

**EXAMINING THE IMPACT OF CORPORATE TAX ON FIRM
VALUE FOR COMPANIES LISTED IN DAR ES SALAAM STOCK
EXCHANGE**

**EXAMINING THE IMPACT OF CORPORATE TAX ON FIRM
VALUE FOR COMPANIES LISTED IN DAR ES SALAAM STOCK
EXCHANGE**

By

BAHATI MICHAEL KILUNGU

REG.NO MSc/A&F/51402018/T.15

**A Dissertation Submitted in Partial Fulfilment of the Requirements for the Degree
of Master of Science in Accounting and Finance (Msc A&F) Mzumbe University,
Mwanza Campus.**

2018

CERTIFICATION

We, the undersigned, certify that we have read and hereby recommend for acceptance by the Mzumbe University, a dissertation entitled Impact of corporate tax on firm value for companies listed in Dar es Salaam stock exchange in partial/fulfillment of the requirements for award of the degree of Master of Business Administration of Mzumbe University.

Signature

Major Supervisor

Signature

Internal Examiner

Accepted for the Board of

DEAN/DIRECTOR, FACULTY/DIRECTORATE/SCHOOL/BOARD

DECLARATION AND COPYRIGHT

I, Bahati Michael Kilungu, assert the ownership of this dissertation as my own and it is has been presented and will not be presented to any other university for related or any other degree award.

Signature_____

Date_____

©

This dissertation is a copyright material protected under the Berne Convention, the Copyright Act 1999 and other international and national enactments, in that behalf, on intellectual property. It may not be reproduced by any means in full or in part, except for short extracts in fair dealings, for research or private study, critical scholarly review or discourse with an acknowledgement, without the written permission of Mzumbe University, on behalf of the author.

ACKNOWLEDGEMENT

Completeness of this dissertation has hardly involved numbers of people whom in one way contributed their unique, peculiar and outstanding views during preparation and writing of this study. I'm so indebted to you all, thank you for your contribution.

It would not be easy to name all involved however, I would like to present my very special and sincerely thanks to Almighty GOD his outstanding, infinite, abundant LOVE, grace and health to courageously peruse, my studies and finally make this research study a reality.

Secondly, I am so grateful to my research supervisor who by his assiduously reading, his constructive logical critics and encouragement at every submission to the completion of this work.

Lastly, I am deeply indebted to my family for their support and patience during my study, without their patience, persevere love and prayers for the day and sleepless night devoted for this work, today this dissertation would not have been credible and plausible.

DEDICATION

This dissertation is dedicated to my lovely Husband, Simon Lufingo Malifimbo, my daughter, Neema Simon Malifimbo and my sons Luke-lo Simon Malifimbo Gabriel Simon Malifimbo and Isabella Simon Malifimbo.

LIST OF ABBREVIATIONS

BoT	Bank of Tanzania
CPI	Consumer Price Index
DMNCs	Developed Market Multinationals
DSE	Dar Es Salaam Stock Exchange
FV	Firm Value
MMII	Modigliani and Miller (1963)
NSE	Nigeria Stock Exchange
SEM	Stock Exchange Market
TBL	Tanzania Breweries Limited
TCC	Tanzania Cigarette Cooperation
TOL	Tanzania Oil and Gas Limited
TPCL	Tanzania Portland Cement Limited
TPP	Tanzania Tea Packers
TRA	Tanzania Revenue Authority

ABSTRACT

This study aimed to examine the impact of corporate tax on firm value and extended to other explanatory variables such as Profitability and Capital structure. A sample of five companies under manufacturing sector was drawn from companies listed in DSE. Those companies are; Tanga Cement, TBL, TCC, TOL and Twiga Cement.

The significant of the study was to examine how corporate tax influences the firm value. A time series data for ten years (2007-2016) secondary source were obtained from published financial statements on DSE and companies web sites hence analysed through Regression, descriptive and correlation analysis.

It was observed from the findings that, corporate tax has positive relationship and significant on firm value. This means that any additional unit of corporate tax amount has increase impact on firm value.

The implication of this result Managers should not evade to pay tax which is prohibited by law instead should be transparency through providing correct information to TRA also this research will help the managers and policy makers to take the rational decisions while evaluating the financial parameters in order to increase the profit and value of the firm. Also policy make should expand the tax bracket by exploiting taxes from foreign direct investment which is current encouraged in our country.

TABLE OF CONTENTS

CERTIFICATION	i
DECLARATION AND COPYRIGHT	ii
ACKNOWLEDGEMENT	iii
DEDICATION.....	iv
LIST OF ABBREVIATIONS	v
ABSTRACT	vi
LIST OF TABLES	xi
LIST OF FIGURES	xii
CHAPTER ONE	1
1:1 Background	1
1.2: Firm value	2
1.3 Corporate tax.....	2
1.4: Statement of the problem	6
1.5: Research Objectives	7
1.5.1: Main Objective.....	7
1.5.2: Specific Objectives	7
1.6: Significance of the study.....	7
1.7: Scope of the study	8
1.8: Limitations	8
1.9: Limitation Mitigation.....	8
CHAPTER TWO	9
LITERATURE REVIEW.....	9
2.1: Introduction.....	9
2.2: Theoretical review.....	9
2.2.1Concept definitions	9
2.2.1.1Corporate tax.....	9
2.2.1.2 Corporate tax policy.....	10

2.2.1.3 Tax sheltering.....	10
2.2.2 Firm value	11
2.2.3 Enterprise value.....	11
2.2.4 Capital Structure.....	12
2.2.6 Profitability	13
2.2.7 Dividend payout	13
2.3 Theoretical Literature Review.....	14
2.3.1 Capital Structure theory	14
2.3.2: Pecking Order Theory	16
2.3.3: Trade off Theory	17
2.3.4: Agency Cost Theory	18
2.3.5: Theory of Profitability	20
2.4 Empirical literature review.....	21
2.4.1 Characteristics of companies listed in DSE	23
2.4.2: The extent to which Capital structure impact the Firm value for listed companies in DSE	25
2.4.3 The impact of profitability on the firm value for listed companies in DSE.....	28
2.5 Tax system in Tanzania.....	29
2.6 Conceptual frame work.....	31
CHAPTER THREE	32
RESEARCH METHODOLOGY	32
3.1: Introduction.....	32
3.2: Research Design.....	32
3.3: Research site	32
3.4 Population	32
3.5 Sampling Technique.....	33
3.6 Data Collection.....	34
3. 7 Data analysis	34
3.8 DSE Data.....	34

3.9 Model specification	35
3.9.1 Corporate tax as a causal variable on firm value in an emerging market	35
3.10 Quantitative Methods	35
3.11 Data Analysis	36
3.12 Ethical Clearance	36
3.13 The model specification	36
CHAPTER FOUR.....	38
RESEARCH FINDINGS	38
4.1 Introduction	38
4.2 Data analysis	38
4.2.1 Normality	38
4.2.2 Characteristics of the listed firms at the DSE	40
4.2.3 The trend of corporate tax amount, profitability, capital structure, firm size and firm value	41
4.2.4 Correlation of the firm value with corporate tax, profitability, capital structure and firm size.....	43
4.2.4.1 Correlation of the firm value and corporate tax.....	44
4.2.4.2 Correlation of the firm value and firm profitability	45
4.2.4.3 Correlation of the firm value and capital structure	45
4.2.4.4 Correlation of the firm value and firm size	45
CHAPTER FIVE.....	46
DISCUSSION OF THE FINDINGS.....	46
5.1 Introduction	46
5.2 To determine the characteristics of listed companies for ten year	46
5.3 The extent at which Profitability influence the firm value to Companies listed on DSE	48
5.4 The extent at which Capital structure influence the firm value to Companies listed in DSE	50

CHAPTER SIX	52
SUMMARY, CONCLUSION AND RECOMMENDATION	52
6.1 Introduction	52
6.2 Summary	52
6.3 Conclusion	52
6.4 Recommendation.....	53
6.5 Limitation of the study	54
6.6 Suggestion for future researches	54
REFERENCES.....	55
ANNEXES.....	58

LIST OF TABLES

Table 1.1: Tax revenue for various country groups	4
Table 1.2: Corporate income tax collection for 11 years.	5
Table 2.1: Amount of Direct taxes (Tzs billion) collected from Tanzania main land 2007/2016.....	23
Table 3.1: Firms listed at the Dar es Salaam Stock Exchange (DSE)	33
Table 3.2 Variables and measurement	37
Table 4.1: Shapiro-Wilk W test for normal data (consolidated – all companies).....	39
Table 4.2 Multicollinearity test result	39
Table 4.3: Firm's year of establishment, registration and sector.....	40
Table 4.4: Descriptive statistics for 7 firms tax value, profitability, capital structure, firm value and size	41
Table 4.5: Multiple regression of firm value (dependent) against the independent variables	44

LIST OF FIGURES

Figure 2.1 Trend in statutory company tax rates in developed countries	24
Figure 2.2 Indicates conceptual frame work guided by research hypotheses;	31
Figure 4.1: Trend of variables for 7 listed firms for 10 years from 2007 – 2016	42
Figure 4.2: Correlation of firm value with corporate tax, profitability, capital structure and firm size, 7 listed firms (n = 70).....	43

CHAPTER ONE

INTRODUCTION

1:1 Background

The purpose of this study is to examine the impact of corporate tax on firm value. This section refers as an introductory part explaining the background of the problem, Statement of the problem, the objective of the study, Research question, significance and the scope of the study.

