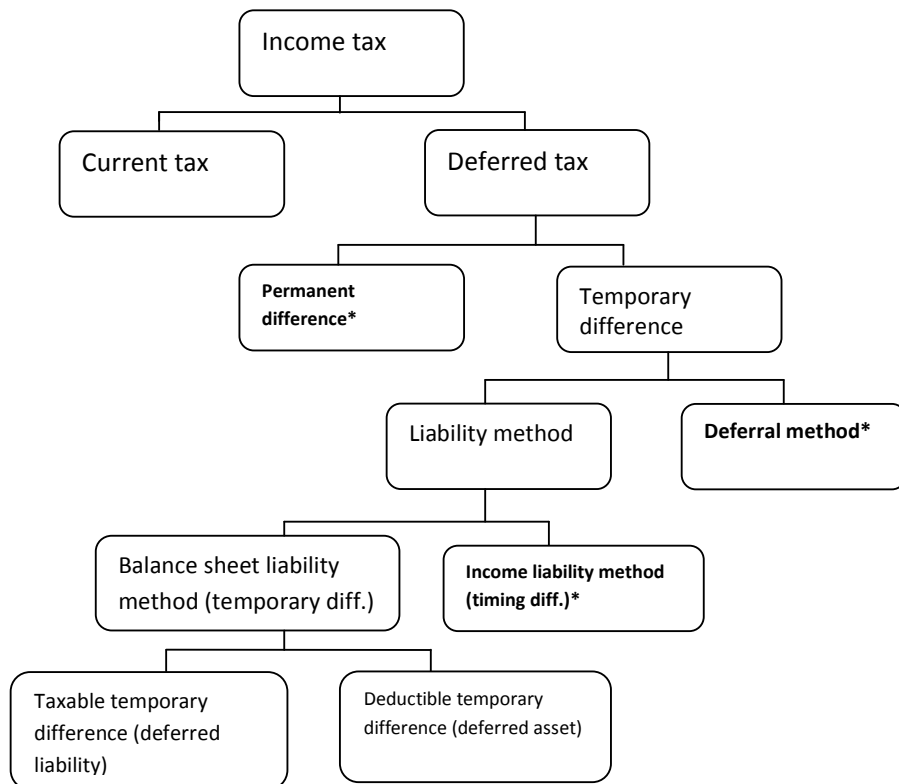
- profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled; or
- b. Deductible temporary differences, which are temporary differences that will result in amounts that are deductible in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled.

In contrast, to calculate deferred taxes under the income statement approach, we must determine an entity's *timing differences*. Timing differences arise when revenue and expense items are recognised in the calculation of accounting profit before or after they are included in the calculation of taxable profit (Wong, [5]).

The focus of the deferred tax calculation in the balance sheet approach is on items that appear in the balance sheet, while for the income statement approach it is on items that appear in the income statement. However, since the income statement is a by-product of the balance

sheet, all timing differences by definition must be a component of temporary differences (Wong, [5]). In some situations, the amount of temporary differences will equal the amount of timing differences in a period. However, the amount of timing differences cannot be greater than the amount of temporary differences. This is because not all asset and liability items in the balance sheet necessarily have an effect that passes through the income statement and which would impact on deferred taxes. While all timing differences are temporary differences, not all temporary differences are timing differences.

Permanent differences are differences between taxable and accounting items, for a period, that are not expected to reverse in subsequent periods. For example, a temporary difference, but not a timing difference, can arise when an asset is revalued upwards (with the increment in value recognized in equity and not in the income statement), but there is no equivalent adjustment made for tax purposes (Wong, [5]).