The study presents the linkage between corporate tax and firm value. The study is informed by the absence of focus on the extent to which corporate tax in Tanzania impinges upon firm value. Thus, this chapter presents the background to the study. The chapter starts by presenting a global overview of the importance of corporate tax on firm value and proceeds to a brief explanation of the Tanzania Tax Act. It delineates the policy's basics and their aggregate implications on firm value.

The impact of tax has been discussed in different perspective; Levin (2001) elucidate that corporate income tax significant influence an increase in productivity (good/services). Further reveals that for the period of Three years commencing from 2015-2018, in Tanzania productivity/production from manufacturing sectors has increases by more than 50% hence significantly increase amount of corporate tax collection (TRA 2018 semi annual Report).

In the study conducted by Investment Climate survey (2004) discloses that more than 50% of the firms failed to excels in business mostly due to corporate tax, finance costs and other factors. Statutory tax rate of 30% annually is claimed to be very high by most of the firm whose profitability was noted minimum; this adversely affects after tax profits hence the in sustainability of the business in general.

In addition, the investors take advantage of tax incentives like tax holiday as a loophole for tax avoidance. In Tanzania, investors dispute the investment policy by thoroughly making use of a five years tax holiday/ tax –grace period later decides to either change or close the business. Tanzania investment policy which is often abused, granted this incentive in good faith to attract more investors to invest in the country.

Tax is the key determinant of the country development and economic growth. Tax is the significant source of countries revenue used to finance both recurrent (administrative expenditure) and development expenditures. Worldwide economic growth and country development is subject to effective tax administration. TRA report (2016-17) reported the total tax collected was Tzs 15.5trillion with this collection corporate tax was included. The reported government revenue form a half of the total annual national budget for the financial year 2017/18.

1.2: Firm value

Firm value can be differently defined by scholars depending on what they want to explain basing on the available evidence or data. Desai and Dharma Mapala (2009) define firm value by using Tobin's q as 'firm value is ratio between the market value of the firm and the replacement value of its assets'. Likewise in this study the researcher defines firm value by using Tobin's q. The ratio signifies that a low Q between 0 and 1 indicates the cost of replacing the firm's assets is greater than the value of its stock, this implies that the stock is undervalued, but a high Q (greater than 1 implies that a firm's stock is more expensive than the replacement cost of its assets meaning that, the stock is overvalued. Firms with Q greater than one have been found to be better investment opportunity (Lang, Stulz and Walkling 2009), further commended these firms have higher growth potential and management has useful utilise the assets.

1.3 Corporate tax

The corporate taxis is a tax charged on the taxable incomes (Profits) of an entity such as limited companies and other organizations including clubs, societies, associations and

other unincorporated bodies according to TRA. Corporate tax rates vary widely by country, in Tanzania the rate is 30% and a reduced rate of 25% applies for three consecutive years for companies newly listed on the DSE.

The Government of Tanzania has mandated TRA to ensure that companies and individuals files and pays the corporate income tax (compulsory levy) promptly complying to the guidelines and other statutory requirements. The Income tax Act 2008 revised 2014 provides some characteristics which identify companies/individuals who qualified for corporate income tax such as;

- Has "a total income" for the year of income, including income from foreign sources or from permanent foreign establishments;
- Has "perpetual unrelieved loss position", for current and four preceding years of income consecutively;
- Has a permanent domestic establishment that is deemed to have repatriated income in the year of income; or
- Has received non-final withholding payments during the year of income.
- Has adaptation of an integrated tax system as recommended by tax advocate and tax acts eradicate the effect of double taxation on corporate profits. The importance objectives of integration which can be viewed in the following area.

Historically, the corporate income tax and other taxes have been established by developed Countries in two last centuries where industrialization took place. The main aim was to collect resource to suit the demand for industrialization. Later the aim changed and tax collection aimed to reduce inequalities, control inflation and save as revenue for the national budget.

The International Monetary Fund (IMF) Government Finance Statistics (2016) indicates that the developed countries have a larger capacity of collecting taxes from social security fund and personal taxes however the developing countries mostly collect taxes from trade and little from the social security funds.

Table 1.1: Tax revenue for various country groups

	1990 to 1995		1996 to 2002	
	Countries	Median	Countries	Median
Complete Sample	123	20.3	111	20.2
Developed Countries	24	30.8	23	31.3
Transitional Economies	16	28.4	19	25.4
Developing Countries	83	17.3	69	15.7
Africa	28	19.2	22	17.4
Latin America & Caribbean	25	17.3	19	15.2
Asia & Oceania	30	16.6	28	15.2

Source: UNPAN Statistics http://www.unpan.org/statistical_database-publicsector.asp [accessed 8 February 2007].

Table 1.1 indicates dissimilarity in tax revenues as a share of GDP for various country groups. The table pools countries within groups, across two periods of time: 1990-1995 and 1996-2002. For each time-group pool of countries, it ranks countries by tax revenue as share of national income, and reports the level for the country in the middle (i.e. the median tax revenue within that time-group pool). As pointed earlier, developed countries collect almost twice as much as developing countries in tax revenue and developing countries collect almost half as much as transition economies.

Tax collection in two periods trend showed that in developed countries there is an increase while a decrease of tax collection in developing countries.

Likewise in Africa the tax system was adopted from the colonial era and reformed with time. Most of African countries collect tax as the source of revenue to their Governments. The collection is low due to poor compliance of taxation policy while the tax system is similar with developed countries evidenced from the table.

Many countries have achieved their objective through adaptation of corporate tax integration. The Tanzania corporate tax system does not deviate from the international tax system (URT 2003). Computation of corporate tax is based on the corporate taxable profits using enforced corporate tax rate at the end of the year of income.

A company is a Tanzanian tax resident if it is incorporated or formed under the laws of the United Republic of Tanzania or has its management and control exercised in Tanzania at any time during the year of income. According to the Tanzania Tax Act, Tanzania resident companies are liable to corporation tax on all sources of income and deemed income (such as gains on the sale of plant and machinery, commonly referred to as trading receipt). This is computed after deductions of all expenses that are wholly and exclusively of the trade, accrued in or derived worldwide.

Further more in Tanzania with the fifth Government regime where more emphasis on tax collection was noted, the government reforms tax regulations to insure more tax is collected. Example tax was introduced in fuel consumption. According to T RA report (2017/2018) a total tax revenue collection was Tsz 15.5 Trillions.

Table 1.2: Corporate income tax collection for 11 years.

Millions TShs			
YEAR	TAX ITEM		TOTAL
	Limited Companies	Individuals	
2005/2006	12,359.60	8,503.20	20,862.80
2006/2007	14,192.60	8,056.50	22,249.10
2007/2008	21,652.60	9,621.40	31,274.00
2008/2009	32,324.30	11,193.90	43,518.20
2009/2010	22,921.60	13,291.30	36,212.90
2010/2011	33,884.30	15,338.30	49,222.60
2011/2012	50,889.90	17,527.00	68,416.90
2012/2013	55,253.70	19,736.50	74,990.20
2013/2014	297,863.20	87,401.00	385,264.20
2014/2015	63,039.10	28,551.80	91,590.90
2015/2016	77,664.60	41,660.20	119,324.80
		TOTAL	942,926.60

Source: Tanzania Revenue Authority (2017)

The above table 1.2 shows the trend of corporate income tax collection in Tanzania for the period of eleven consecutive years. The trend shows the increase of corporate income tax yearly despite the decrease in collection observed in 2009/2010 and 2014/2015.

Despite of the Government's good plan aimed to attract investors some companies misuse the tax policy and in turn the use that opportunity as tax avoidance and evasion.

Tax avoidance is the legitimately minimization of taxes by taking advantage of the loophole identified in the taxation Act and it associated regulations. Experience shows that businesses undertakes genuine and justifiable deductions availed by Taxation Act to avoid/ reduce and relief the business from huge taxes burden thus then covers institution revenue/earning from taxes. This can be done by taking advantages of deduction allowances such as employee retirement plans strategies and others, all legally and are within the taxation laws and define regulation governing taxation.