**Fig. 1. Overview of income tax**  
 Source: Adebeyejo (2013) [37]  
 Key: \* Not permitted by the standards



Therefore, the main consequence of the balance sheet approach for entities when they adopt IAS 12 is that it can capture a much wider range of items that will give rise to the recognition of deferred taxes in the financial statements. Further, the change to a balance sheet approach is consistent with the asset-liability orientation to financial reporting that is advocated for by the IASB in its "*Framework for the Preparation and Presentation of Financial Statements*" [5]. In IAS 12, the recognition of a deferred tax asset depends on "the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized". The main consequence of this change in IAS 12 is that entities are likely to recognise and report a higher incidence of deferred tax assets on their balance sheet than previously seen. However, IAS 12 also requires that entities be conservative in their measurement of deferred tax asset and they must review the carrying amount at each balance date. If there is a probability that there will no longer be sufficient taxable profits available to allow the benefit of part or the entire deferred tax asset to be utilized, then the carrying amount of the deferred tax asset must be reduced accordingly.

In addition, the financial effect of recognizing a deferred tax asset (or for that matter, a deferred tax liability) may be reduced if an entity offsets the deferred tax assets and deferred tax liabilities that they present on the balance sheet.

## 2.2 Theoretical Framework

The theory upon which this work is based is the Positive Accounting Theory (PAT). A scientific accounting theory should be able to explain the actual choices of accounting standards made in the economy by economic agents [43]. Accounting can be perceived as having two functions: that of producing information for decision makers, such as shareholders, and that of distributing the results of production. Both functions have wealth effects for stakeholders of the organization. The information influences the evaluation of projects and the control of management [43], and its distribution influences wealth through, for example, determining the amount available for dividends. Stakeholders are therefore inclined to influence the accounting system of the organization. Positive accounting theory (PAT) has focused on this aspect of the accounting system, predicting the choice of accounting rules according to the wealth effects it has for influential stakeholders [44]. PAT assumes that human behaviour can be explained

by individual wealth-maximizing behaviour, implying that an actor will influence the choice of accounting policy to the extent that the choice influences the wealth of the actor [44]. Thus, the economic consequences of the accounting choice explain the motivation behind the choice. In a world of perfect markets, where information is costless, this would pose no problems. On the other hand, in a world where information is costly, there is no market for accounting information. Introducing the friction of costly information and the costs of gaining competence, i.e., to be able to evaluate the information and process it into a decision, implies that actors in the theory have to decide the level of investment made in both competence and in information. An agent that is in a position to be able to influence an organization's accounting choice has to figure out the economic consequences of the specific accounting choice, and then to figure out how these consequences will affect the agent's wealth. Thus, there are two relationships - between accounting choice and economic effects, and between economic effects and the effect on the agent's wealth - about which the agent needs information and theories in order to be able to analyse the information and conclude what choice to make.

## 2.3 Empirical Review

1. Abedana, Omane-Antwi, and Owiredu [45] investigate the changes to corporate taxes, deferred tax and net tax assets (liabilities) using a sample of entities from the Ghana Stock Exchange over the period 2007 / 2006 to 2008 / 2007 which encompasses the move from GNAS to IFRS, particularly IAS 12. The population for the study was all companies' listed (42 companies) on the Ghana Stock Exchange (GSE) as at December 2015. The paired sample t-test of GNAS and IFRS on reported tax amounts showed no differences between IFRS and GNAS computed amounts. Largely, 90.1% of firms observed did not report any changes to current tax assets. While 94.5%, 86.4% and 59.1% of observations reported negative changes in deferred tax assets, current tax liabilities and deferred tax liabilities respectively. In terms of industry sectors, the manufacturing / trading industry saw a positive change of 13% in current year tax expenses burden while the financial / insurance / information technology industry reported a decrease of 13.3% in current year tax expenses liability.