Apart from that, companies use tax evasion as another way diverging from paying tax by understating revenue and overstating expenses or report expenses legally not tax allowable deduction with the aim to defraud the amount of tax payable or not paying tax owed at all. Frequently tax evasion is at any time considered in relation to income taxes, though it can be however practiced in many businesses sales and employment taxes.

1.4: Statement of the problem

In many counties across the world more than 80% of the revenue collected came from taxation. The money is used to provide public goods and service in the society. By doing this, the companies reduce the profits earned, hence reduce the net profits.

Furthermore some companies tend to avoid or not complying with the country tax law. Wilsom (2009), Desai and Dharmapala (2009) found significant evidence that the practice of tax avoidance together with good corporate governance brings higher abnormal returns and value of firms.

Christine Aganyo (2014) argue that, most of Companies especially Multinationals struggle a lot to avoid paying tax though applying tax incentives provided such as tax holiday to make sure Corporate income tax is paid less or none.

Kamau, Mutiso and Ngui(2012) found that, tax avoidance and evasion are one of the major factors influencing creative accounting both in Tanzania and Kenya.

Much effort has been applied by companies to ensure they pay either low or no tax at all, through tax avoidance and evasion. This deludes exercise by companies significantly rises the urge to critically cook the accounts to ensure expenses are overstatement and revenue are understatement o the extent the company declare no profit. This circumvent encircled companies to deliberately hide profits rises the gaps hence the researcher in this study intend to critically examine how corporate tax has impact on the firm value of the listed companies in the DSE.

1.5: Research Objectives

1.5.1: Main Objective

The main objective of this study is to examine the impact of corporate tax on firm value.

1.5.2: Specific Objectives

- i. To determine the characteristics of listed companies for ten year (2006-2017).
- ii. To determine the trend of dependent and independents variables of listed companies from (2006 - 2017).
- iii. To determine the correlation between dependent and independent variables for listed companies for ten years (2006-2017).

1.6: Significance of the study

The significance of this study is a pioneer study which has attempted to venture into a subject matter that has not been widely researched. Hence, the significance of this study is underlined by the fact that there are so far very few studies that have dwelt on the impact of corporate tax on firm value. Therefore, this study is expected to inform policy makers and researchers to dwell deeper in the subject matter in order to provide policy makers with more objective options on how to improve corporate tax regime for firms.

1.7: Scope of the study

This study planned to examine the impact of corporate income tax on Firm value for companies listed in DSE and the result could or could not be relevant in other countries.

1.8: Limitations

This study is likely to be limited by the dearth of the data because there are no previous studies that have been carried out in this field in Tanzania. There is no enough literature and access to data from individual firms and TRA will most likely be difficult to assess.

1.9: Limitation Mitigation

The researcher will establish contacts with individual firms through their respective chambers of commerce and confederation of industries. Also, access will be sought at the DSE, TRA, BOT and Ministry of Finance. The researcher believes these channels will facilitate access to respective data sources.

CHAPTER TWO

LITERATURE REVIEW

2.1: Introduction

This chapter reviews the literature on the impact of corporate tax on firm value. The literature review is divided into three parts. The first part reviews the theoretical underpinnings on the impact of corporate tax on firm value. In this context, key concepts are defined before delving into the discussion of conceptual and methodological debates on the lack of consensus among both theoreticians and empiricists as to the actual impact of corporate taxes on firm value. The second part dwells on the empirical evidence on the impact of corporate tax on firm value. The extent of the impact is presented to explain how corporate tax impacts upon firm value. The third part presents a schematic review of articles that outline the title, references, variables, measurements, methodology and findings that highlight the need for further studies on the subject matter.

2.2: Theoretical review

Hypothetical view of the impact of corporate tax on firm value varies significantly between corporate tax activists and others who regard corporate tax to be obstructed to firm value. The basis of this hypothetical view highlighted two things such as main conception definitions and mechanical issues on hypothetical methodological approaches towards evaluating the impact of corporate tax on firm value.

2.2.1 Concept definitions

2.2.1.1 Corporate tax

Corporate tax is the levy paid by company on the revenues and profits arises from business operation of the firm. The size of the company, volume of revenues and profit generated from operating activities of the company are key determiner of the means in

which tax is computed and thereafter the amount of tax to be paid. Corporate income tax and its impact have been the central focus of farthest study since its introduction in 1909 (Carrol 2009). Corporate tax activists have evaluated the effects of corporate tax using regression technique however there result leads to contradiction. The study by Arnold Harberger's opined the general equilibrium models hence become method of analysis (Harberger 2010). The findings appear that the weight of corporate tax caused by capital in a closed economy whereby no any economic sectors involved in business with other countries. This hypothetical view has changed because of existence of globalised economies. The globalised economic has prompted the new types of hypothetical views and evaluations (Gravelle 2010).

2.2.1.2 Corporate tax policy

Corporate tax policy refers to the policy that outlines the rates of corporate tax that businesses must pay. The government has only one reliable way to cover for public spending (such as administrative expenses, offer public goods like education, health, transportation etc) and eradicate market failures thus is externalities and income redistribution (Perman, Ma and McGilvray 1996). Achieving the welfare profit fairly than welfare losses minimization is the solely corrective and important role availed by taxation (Kay 1990). But regardless of these roles, taxation policy is yet considered by anti-tax advocates as a policy that imposes costs on a firm (Kay 1991). It is argued that there is a burden loss from taxation – the associate economical costs of taxation habitually surpass the revenue collected by the government (Cullis & Jones 1998).

2.2.1.3 Tax sheltering

Tax sheltering is a situation whereby a business or company minimizes or decreases chargeable incomes and, thereafter the tax charges. Engaging in the business/investment availed by taxation law a favourable tax dealing to operating activities and or transaction thereafter that decreases/minimizes chargeable income of the business or company. Some tax shelters that are provided in the form of tax deductions include deduction of

charitable contributions, student loan interests, and mortgage interest deductions, just to mention a few.

2.2.2 Firm value

Several definitions have been explained as to what exactly firm value refers to. However, there is consensus among economists and in particular business experts that firm value refers to a business or company net worth financially and in terms of its size and scope of business or market share, assets, quality of human resources, and investment capacity. Corporate tax has strong influence on firm value due to the fact the tax rates imposed on a business or company have wide ranging impact (Mackie-Mason & Gordon 1997). There is extensive literature that shows the impact taxation has on firm financial decision basically the influence on financing choice and strategies, organizational form, restricting, pay-out policy, compensation policy and risk management decisions (Graham 2003).

2.2.3 Enterprise value

Enterprise value is similar to firm value and it is however considered as the value beyond companies' equity. In acquisition /purchasing of the entire company, the acquirer not only acquire the company entire equity part but also associate debt of the company (liability) and all liquid part (debtor, short mature investment, and cash itself) of the company. Acquisition of the debt rises the cost of company as the buyer would be upon maturity of this debt acquired required to honour whilst acquiring of the cash decreases the cost of acquisition and stabilize liquidity.

Speaking of the debt and cash, both have significant impact on a company value (firm/enterprise value). Therefore, the firms of the equal market capitalizations may quote highly dissimilar enterprise values. An example on this can be drawn from a firm with a TZS 500 million market capitalization, if the company hold no debt however with Tzs100 million in cash, it acquisition would be as cheaper in relation to the other

company of the very same market capitalization with the debt of Tzs 150 million of debt and no cash.

Considering the valuation technique used to measure the value of the firms do not take into account the amount of debt and cash the company hold. For example, the P/E ration as the common method of measuring firm value is sometime referred as flawed/fault P/E ratio.

Basically, in this study firm value/enterprise value was referred as net worth of the firm/company asset. The capital employed in the firm are the capital used to acquire assets deployed in all firm's operations. Therefore, total Assets taking away the current Liabilities is what the study refers as Firm value.

2.2.4 Capital Structure

Capital structure refers to a mix of debts and equity used by firms to finance its assets. It also refers to the proportion of debt instruments and preferred and common stock on a company's balance sheet. According to Van Horne (2014) all firms need operating capital to support their sales. To acquire the operating funds a combination of equity and debt should be considered.

Capital structure decision plays an import ant role in the maximization of shareholders wealth; a poor capital structure decision may result in high cost of capital. A decision matters if the firm chooses capital structure, the average maturity of its debts and specific sources of financing. Anthony Kiyumbi (2013) suggested capital structure for each sector was different, companies within a sector have similar capital structure therefore, the industry in which a firm operates is likely to have a significant effect on its capital structure formation. He concluded capital structure in the industry should be considered since it might reflect the unique risks inherent in that industry.