2. Similarly, the study by Abedana, Omane-Antwi, and Oppong [1] examine whether application of International Financial Reporting Standards (IFRSs), associated with higher quality of disclosure has any association with corporate taxes burdens. The study adopted the disclosure index approach to examine the financial reports of 22 Ghana Stock Exchange listed company to ascertain the disclosure quality levels of their financial reports before and after adoption of IFRSs. The main standard at the Centre of the studies was IAS 12. The study finds no relationship between the magnitude of changes in disclosure quality index and the magnitude of change in current tax assets, secondly, no relationship between the magnitude of changes in disclosure quality index and the magnitude of change in deferred tax assets. There is no relationship between the magnitude of changes in disclosure quality index and the magnitude of change in current tax liabilities. There is no relationship between the magnitude of changes in disclosure quality index and the magnitude of change in deferred tax liabilities. There is no relationship between the magnitude of changes in disclosure quality index and the current year tax expense changes.
3. Nengzih [31] examined the impact of the adoption of IFRS on profitability rate and tax income before and after IFRS adoption in Indonesia Listed Company. Results show that the average ratio of companies' profitability is increasing after the adoption of IFRS. The profitability results also show that there is no change in the amount of profit before tax after the adoption of IFRS.
4. Laux [26] empirically examine whether deferred taxes provide incremental information about future tax payments and explores whether the relationship is affected by whether and when the deferred tax accounts reverse. The analysis provides evidence that while deferred taxes do provide incremental information about future tax payments, the magnitude of the information is small. The analysis demonstrates there is an asymmetrical association between deferred taxes and future tax payments. Finally, the analysis provides evidence that growth in the deferred tax balances does not defer future tax payments.
5. Chluddek [25] investigate the significance of deferred tax in a regression model used to predict taxes paid. The sample period is 1975 to 1994, which covered three different accounting standards. The study finds that while deferred tax information is relevant for explaining two years ahead tax paid, its contribution to the prediction model is insignificant. It is also finds that in certain industries deferred tax is more useful.
6. Mear [46] document changes to income tax and deferred tax due to the implementation of New Zealand International Financial Reporting Standards (NZ IAS) 12 on a sample of entities listed on the New Zealand Stock Exchange (NZX) for the period 2005-2008. The results indicate that partial basis deferred tax users and those with asset revaluation reserves have larger decreases (increases) in net assets (liabilities). Late adopters and smaller companies are also less affected by the implementation of NZ IAS 12 than their counterparts.
7. Stent, Bradbury and Hooks [16] investigate the effect of the implementation of NZ IFRS on assets and liabilities and find that tax assets (16%) and tax liabilities increase (24%).
8. The study by McAnally, McGuire and Weaver [32] found that deferred tax assets are able to predict future cash flows better until the next five years than compared to the EU GAAP.
9. Hung and Subramanyam [47] investigate the impact of adopting IAS during 1998 on a sample of German firms. The study investigates the impact of IAS on all assets, liabilities and income. The result indicates that deferred tax is the most frequent adjustment item and 95% of all firms report a deferred tax change due to IAS. The size of the change has a mean of 0.28 million due to both deferred tax assets and deferred tax liabilities increasing.
10. The study by Haverals [48] found that the impact of an IFRS/IAS-based tax accounting on the effective tax burden of Belgian companies is large and not uniform across sectors.
11. Ernst and Young [15] estimate that the impact of IAS 12 would increase both deferred tax assets and deferred tax liabilities.
12. Cheung, Krishnan, and Min [23] investigate the link between deferred tax and future tax payments. This study used a pooled time series cross sectional regression to predict one step ahead tax payments for 1979 to

1994 which covered three different accounting standards. There are three scenarios (1) tax paid in the current year regressed against tax paid in the previous year, (2) tax paid in the current year regressed against tax paid and deferred tax in the previous year and (3) tax paid in the current year regressed against tax paid in the previous year and deferred tax two years prior. The study concludes that deferred tax aids in predicting future tax payments.

## 2.4 Summary of Reviewed Literature

The section summarises the reviewed literature which provide substantial insight for the study and issues associated with it. The adoption of International Financial Reporting Standards (IFRS) has become a global phenomenon. Accounting standards are pronouncements made by recognized bodies with a view to ensure a high degree of standardization in the preparation of published financial statements. Initially, the body responsible for setting accounting standards in Nigeria is the Nigeria Accounting Standards Board (NASB). This body was abolished in 2011, by the Financial Reporting Council Act 2011 which culminated in the establishment of Financial Reporting Council of Nigeria.