2.2.6 Profitability

Burja C (2011) defined profitability as the direct result of managing various economic resources and of their efficient use within operational investment and financing activities. Also referred as an outcome or result of company business operations. Company's profitability is a measurement of the performance of the company against its operation and it measured by return of assets or equity. The higher the profitability the better to the business maximization and dividend payout to investors.

2.2.7 Dividend payout

Residual profit (after tax profit) of the company defines the increase expected of the firm size in term of capital (equity) of the company. Based on the company dividend policy, the institution may decide to distribute the portion of the profit to their shareholders. The distributed part of profit to shareholders either in cash or otherwise are what termed as dividend.

The return to share holder either in term of dividend or in term of share (bonus share-traded share at a price below market price), share repurchase deplete the organization reserves (retain earning). Hence reduces the part of the reserve defined in the equity/capital part of the company.

The reserve (retain earnings) used to paid out dividend would have be sufficient enough to be used in expansion of the business e.g. research and development, relocation to other places, expanding production and productivities by involved in new technology etc.

Dividend payout increases degree of confidence investors has to the firm in term of operational performance, market performance and confidence on return especially to risk averse investors. The higher the confidence the firm draw from potential investors in the market raises demand of the shares. With the increase demand for shares subject the company shares to the concept of economy of demand and supplies. The higher the demand for limited number of shares the higher the unit price (market price of the

share). The marketability of the organization share in the stock market increases the both credit worthiness of the company and generally the capital. The impact of dividend payout may also in significant term affect the market price share of the firm as result of better prospect of the shares of the company.

2.3 Theoretical Literature Review

2.3.1 Capital Structure theory

The composition of debt and equity that aim to attain overall goal congruent of the organization (managerial goals) that is optimization of the firm value is what refers as “capital structure”

The optimal capital structure is also defined as that “combination of debt and equity that minimizes the firm’s overall cost of capital”.

The element of capital structure can be simply analyses from organization statement of financial position previous named as balance sheet/statement of financial position. In the part of equity and liability of statement of financial position explore the constitute of capital structure and it is the mix of both debt instrument and common stock.

Some scholars opine on the impact of tax on firm value. The pioneer of the study was Modigliani and Miller (1958), who in 1958 postulate his first hypothesis on the ideal environment to study the relationship between two variables namely the firm value and Capital structure. Under the ideal/perfect environment he underlines his assumptions are no taxes, no inflation, no transaction costs, no depreciation, no bankruptcy, no effect of debt on a company profit before interest and tax, there is free flow of information and the firm will operate infinitely.

Modigliani and Miller (1958) finally concluded that in a perfect environment capital structure does not impact firm value. Therefore, the option between debt and equity financing has no impact on firm value in ideal circumstances.

The output of MMI was later challenged by release of earlier postulation of his assumption. The attempt was relevant in order to arrive to a very reliable and relevant decision on optimal level of leverage. Under a perfect market condition the value of the levered firm is equal to the value of unlevered firm regardless the ration between equity and debt finance.

In five years' time (1963), the MMI model was later corrected and assumes the effect of taxation. This come to deploy the possible benefit associate with the cost of debts in the capital structure thus is interest payment. The cost of debt (interest paid for use of one capital) is deductible feature of interest to arrive at profit before tax. The amount deducted (interest) generate the tax saving (tax shield). The MMII also take into account the risk associated with debt thus cost of bankruptcy and other transaction cost.

MMII (Modigliani and Miller (1963) finally argue that a change in the debt/equity ratio does not impact on firm value in perfect market condition, however when taxes and other transaction costs are considered two factors need to be acknowledged first, weighted average cost of capital (WACC) decreases as it increases its debt second, the cost of equity increases as it increases its debt since shareholders bear higher business risk due to the increased possibility of bankruptcy.

Thus, the model stipulates in order to increases firm value, the firms should deploy 100% debt finance.

In support of discussion on capital structure, and adding to the aforesaid Modigliani and Miller models (1958 & 1963), numerous theories have presented supplementary contributions.

Jou and Lee (2004) citing MM1highlighted under perfect market condition which deducing no correlation on the firm financing decision and firm investment decision suggested further investigation for some theories.

The decision on investments and financing are linked through four sources of market imperfections first, capital has some resale value and is more costly to purchase later. Second, debt obligations are tax deductible with full loss offsets. Third, conflicts of interest between equity and debt holders over the initial capacity may arise because equity has limited liability. Fourth, there are certain costs incurred in the event of bankruptcy. This theory shows how capital structure decision might increase or decrease the amount of corporate tax charged on profit at the year end. Capital structure which incorporated with debt is less taxable compare to none since the interest paid is tax allowable; therefore the amount exposed to the tax rate is less thus the profitability of the company is increasing. Generally the amount of tax allowable (interest paid) positively affect the firm value.

2.3.2: Pecking Order Theory

Pecking order theory evolves from postulation put forth by imperfection assumed by MMII in 1963 where the tax effect and other transaction costs were assumed. Due to deductibility nature of the interest to arrive at the profit, debt finance present advantageous option as tax shield. Myers and Majluf (1984) put forward that the “pecking order” framework is based on adequacy of insider information (asymmetric information). Managers have inside information on the future prospect of the firm and can act in the favour of existing shareholders.

According to pecking order theory “firms prefer internal finance (from retained earnings) to external finance, and when external finance is required, firms prefer debt before equity”. Myers (1984) reconsider the possibilities of diversification in many other investments opportunities thus transforms the stringent pecking order theory and advise that firms with many investment opportunities may choose to issue equity before it is extremely indispensable. Since the modality of financing most is done internal, therefore companies loose the advantage of profit maximization because large amount of corporate tax will be paid hence negatively impact the firm value.

2.3.3: Trade off Theory

Myers (2001) proposes that debt offers firms a tax shield, therefore to arrive at a maximum gain of tax benefit and eventually enhance profitability; the firm should pursue higher levels of debt.

However, an optimal increase the level of debt increases the likelihood of bankruptcy as the result of possible insolvency (failure to honour debt when due). The advantages of this approach include the prospect of subtracting interest payments from company tax (Modigliani and Miller, 1963).

However apart from cited benefit tax shield benefits associated debt financed and supported with the theories (MMII, perk order theory, trade of theory) other scholar has come with the critic on the aforementioned theories.

- Kim (1978) argue that tremendous debt finance is grounded of institution financial distress
- Jensen and Meckling (1976) elaborate an extreme debt finance significantly rises the agency cost for equity holder and debt holders.
- DeAngelo and Masulis (1980) address that while the relationship between corporate tax and the debt level is anticipated to be positive then the correlation between the leverage and investment tax shield is inversely. Thus, an increase in debt level expected tax shield is outshine by probable risk of financial distressed hence bankruptcy. His argument was based on the ground that, non-cash expenses can also decrease the tax base therefore the model that propose an extreme level of debt for marginal debt benefit is even worse.
- However, Nagesh (2002), in his research interested in sixty-four JSE listed firms, finds a negative correlation between the tax rate and the level of leverage. (Nagesh 2002) in his conclusion highlighted that the exchange between investment related tax shields and debt-related tax shields is unnoticed. Myers

(1984) asserts that the trade-off approach implies that a firm's leverage reverts to a target or optimal level.

2.3.4: Agency Cost Theory

Management has long term impact on the organization capital structure hence can significantly influenced it. Still, management might be derived by personal motives and attempt to pursue their own incentive instead of maximizing shareholder value (Myers, 2001). This presents the conflict of interest between shareholder and management the steward of the organization resources.

The concept of agency principle theory was earlier developed by the work of Fama and Miller (1972) and later in 1976, Jensen and Meckling (1976) initiated research in this area. During this study two types of conflict were identified as namely hereunder.

- Conflict between shareholders and managers, and
- Conflict between debt holders and equity holders.

Conflict between shareholders and managers significantly occurs due over residual claims. The concern is replicated by percentage of holdings between the agency and principle. Managers as agency do not benefit from entire gain from organization activities however they assume the entire cost of the organization activities and forgone expenditure that would have personal benefits. In this case managers' forgone expenditure/activities would have personal benefit/interest at the expenses of the maximizing shareholder value.

Harris and Raviv (1990) contribute universal regards on manager- shareholder conflicts. They pinpoint that both managers and shareholders may differ over the organization operating decisions. In this case, managers tend to desire continuity of the firm's operations even though the interest of shareholders is the liquidation of the firm. Harris and Raviv (1990) argument receive a support from Stulz (1990) who complimented on manager- shareholder conflict on different point of view, Stulz identify that managers

look for all possible investment opportunities to invest all existing funds even if shareholder prefers paying out cash.