Studies have examined the effect of IFRS adoption on financial statements, though, little empirical research exist on the impact of the adoption on deferred tax assets and liabilities, i.e., whether the transitioning from the income statement approach to the balance sheet approach has led to significant changes (Ernst & Young, [15]; Wong, [5]; Stent, Bradbury, & Hooks, [16]). The study is hinged upon Positive Accounting Theory (PAT). Studies have been carried out both within and outside Africa on effect of the adoption on deferred taxes. Abedana, Omane-Antwi, and Owiredu [45] and Abedana, Omane-Antwi, and Oppong [1] using a sample of companies from the Ghana Stock Exchange. Nengzih [31] using sample of Indonesian Listed Companies. Studies by Mear [46] and Stent, Bradbury and Hooks [16] done on a sample of New Zealand Stock Exchange (NZX). Hung and Subramanyam [47] investigate the impact of adopting IAS during 1998 on a sample of German firms. Haverals [48] on a sample of Belgian companies.

## 3. METHODOLOGY

### 3.1 Research Design

The study made use of ex-post facto design. Ex post facto study or after-the-fact research is a category of research design in which the researchers investigate what is already in existence- in published financial statements (Udeh, Abiahu & Tambou, [49]).

### 3.2 Population of the Study

The focus of this study is on manufacturing companies quoted on the floor of the Nigerian Stock Exchange (NSE). Manufacturing sector was chosen because it remains the most powerful engine for economic structure of countries [50]. The quoted manufacturing companies are classified under several sectors, such as: Agriculture; Conglomerates; Construction/ Real Estates; Consumer goods; and, Industrial Goods. The scope of the study required a focus on the consumer goods sector; the companies included in this sector are as follows

This therefore constitutes a finite population, from which the sampling frame is built. A sampling frame is the complete list of all the members/units of the population from which each sampling unit is selected.

The population of the study is made up of twenty-five companies listed under the consumer goods section of the Nigerian Stock Exchange.

### 3.3 Sample Size

The study employed 15 of the above listed companies which are peculiar in sub-sections. This was based on the criterion that not all the companies have adopted IFRS on 1<sup>st</sup> January, 2012.

### 3.4 Sampling Technique

The sampling technique adopted for the purpose of this research is the judgment sampling technique (ICAN, 2006) [51].

### 3.5 Nature and Sources of Data

The focus of our data shall be on secondary sources from the annual financial statements of the companies. The study used only secondary

data that were extracted from the Annual Reports of the selected manufacturing companies.

### 3.6 Technique(s) of Data Analysis

The paired sample T-test was employed to compare the variables of interest while Simple

Linear Regression was employed to test the relationship between the dependent and independent. This was performed with the aid of Statistical Package for Social Sciences, Version 23, modelled with the Ordinary Least-Squares (OLS) regression model.

#### Models:

$$\text{Model 1: } DTA_{(t)} = \alpha + DTA_{(t-1)} + \mu$$

$$\text{Model 2: } DTL_{(t)} = \alpha + DTL_{(t-1)} + \mu$$

$$\text{Model 3: } CTL_{(t)} = \alpha + CTL_{(t-1)} + \mu$$

Where:

$DTA_{(t)}$  - Deferred Tax Assets (IFRS)

$DTA_{(t-1)}$  - Deferred Tax Assets (Ng-SAS)

$DTL_{(t)}$  - Deferred Tax Liabilities (IFRS)

$DTL_{(t-1)}$  - Deferred Tax Liabilities (Ng-SAS)

$CTL_{(t)}$  - Current Tax Liabilities (IFRS)

$CTL_{(t-1)}$  - Current Tax Liabilities (Ng-SAS)

$\alpha$  - Constant

$\mu$  - error term, technically known as the stochastic disturbance or stochastic error term [52].

**Table 2. List of companies under consumer goods of the Nigerian stock exchange**

SN	Name of Company	Sub-section	Status
1	DN Tyre& Rubber Plc.	Auto-mobiles/Auto parts	Active
2	Guinness Nig plc	Beverage Brewers/Distillers	Active
3	Nigerian Breweries Plc.	Beverage Brewers/Distillers	Active
4	Champion Breweries	Beverage Brewers/Distillers	Active
5	Cadbury Nigeria Plc.	Food Products Diversified	Active
6	Dangote Flour Mills	Food Products	Active
7	Dangote Sugar Refinery Plc.	Food Products	Active
8	Honeywell Flour Mills	Food Products	Active
9	Flour Mill of Nigeria Plc.	Food Products	Active
10	Nestle Foods Nigeria Plc.	Food Products Diversified	Active
11	Goolden Geaunie Brew	Beverage Brewers/Distillers	Active
12	Premier Breweries	Beverage Brewers/Distillers	Delisted by NSE on Dec. 1 <sup>st</sup> 2016
13	International Breweries	Beverage Brewers/Distillers	Active
14	Joos International Breweries	Beverage Brewers/Distillers	Active
15	7-UP Bottling Company Plc.	Beverage Non-Alcoholic	Active
16	Big Treats Plc.	Food Products	Delisted by NSE on Dec. 1 <sup>st</sup> 2016
17	Union Dicon Salt	Food Products	Active
18	Northern Nigeria Flour Mill	Food Products	Active
19	National Salt Company Of Nig.	Food Products	Active
20	UTC Nigeria	Food Products	Active
21	PS Mandrides Plc	Food Products	Delisted by NSE on Dec. 1 <sup>st</sup> 2016
22	Multi-Trex Integ. Food Plc	Food Products	Active
23	Beta Glass Plc.	House Hold Durables	Active
24	Nigeria Enamelware Plc	House Hold Durables	Active
25	Vita Foam Plc	House Hold Durables	Active
26	Vono Products Plc	House Hold Durables	Active
27	PZ Cussons	Personal House Hold Products	Active
28	Unilever Nigeria Plc	Personal House Hold Products	Active

#### 4. DATA PRESENTATION AND ANALYSIS

Financial information of various manufacturing firms over the pre and post IFRS period was obtained (subject to its availability); this gave rise to a *panel data set* of observations. The Financial information derived can be seen in Appendix 1. Below is the descriptive statistic of the data.

Table 1 shows the Panel (or longitudinal) of various manufacturing firms. Panel data are cross-sectional and time-series [53]. There are multiple entities, each of which has repeated measurements at different time periods [53]. Shown above is the mean (a measure of central tendency) and standard deviation of the panel data set.

#### 4.1 Test of Hypotheses

##### 4.1.1 Hypothesis one

H<sub>1</sub>: There is a significant change in deferred tax assets following the adoption of IAS 12.

Table 4a shows the coefficient of determination (R<sup>2</sup>) otherwise known as R-square which is the percentage of response variable variation that is

explained by a linear model. It represents the measure of how close the data are to the fitted regression line.

From the table, R-square showed a value of .762. That is, about 76.2% of the variation in the dependent variable is explained by the model. Also from Table 4b shows a statistically significant F-statistic of 41.683 (Also revealing from our ANOVA table is p value <.05).

Table 4d shows a probability value of .014 that is p-value <.05). Thus, we reject the null hypothesis and conclude that there is a significant change in deferred tax assets following the adoption of IAS 12.

##### 4.1.2 Hypothesis two

H<sub>1</sub>: There is a significant change in deferred tax liabilities following the adoption of IAS 12.

Table 5a shows the coefficient of determination (R<sup>2</sup>) otherwise known as R-square which is the percentage of response variable variation that is explained by a linear model. It represents the measure of how close the data are to the fitted regression line.