Debt insurance is the recommendation offered by scholar interested with manager-shareholder conflict to tackle the existing conflict. Jensen and Meckling (1976) also highlighted that conflict is reduced and even alleviated relative to the percentage of equity the manager holds in the firm.

Holding at the constant level the managers' equity shares of the firm while the amount of the debt is increases, this may result in an increase in the managers' equity shares, therefore elevates the loss from conflict between the manager and the shareholders.

Moreover Jensen (1986) and Stulz (1990) add to the discussion on the elevations of manager-shareholder conflict by postulate that since debt obliges the firm to pay out cash thus reduces the amount of ready money available for management to keep in personal incentives. Therefore, the lessening of conflicts between managers and equity holders composes one advantage of debt financing. Harris and Raviv (1990) emphasize that debt gives debt holders, who are also investors in the firm, the option of forcing liquidation if cash flows are poor.

The threat availed by the option of the forced liquidation by the debt holder receive complimentary argument from Grossman and Hart (1982). They study further postulate additional benefit of debt financing, by explain that managers are more concerned of losing control due to risk of the bankruptcy inherent by the debt finances. Therefore, managers will significantly centred on efficient utilization of organization both human and capital resources to reduce the possibility of bankruptcy.

Also, agency cost can be mitigated through the use of debt with short-term maturity. In this case, the debt holder including underwriter are more and closely provide monitoring to the management. Stulz (2000) support this notion and Rajan and Winton (1995) concur that short-term debt facilitates effective monitoring with minimum effort.

Capital structure is determined by trading off the benefits of debt against the costs of debt (Harris and Raviv, 1991). Harris and Raviv (1990) also indicate that investor control through bankruptcy requires additional costs in order to produce information useful in the liquidation decision. reduce free cash flow through payment of debt also minimizes/cutoff the accessible funds for further investments in more productive and profitable opportunities, Stulz (1990). Numerous scholars have pointed out that agency problems can be elevated by utilizing managerial incentive schemes, financial securities or stock ownership. Datta, Iskandar-Data and Raman (2005) also prove that managerial stock ownership improves the relationship between credit quality and debt maturity and between growth opportunities and debt maturity.

2.3.5: Theory of Profitability

Profitability is defined as the ability of the company to generate earning from its investment. It also refers to the operating efficiency of the company. That is ability of the company to make profit on sale and also it is the ability of the company to get sufficient return on the capital and employees used in the business operation.

Dewi, 2016, postulate that profitability is an indicator of management performance in managing company's wealth which is indicated by profit. Maheshwari (2001) supplement many other studies by elaborating that a firm's profitability as the capacity of the firm to make profit from all it operating lines. This is the only sing of efficiency expected from those entrusted with stewardship of the organization resources.

Nuriningsih (2014) in August (2014) stated that profitability is allocated for shareholders' welfare in the form of paying dividend and retain earning. Allocation of profitability is highly subject to institution retention policy and dividend policy. Based on institution retention policy the amount retained as reserved might be employed to capture the full economic of scale. Pecking order theory hypothesis that highly profitable organization chooses internal funds and when external funds are required the firm will borrow, rather than issuing equity.

For high grow, firm the Pecking Order Theory suggested that due to unwillingness to issued equity shares, typically the firm with high financing needs, will prefers a higher debt ratios.

Smith and Watts (1992) and Fama and French (2002) suggested that high-growth firms without fail use less debt in their capital structure. Cornell and Shapiro (1987) postulate that, firms with higher levels of net organizational capital are mostly equity financed and hold comparatively large cash balances.

Profitability theory is supported by free cash flow theory. Firms with a positive free cash flow have sufficient internal funds and may make the use this cash flow to lower their debt ratio. However due to lack of sufficient internal fund the firms with a negative free cash flow increase their debt ratio thus positively impacts the Firm value.

2.4 Empirical literature review

The empirical literature on the impact of corporate tax on firm value has been highlighted in this section by showing European countries and African tax system reform. Historically, Developed countries established tax systems which were reformed time to time. Literatures evidenced that, during industrialization regime taxes were effectively collected to raise revenue as to suit the need for industrial resources. Further noted that, the tax system for developed and developing countries was like similar but differ on tax compliance and administration slemod and Yitzhaki (1996). Also Seinmo (1993) urged that, though these countries faced with similar problems and pressure they developed very different systems due to different political and administrative institutions.

In Africa tax systems have been reflected direct to the impact of changes in several key features like colonial heritage thus the length of colonial rule influence various countries tax systems. Another feature is rural-urban tension, this means tax collection is done extensively in urban areas leave co-corporate unions to collect tax on agriculture products in rural areas.

Also political and administrative feature was revealed where non-compliance and corruption in relation to tax are relevant issue in Africa Mamdane (1996). Also global, economic integration came on the face of globalization example in Africa a total of 17 trade blocks have been established like East African Countries (EAC), Southern Africa Development Community (SADC), Common Market for Eastern and Southern Africa (COMESA) and others in which the potential levy taxes on trade has diminished in the face of trade liberalisation and increase economic openness put new pressure on tax policy and administration at country level Grunberg (1998).

In African countries are trying to attract foreign investors with attractive tax legislation and regulation. Example in Tanzania and Ethiopia encourage foreign investors by exporting tax holidays while in Ghana attracts through free trade zone and in Nigeria provide cash grand plus tax incentives 'a pioneer status' Deloit (2017). These legislation and regulation often means that there is less of a burden of compliance rates of corporate tax are lower and that taxation at source is lower or non-existent.

Tanzania is not far from African countries has adopted tax system from colonial rule and reform it with time. Revenue raised from Direct and indirect taxes example of those taxes are PAYE, corporate tax, property tax, withholding tax, rental etc. From Ministry of finance and planning report (2017) show Government revenue collected from internal sources was increased from Tzs 10,597.7 billion in 2014/2015 to billion Tzs 13,622.2 billion in 2015/2016 out of this 91.9% was tax revenue.

Table 2.1: Amount of Direct taxes (Tzs billion) collected from Tanzania main land 2007/2016

Year	PAYE	Type of tax		
		B. skills Dev. levy	Corporate tax	Individual
2007/2008	512.20	76.50	374.60	36.30
2008/2009	662.30	91.70	414.70	42.10
2009/2010	743.40	110.20	418.30	48.60
2010/2011	928.50	120.00	537.60	58.40
2011/2012	1,129.50	138.90	779.90	65.80
2012/2013	1,395.60	155.30	1,039.70	69.90
2013/2014	1,626.50	168.70	1,483.90	87.40
2014/2015	1,750.80	216.10	1,182.70	101.90
2015/2016	2,246.80	261.70	1,379.70	141.80

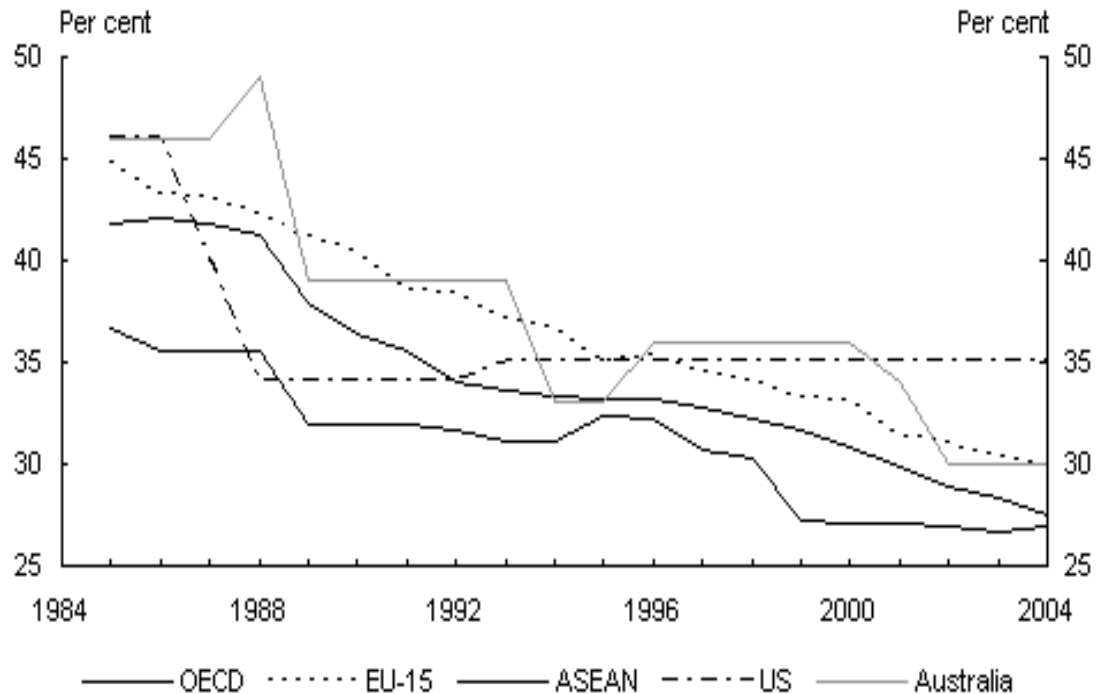
Source: ministry of finance and planning 2017

Table 2.1 indicates corporate tax collection from 2007/2008 to 2015/2016 the trend increases yearly from Tzs 374.6 billion in 2007/2008 to Tzs 1,379.7 billion in 2015/2016.