Table 3. Descriptive statistics

	N	Minimum	Maximum	Mean	Std. deviation
DTA-NGN-SAS	15	0	2612460000	635206667	950828666
DTA-IFRS	15	0	2903000000	708459733	972531053
DTL-NGN-SAS	15	19989000	23969622000	3859315200	6204548462
DTL-IFRS	15	39591000	24745707000	4319970200	6565012059
CTL-NGN-SAS	15	0	33539007000	4823763733	9425276465
CTL-IFRS	15	0	19493550000	2939209400	4958323936
Valid N (listwise)	15				

Source: SPSS Ver. 23

Table 4a. Model summary

Model summary				
Model	R	R square	Adjusted R square	Std. error of the estimate
1	.873 <sup>a</sup>	.762	.744	4920849133.165

a. Predictors: (Constant), DTA-NGN-SAS

Table 4b. ANOVA

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	100935147727147360000	1	10093514772714736000	41.683	.000 <sup>b</sup>
	Residual	314791830487819750000	13	24214756191370748000.		
	Total	1324143307759293300000	14			

a. Dependent Variable: DTA-IFRS

b. Predictors: (Constant), DTA-NGN-SAS

**Table 4c. Coefficients**

		Coefficients <sup>a</sup>				
Model		Unstandardized coefficients		Standardized coefficients	T	Sig.
		B	Std. error	Beta		
1	(Constant)	1412156502.340	1544748056.750		.914	.377
	DTA-NGN-SAS	8.930	1.383	.873	6.456	.000

a. Dependent Variable: DTA-IFRS  
Source: SPSS Ver. 23

**Table 4d. Paired samples test**

		Paired samples test							
Pair		Mean	Std. deviation	Paired differences		t	df	Sig. (2-tailed)	
				Std. error mean	95% confidence interval of the difference				
					Lower				Upper
1	DTA-IFRS - DTA-NGN-SAS	6449390666.667	8907234634.040	2299838093.227	1516728539.948	11382052793.385	2.804	14	.014

Source: SPSS Ver. 23

**Table 5a. Model summary**

Model summary				
Model	R	R square	Adjusted R square	Std. error of the estimate
1	.943 <sup>a</sup>	.890	.881	2235098443.686

a. Predictors: (Constant), DTL-NGN-SAS

**Table 5b. ANOVA**

ANOVA <sup>a</sup>						
Model		Sum of squares	df	Mean square	F	Sig.
1	Regression	52294127786595920000	1	522941277865959200000	104.679	.000 <sup>b</sup>
	Residual	64943645688603070000	13	4995665052969466900		
	Total	58788492355456230000	14			

a. Dependent Variable: DTL-IFRS  
b. Predictors: (Constant), DTL-NGN-SAS

**Table 5c. Coefficients**

		Coefficients <sup>a</sup>				
Model		Unstandardized coefficients		Standardized coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	709154818.040	686859662.826		1.032	.321
	DTL-NGN-SAS	.099	.010	.943	10.231	.000

a. Dependent Variable: DTL-IFRS  
Source: SPSS Ver. 23

**Table 5d. Paired samples test**

		Paired samples test					t	df	Sig. (2-tailed)
		Mean	Std. deviation	Paired differences					
				Std. error mean	95% confidence interval of the difference				
					Lower	Upper			
Pair 1	DTL-IFRS - DTL-NGN-SAS	-34139848467	55931585375	14441473246	-65113728038	-3165968895	-2.364	14	.033

Source: SPSS Ver. 23

**Table 6a. Model summary**

Model summary				
Model	R	R square	Adjusted R square	Std. error of the estimate
1	.931 <sup>a</sup>	.867	.857	19002157736.578

a. Predictors: (Constant), CTL-NGN-SAS

**Table 6b. ANOVA**

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean square	F	Sig.
1	Regression	30705755960674783000000	1	30705755960674783000000	85.038	.000 <sup>b</sup>
	Residual	4694065982395179000000	13	361081998645783000000		
	Total	35399821943069963000000	14			