2.4.1 Characteristics of companies listed in DSE

Corporate tax is the statutory levy charged on company profit earned during the year of income. Company profit is the relevant economic income base for measuring the effective corporate tax rate. Worldwide corporate tax is charged but in different rate depending on the tax policy of the specific country. In Africa the tax rate ranges from 20% in Mauritius to 40% in Chad.

Figure 2.1 Trend in statutory company tax rates in developed countries



Source OECD tax database; KPMG

Figure 2.1 indicates corporate tax rates in different areas in the world. Statutory company tax rate has been declining with the average rate 0% to 38% in OECD, European Union, ASEAN and less developed countries. The reason behind is the statutory rates regularly are accompanied by tax base broadening as well as growth.

Tax payments to TRA made by companies not only listed but all with the view of business, contribute a lot in the National source of revenue. Companies experienced rise and fall on the tax amount paid depending on the production capacity of the year of income. Ogundajo, Grace Oyeyemi and Onakoya, Adegbelemi Babatunde (2016). Similar result reported by Levin (2001) he urges that, Tax payment increase proportionate with the increase with production. He further reported a tax payment decrease by 41% on the manufacturing sector because of decrease in production.

In the fifth Government regime under Dr. Pombe Magufuli president of Republic of Tanzania more efforts were injected to collect more tax which will enhance development on industrial sector. According to TRA report (2018) tax revenue collected and reported was Tzs 15.5 trillion. Apart from those good tax collection efforts tax evasion and avoidance are inevitable. According to Christine Aganyo (2014) argue that on her study the impact of corporate tax planning on firm value there is a positive relationship among tax corporate tax planning and firm value hence in Kenya creating accounts are created. The study was supported by Lestar (2014) who had similar observation.

2.4.2: The extent to which Capital structure impact the Firm value for listed companies in DSE

Capital structure can be formed by Debt or Equity or both equity and debts. The study tried to pin point how the firm value can be affected with capital structure. Mixed formation of Capital structure (debt and equity) lead to cost of capital since the interest charged on dept employed waive the burden of tax payment since the interest amount is tax allowable.

Some scholars have conducted studies analysing the relationship between firm value and capital structures build strong knowledge milestone presented in 1958 by MM1 and later improvement on 1963 of MMII taking into account the impact of capital structure on firm value in imperfect environment.

Numerous researches failed to identify the significant effects of the relationship between debt and equity finance, however MacKie-Mason (1990) availed clear justifiable observation of the substantive effect of capital structure has on the selection between the debt and equity. Thus, the association between tax shield and debt policy was then substantiated. Other studies lack the fact that most tax shield bares a very insignificant consequence on the marginal tax rate on the majority firms.

The new postulation of the effect tax shield has on marginal tax is further supported by an empirical analysis, and the methodology was to analyse further financial decision using discrete choice assessment. Preceding studies analyses the debt to equity ratios however examination based on additional financing decision should have superior effect.

Graham, Lemmon & Schallheim (1998) gives proof that the status of capital structure is universally to financing decision, in which provoke counterfeit association between analysis of financial policy and the taxation laws. Relay on the forecasted estimation of corporate marginal tax rates before financing effect, there inverse relationship between operating leases and tax rates and proportional relationship between leverage level and tax rates. Thus, this provide the most complex proof supporting the proposition that low tax rated firms lease more and have even lower leverage level than high rated tax firms.

Dan Givoly Carla Hayn Aharon R. Ofer Oded Sarig (2015) despite the hypothetical associations linking tax and capital structure has been extremely assessed; the empirical proof on this matter is yet to be concluded. Among the major intricacy facing preceding empirical studies of the cross-sectional association amid taxes and leverage was the monitoring of prevailing variables. The tax reform Act of 1986 (TRA), has radically revolutionize the tax administration, avails an exclusive chance to examine the relationship between taxes and leverage choice in controlled circumstances. The interaction exists between leverage and tax variable has been tested for enormous sample of the firms since endorsement of the TRA. The output of the study supported the tax base hypothesis of the capital structure. The evidence elaborates the substitution impact of debt and non-debt tax shields and that mutually, corporate and personal tax rates affect leverage choices.

Castanias, R. (1983) identify deficiency in empirical analysis of the capital structure irrelevance theories. Another theory is that firm decides on value maximizing blend of debt and equity on account of bankruptcy costs and the tax reduction of the interest payments.

Relaying on cross sectional effect of the tax shelter bankruptcy cost assumption, the substitute analysis of the irrelevance theory is executed. The study ascertains the interaction between malfunctioned rates and leverage rate for 36 chain of business. The output contradicts with the irrelevance hypothesis.

Almendros and Mira (2016) ascertain the impact of taxation on the debt policy of Spanish listed companies. The study discloses the capacity of taxation in elaborate firms leverage choices. The study analyses if the corporate tax shields elaboration of capital structure is pertinent to companies listed on the Spanish Stock Exchange from 2007-2013. Taxation has been identified to be the economically and statistically as considerable prediction of capital structure of the firms. The study proposes that marginal tax rates have direct impact on the Spanish companies' debt policies and the presence of non-debt tax shields encompasses the substitute use of debt as a tax shield. Consistent with theoretical prospects in less levered companies, an enormous interaction amid debt and tax exist.

Michael Nwidobie Barine¹ (2012), the financial policy of the firm regulates the means and the amount of finance that can be sought from financial institutions. The favourable distribution of debt and equity is identified by trade off the net tax benefits of incremental corporate leverage and the relative costs of increasing chances of financial distress and decreases marketability of the firm corporate debt and agency costs. To assess the determinant of the capital blend, the study outputs from the regression analysis show that the blend is positively defined by the cost of equity, presence of debt tax shield, contract limitations of the debt, firm dividend policy, competitors capital blend and profitability and negatively defined by the cost of debt, pressure from the parent company and the fear of financial distress dictating new and financially unproductive to cut off debt to equity mixture when there is a chances of rising financial distress and high cost of debt and raising it when cost of equity, profitability and benefits from tax shield is high, guaranteeing the favourable trade-off amid cost and net tax benefit of incremental leverage and costs and benefits of equity in firm capital structure.

2.4.3 The impact of profitability on the firm value for listed companies in DSE

Profitability is considered as the most complicated feature for the company to be understood and evaluated through, some ratios are used to determine total cost and tax on revenue, operational efficiency, company pricing and assets profitability.

It should be mentioned that in order to relate profitability to the firm value indices, the costs and the debt of the company can be referred.

Myers (1984) in his pecking order theory predicts that firms prefer raising capital from retained earnings, then from debt, then from issuing equity. The cost of capital dictates the rank of the pecking order under asymmetric information and market imperfections. If pecking order applies, then, higher profitability will correspond to a constant equity shares outstanding, as financing by retained earnings will be preferred to issuing new equity. In the trade off theory, agency costs, taxes and bankruptcy costs push more profitable firms toward higher book leverage. First, expected bankruptcy costs decline when profitability increases. Secondly, the deductibility of corporate interest payments induces more profitable firms to finance with debt. In a trade-off theory framework, when firms are profitable, they prefer debt to benefit from the tax shield. In the agency models of Jensen and Meckling (1976) and Jensen (1986), higher leverage helps control agency problems by forcing managers to pay out more of the firms excess cash. Accordingly, the trade-off theory predicts a negative relationship between profitability and equity share increase. In his study, negative relationship between profitability and Equity stocks outstanding was expected. Rajan and Zingales (1995) and Bevan and Danbolt (2001) measured this variable as the ratio of Earnings before Interest and Taxes to total assets. This study will also measure Profitability as earnings before interest and taxes (EBIT) divided by total assets.