a. Dependent Variable: CTL-IFRS  
b. Predictors: (Constant), CTL-NGN-SAS

**Table 6c. Coefficients**

<b>Coefficients<sup>a</sup></b>						
<b>Model</b>		<b>Unstandardized coefficients</b>		<b>Standardized coefficients</b>	<b>t</b>	<b>Sig.</b>
		<b>B</b>	<b>Std. error</b>	<b>Beta</b>		
1	(Constant)	8378419655.086	5620669129.695		1.491	.160
	CTL-NGN-SAS	9.172	.995	.931	9.222	.000

a. Dependent Variable: CTL-IFRS  
Source: SPSS Ver. 23

**Table 6d. Paired samples test**

<b>Paired samples test</b>									
		<b>Paired differences</b>					<b>t</b>	<b>df</b>	<b>Sig. (2-tailed)</b>
		<b>Mean</b>	<b>Std. deviation</b>	<b>Std. error mean</b>	<b>95% confidence interval of the difference</b>				
					<b>Lower</b>	<b>Upper</b>			
Pair 1	CTL-IFRS - CTL-NGN-SAS	30909048933	45567212592	11765403700	5674767699	56143330167	2.627	14	.020

Source: SPSS Ver. 23



From the table, R-square showed a value of .890. That is, about 89.0% of the variation in the dependent variable is explained by the model.

Table 5b also shows a statistically significant F-statistic of 104.679 (Also revealing from our ANOVA table is p value <.05).

Table 5d shows a probability value of .033 that is p-value <.05). Thus, we reject the null hypothesis and conclude that there is a significant change in deferred tax liabilities following the adoption of IAS12.

#### **4.1.3 Hypothesis three**

H<sub>1</sub>: There is a significant difference change between current taxes under IAS 12 and Ng-SAS.

Table 6a shows the coefficient of determination (R<sup>2</sup>) otherwise known as R-square which is the percentage of response variable variation that is explained by a linear model. It represents the measure of how close the data are to the fitted regression line.

From the table, R-square showed a value of .867. That is, only 86.7% of the variation in the dependent variable is explained by the model. Also, Table 6b above shows a statistically significant F-statistic of 85.038 (Also revealing from our ANOVA table is p value <.05 where p-value =.000).

Table 6d shows a probability value of .020 that is p-value <.05). Thus, we reject the null hypothesis and conclude that there is a significant difference change between current taxes under IAS 12 and Ng-SAS.

### **5. DISCUSSION OF FINDINGS**

The findings of this study shows a high coefficient of determination (R<sup>2</sup>) for Hypotheses one and two and a relative small value for Hypotheses three representing the measure of how close the data are to the fitted regression line. From the tables, Hypotheses one, R-square showed that 76.2% of the variation in the dependent variable is explained by the model. Hypotheses two, showed 89.0% while Hypotheses three showed that 86.7% of the variation in the dependent variable is explained by the model. The Descriptive statistics revealed a mean deferred tax assets of 635206667 and 708459733 for Nigerian SAS and IFRS

respectively, deferred tax liabilities of 3859315200 and 4319970200 for Nigerian SAS and IFRS respectively and current tax liabilities of 33539007000 and 19493550000 for Nigerian SAS and IFRS respectively.

## **6. SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS**

### **6.1 Summary of Findings**

This research has seen deferred tax recognition and measurement under IFRS and its relationship with Nigerian SAS and from various empirical perspectives also the research has drawn conclusion on the assessment of deferred tax.

From the study, it was specifically revealed that;

1. There is a significant change in deferred tax assets following the adoption of IAS 12. Our Model coefficient results showed that the nature of relationship between deferred tax assets under IFRS and deferred tax assets under SAS is positive and statistically significant. This agrees with the finding of Hung and Subramanyam [47] that the adoption of IFRS/IAS has a significant effect on deferred tax assets.
2. There is a significant change in deferred tax liabilities following the adoption of IAS 12. Our Model coefficient results showed that the nature of relationship between deferred tax liabilities under IFRS and deferred tax liabilities under SAS is positive and statistically significant. This is in agreement with Ernest abd Young [15] that the adoption of IAS 12 would increase deferred tax asset and deferred tax liability.
3. There is a significant difference change between current taxes under IAS 12 and Ng-SAS. Our Model coefficient results showed that the nature of relationship between current tax liabilities under IFRS and current tax liabilities under SAS is positive and statistically significant.