Adelegan, Olatundun, (2006) analyses the effect of tax financing decisions and firm value in Nigeria. This paper was meant to assess how the taxation of dividend and debt impact the firm value. The taxation theory foretells that firm value is negatively

correlated to dividends and positively correlated to debts. Numbers of 1,197 company's manufacturing firms in Nigeria from 1984 to 2000 was taken. To attain the objective of the study, this paper deploys the ordinary least square (OLS) method and the different theory forecasted from the regression output. The study discloses that the firm size can with satisfactory evidence highlighted the interaction between dividends, debt and firm value. As for market capitalization as the base of firm size assessment the firms can be divided into two; and for each category different equation was established. The equation was founded the output of the study which clarify the existing of a very negative correlation between debt and firm value and a very positive correlation between dividend and firm value for both medium and big companies. This paper windup by identify that profitability of the company's can be well explained by dividend and debt policy of the firm. Taxation effect on financing choice is incomprehensible by profitability of the firms; however, the study further exposes that earnings and investments are the major factor elaborating the firm value in Nigeria.

Fama and French (2002) perused the study ascertain in what ways the firm value is directly associated to dividends and debt amid the sufficient control for profitability by employing cross sectional regression. Simple tax theory avail that there is no relationship between dividend while there is a positive relation of the debts and the firms value. The study deduces that dividends and debts express data regarding profitability (estimated net cash flows) neglected by broad variety of controlled variables. Thus, the detailed about profitability inconceivably the consequences of taxation in financial choices.

2.5 Tax system in Tanzania

Fjeldstad, O.-H., (1995) analyses the taxation system in Tanzania, and provided specific consideration to the tax transformation scheme accessible in the Report of the Presidential Commission on Taxation. Taking into account the impact of the "low- rate, broad base" tax transformation policy that has been approved, the taxation transformation policy adopted dispute that it is associated with the numerous

fault/limitation. This specifically recount to the ongoing and extensive tax evasion, widespread tax exemptions and inadequate tax regime. This study emphasizes the debates for enhancement of the quantitative assessment of the revenue policy, and assumes more particulars and alert measures to advance tax supervision.

Fjeldstad, O. H., & Heggstad, K. K. (2011) organized and assesses the current understanding on the capacity and limitation of the tax system in sampled African nations, and to recommend Norwegian government on how the acquired knowledge can be implemented effectively for tangible development policies. This study aimed at Mozambique, Tanzania and Zambia taxation regime. It analyses the present work to intensify the tax administration in each of these countries, discloses the gaps and gives advices for Norwegian support for efficiency and accountability for tax administration.

Nicodeme, G. (2001) analyses the varieties of ways of assessing effective corporate tax rates. Any selected methodology is inherent with the cons and pros, in addition to different hierarchical category of the countries. This is due the fact that singular methodologies assess very different issue. This study also ascertains effectiveness of effective taxation for eleven European countries the US, and Japan deploying accounting information of the companies. It shows that there are wide discrepancies between statutory and effective taxation, among countries for numerous sectors and firms sizes. Lastly, it recommends that effective corporate taxation is responsive to the cycle.

Villalonga and Amit (2004) deploys data for 500 Fortune corporation starting from 1994- 2000, the result of the study clearly identifies that family business generates value only when the owner/founder act as CEO of the family business or as Chairperson with a recruited CEO. Owner premium is highly minimized by destitution of ownership, pyramids and voting agreements. When children act as CEOs, firm value is ruined. The results of the study recommend that the classical owner-manager divergence in nonfamily corporations is highly costly than the conflict between family and nonfamily shareholders in founder-CEO firms.

Moreover, the disagreement among family and nonfamily ownership in children- CEO corporation is highly expensive than the owner manager disagrees in nonfamily corporations.

2.6 Conceptual frame work

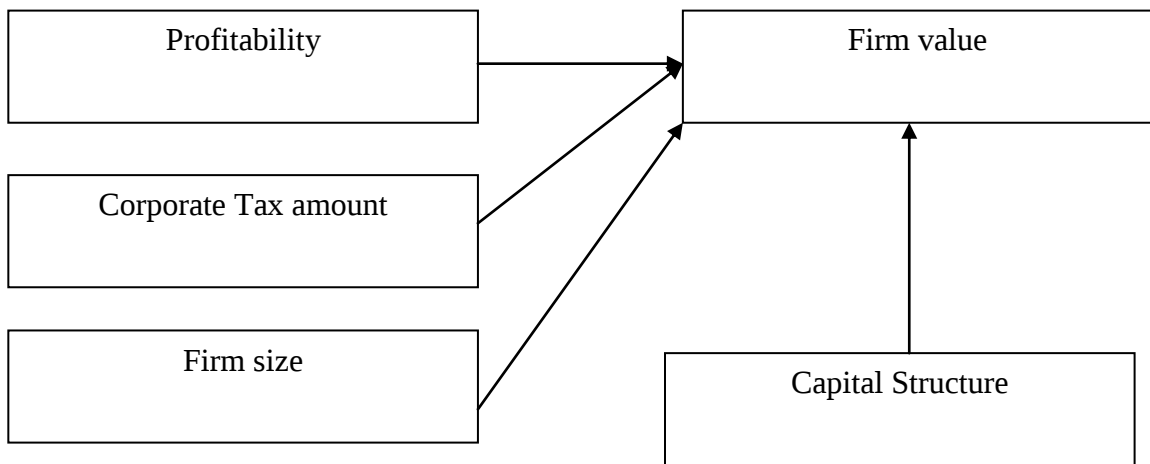


Figure 2.2 Indicates conceptual frame work guided by research hypotheses;

- H1: There is insignificant impact of corporate tax on firm value for companies listed in DSE
- It is statically significance since the value of alpha is less than 5% therefore null hypotheses is rejected that means tax payment is significant shown in statistical data with an increase of tax payment.
- H2: Capital structure of the firm is not positively responsive to the degree of firm value for companies listed in DSE.
- Also the result is significant hence a null hypothesis is rejected, therefore there capital responsiveness against firm value.
- H3: There is insignificant impact of tax on profitability on the value of the firm for companies listed on DSE.
- Null hypothesis is rejected since statically evidenced by the result, therefore there is significant impact of profitability on firm value.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1: Introduction

This chapter explains the methodology that used to collect and analyze data on the impact of corporate tax on firm value. Methodology refers to overall approach to the research process, from the theoretical underpinning to the collection and analysis of the data. The chapter starts by explaining the research design and proceeds to describe companies that were selected for the study the methods for data collection and analysis.

3.2: Research Design

Research design can be explain as framework of the whole research. It can be thought as the paste that binds all of the parts of the research, it elaborate ways in which the entire key element of the research works in harmony in try to deal with the research question/objectives Orodho (2013). It can be further clarified as plan for selecting the sources and types of information to be used in answering research questions/objectives.

3.3: Research site

A sample was selected from a total 28 company listed in DSE where five companies with the similar nature were chosen. The reason for this was those five companies experience the same operating environment. Furthermore, these companies experienced operation more than ten years hence they are well experiencing Tanzanian's business environment. Those companies are; Tanga Cement, TBL, TOL, TCC and TPCC.

3.4 Population

Population is the group in which the sample is sought. Usually, population is the group either of the individuals or elements constitute or sharing one or more things in common. In this study the targeted populations are the firms listed in Dare s salaam stock exchange with the different operating activities; thus include the mining industries, banking industries and manufacturing firms.

3.5 Sampling Technique

The researcher searches the DSE websites and companies reports for the listed firms from 1998 up to 2018. Using the study eligibility criteria, all firms registered before 2006, and not being in the financial sector, and the data readily available (without password protection) were included in the study. In total, seven firms were found to be eligible for the study out of 28 listed companies namely Tanga Cement, TBL, TOL, TCC, TTP, KA and TPCC

Table 3.1: Firms listed at the Dar es Salaam Stock Exchange (DSE)