### **6.2 Conclusion**

It had been upheld that in some situations, the amount of temporary differences will equal the amount of timing differences in a period. However, the amount of timing differences cannot be greater than the amount of temporary

differences. This is because not all asset and liability items in the balance sheet necessarily have an effect that passes through the income statement and which would impact on deferred taxes. While all timing differences are temporary differences, not all temporary differences are timing differences. Permanent differences are differences between taxable and accounting items, for a period, that are not expected to reverse in subsequent periods.

This study was carried out to examine the recognition of deferred tax of Nigerian firms under IAS12 and NGN-SAS. Deferred tax is necessary to apply the 'matching principle' to accounting profit and tax expense. Hence the amount of tax payable in any particular period does not necessarily bear a direct relationship to the amount of profit or loss shown on the statement of profit or loss of firms in Nigeria. This study is therefore meant to contribute to this stream of research.

### 6.3 Recommendation

The following recommendation is hereby proffered:

The adoption of IAS 12 by consumer goods companies: This application should however come after a proper adjustment has been made to assets and liabilities at each Statement of Financial Position date, so that the representation of deferred tax benefits and obligations will comply with the definitions of assets and liabilities set forth by the IASB's Framework so that correct balance(s) being reported in the tax provisions for the period. Deferred tax assets and liabilities are to be presented at the amounts that are expected to flow to or from the reporting entity when the tax benefits are ultimately realized or the tax obligations are settled.

### COMPETING INTERESTS

Authors have declared that no competing interests exist.

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## APPENDIX

### Appendix 1. Secondary data

Name of Company	Year of adoption	DTA-NGN-SAS	DTA-IFRS	DTL-NGN-SAS	DTL-IFRS	CTL-NGN-SAS	CTL-IFRS
Guinness Nig plc	2012	0	0	10,282,960,000	11,584,733,000	6,324,044,000	5,189,181,000
Nigerian Breweries Plc.	2012	1935755000	2361157000	23969622000	24745707000	19922977000	19493550000
Champion Breweries	2012	528500000	901052000	799638000	579666000	0	0
Cadbury Nigeria Plc.	2012	1191745000	1,057,086,000	119989000	1,171,075,000	179165000	662,989,000
Dangote Flour Mills	2012	398140000	1,621,122,000	4,075,396,000	2855079000	1,001,464,000	401,155,000
Dangote Sugar Refinery Plc.	2012	385500000	334995000	3222860000	3335563000	3539007000	5408566000
Honeywell Flour Mills	2012	0	0	1,102,560,000	2,671,398,000	203,836,000	712,342,000
Flour Mill of Nigeria Plc.	2012	0	0	1732558000	9,433,955,000	4115862000	4,339,540,000
Nestle Foods Nigeria Plc.	2012	2476000000	2,903,000,000	2,060,000,000	2,276,000,000	1,417,000,000	1,631,000,000
International Breweries	2012	2,612,460,000	1,448,484,000	1,167,817,000	1,749,928,000	11,557,000	87,934,000
PZ Cussons	2012	0	0	6,370,536,000	4,283,021,000	1,215,066,000	2,409,806,000
Unilever Nigeria Plc	2012	0	0	1,242,333,000	1,233,245,000	2,815,765,000	2,986,689,000
Vita Foam Plc	2012	0	0	243,673,000	265,687,000	294,064,000	327,731,000
Beta Glass Plc.	2012	0	0	1,560,195,000	1,574,905,000	267,517,000	387,946,000
Union Dicon Salt	2013	0	0	39,591,000	39,591,000	49,132,000	49,712,000

Source: Financial Statements of Various Companies

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