#	Company	Yr Registered	Symbol	Sector	Sampling
1	Acacia Mining	07.12.2011	ACA	Basic Materials	Excluded
2	CRDB Bank	17.06.2009	CRDB	Financials	Excluded
3	Dar es Salaam Stock Exchange	12.07.2016	DSE	Financials	Excluded
4	DCB Commercial Bank	12.09.2008	DCB	Financials	Excluded
5	East African Breweries	29.06.2005	EABL	Consumer Goods	Excluded
6	Jubilee Holdings	20.12.2006	JHL	Financials	Excluded
7	KCB Group	17.12.2008	KCB	Financials	Excluded
8	Kenya Airways	01.10.2004	KA	Consumer Services	Sampled
9	Maendeleo Bank	04.11.2013	MBP	Financials	Excluded
10	Mkombozi Commercial Bank	29.12.2015	MKCB	Financials	Excluded
11	Mucoba Bank	10.09.2016	MUCOBA	Financials	Excluded
12	Mwalimu Commercial Bank	27.11.2015	MCB	Financials	Excluded
13	Nation Media Group	21.02.2011	NMG	Consumer Services	Excluded
14	National Investments Company (NICOL)	03.06.2018	NICO.TZ	Financials	Excluded
15	NMB Bank Plc	06.11.2008	NMB	Financials	Excluded
#	Company	Yr Registered	Symbol	Sector	Sampling
16	Precision Air Services	21.12.2011	PAL	Consumer Services	Excluded
17	Swala Oil and Gas (Tanzania)	11.08.2014	SWALA	Oil & Gas	Excluded
18	Swissport Tanzania	26.09.2003	SWIS	Air handling	Excluded
19	Tanga Cement Company	26.09.2002	TCCL	Industrials	Sampled
20	Tanzania Breweries	09.09.1998	TBLTZ	Consumer Goods	Sampled
21	Tanzania Cigarette Company	16.11.2000	TCC	Consumer Goods	Sampled
22	Tanzania Portland Cement Company	29.09.2006	TPCC	Industrials	Sampled
23	Tanzania Tea Packers (TATEPA)	17.12.1999	TTP	Consumer Goods	Sampled
24	TCCIA Investment	16.03.2018	TICL	Financials	Excluded
25	TOL Gases	15.04.1998	TOL	Basic Materials	Sampled
26	Uchumi Supermarket	15.08.2014	USL	Consumer Services	Excluded
27	Vodacom Tanzania	15.08.2017	VODA	Telecommunications	Excluded
28	Yetu Microfinance	10.03.2016	YETU	Financials	Excluded

Source: DSE website (2018)

3.6 Data Collection

This is collection of specific information aimed to avail specific facts. This study deploys secondary data obtained from selected company's websites and journals purposely to thoroughly scrutinize them to see whether impact of corporate tax has specifically on the firm value. The study accessed Published financial statements from companies' web and Dar es Salaam Stock Exchange (DSE) for the period of ten year respectively commencing from 2007-2016.

3.7 Data analysis

According to Kothari (2004), the data after being collected from various sources must be processed and analyzed in accordance with the outlines laid down at the time of developing the research plan. The researcher aimed to find out the impact of corporate tax on firm value. The data analysis method used was STATA econometric software which has been used to presents these data into tabular form and charts for a time series data from 2007-2016 as to arrive at the very reasonable conclusion on the study.

Multiple linear regression and correlation analysis were deployed to analyze the impact of corporate tax on firm value.

3.8 DSE Data

Data from the Dar es Salaam Stock Exchange were collected to provide a quantitative view of a firm value in terms of Adjusted Gross Income (AGI) or Taxable Income (TI). The AGI was derived from the firm's profit as shown in its balance sheet by adding non-deductible expenses and deducting certain exemptions and allowable deductions. This primarily differs from TI by the amount of tax loss carry-back and carry-forward.

3.9 Model specification

3.9.1 Corporate tax as a causal variable on firm value in an emerging market

In view of the theoretical framework, a model which captured the impact of taxation on firm value in an emerging market in Tanzania economy for ten years from 2007-2016 was established. The impact of taxation is a function of the extent of usage and its relationship with other sectors of the economy. The model in its functional form is presented as follows:

Impact of Corporate tax on firm value = f (Aggregate tax payments, Impact of tax on Capital structure, Impact of tax on profit) for a given period..... (1)

$$Y_{en0} = \alpha + \beta_0 + \beta_1 X_{ta} + \beta_2 X_{cs} + \beta_3 X_{itp} + \varepsilon \dots\dots\dots (2)$$

Whereby

- Y_{en0} = Firm value
- α = intercept
- β = Constant
- X_{ta} = Tax amount
- X_{cs} = Capital structure
- X_{itp} = Profitability
- ε = error term

The theoretical expectations about the signs of the coefficients of the parameters are as follow: $b_1 > 0$, $b_2 > 0$, $b_3 > 0$.

This model critically evaluates the significant of the coefficients of each variable. It is interpreted that the variables are effective on the firm value, where every beta coefficient becomes significant.

3.10 Quantitative Methods

This referred to the type of research which is quantitative in nature where data are extracted from published company financial statements listed in DSE.

3.11 Data Analysis

Data were analyzed by using STATA software version 11. These tools were used for basic descriptive statistics for the corporate income tax statistics. The impact was examined using multiple liner regression equation aimed to analyze the impact rather than the relationships among variables are determined.

3.12 Ethical Clearance

The mainly objective of this research is to provide knowledge to the public about the impact of Corporate tax on the firm value nothing will take part to anyone contributed his/ her views to make this work successful.

All information provided to this paper should be kept private and respected at all time and everything shared will be treated as confidential.

3.13 The model specification

Baseline Model

In order to examine the impact of corporate tax on firm value for listed companies, the researcher developed the following model, which was the baseline model

$$Y = \beta_0 + \beta_1 X_{ta} + \varepsilon \dots\dots\dots (1)$$

Where;

- Y = Firm value
- β_0 = Constant
- X_{ta} = Corporate tax amount
- ε = error term

Complete Model

This model extends the baseline model; therefore the complete model includes the variables representing the impact of corporate tax as a result of firm value as well as control variables

$$Y = \beta_0 + \beta_1 X_{ta} + \beta_2 X_{cs} + \beta_3 X_{itp} + \beta_4 X_{fs} + \epsilon \dots \dots \dots (2)$$

Y = Firm value measured by Tobin's q

β_0 = Y intercept representing the value of β_1 , β_2 , β_3 and $\beta_4 = 0$

β_1 = the impact of corporate tax when other factors are held constant

β_2 = the impact of capital structure when other factors are held constant

β_3 = the impact of profitability when other factors are held constant

β_4 = the impact of firm value when other factors are held constant

Table 3.2 Variables and measurement

Variables	Measurement
Firm value	Tobin's q (Total market value of the firm divided by total asset
Corporate tax	30% of annual profit
Capital structure	Debt divided by Equity
Profitability	Net income divided by total assets
Firm size	Natura log of tTotal assets

CHAPTER FOUR

RESEARCH FINDINGS

4.1 Introduction

This chapter presents findings of the analysed data obtained from the study. The researcher intends to analyse the impact of corporate tax on firm value for listed companies in DSE, Tanzania. Clear presentation and interpretation of data is crucial in order to avoid distortion and misleading conclusion. Adam et al (2008). The aim of this research was to examine the impact of corporate tax on firm value for listed companies in DSE such as Tanga Cement, TBL, TCC, TOL, TPCC, TATEPA and Kenya airways. The data was extracted for the period ten years, (2007-2016), published in DSE and Companies' web sites.

4.2 Data analysis

Data were obtained both from DSE and companies' web sites for the period under review. STATA econometric software used to run different tests and analyse the data. Traditionally, data experienced inherent errors thus affects regression analysis with this factor influenced the researcher to undergo different tests aimed to obtain whether the data carried inherent errors or not which could affect the regression analysis.

4.2.1 Normality

It is significant to test if variables are well distributed thus to avoid any distortion which might affect conclusion. A researcher use Shapiro- Wilk W to test normality and the results are indicated on the table below.

Table 4.1: Shapiro-Wilk W test for normal data (consolidated – all companies)

Variables	Obs	W	V	z	Prob>z
Firm value	69	0.93223	4.123	3.078	0.47019
Tax amount	70	0.79798	12.435	5.481	0.16754
Profitability	69	0.30052	42.555	8.15	0.05562
Capital structure	70	0.27229	44.792	8.268	0.01903
Firm size	70	0.92123	4.849	3.433	0.09611

Whereas, Table 4.1 provides a summary of the consolidated data for normalcy for seven firms, Since p value is greater than 5% therefore it is accepted that variables are normally distribute Annex 1 provides a detailed Shapiro-Wilk W test for individual companied studied.

Multicollinearity

Under this test, the researcher aimed to check whether there is a relationship between variables, because if there is a serious multi co linearity it may distort research findings. The researcher used VIF to check for multi co linearity problem.

Table 4.2 Multicollinearity test result

Variable	VIF	1/VIF
-----+-----		
Profitably	2.33	0.429846
capitalstr~e	2.20	0.454515
firmsize	1.64	0.608121
taxamount	1.53	0.654456
-----+-----		
Mean VIF	1.92	

Since the mean VIF is less than 5, this indicates no serious multicollinearity problem in the variables that is no distortion of findings.

4.2.2 Characteristics of the listed firms at the DSE

The Dar Es Salam stock Exchange was incorporated in 1996, long after most of the sampled firms started their operations in Tanzania. After the DSE was established, most firms (5/7) listed within five years of DSE existence. Kenya Airways took nine years and Tanzania Portland cement 11 years before listing (Table 4.3)

Table 4.2: Firm's year of establishment, registration and sector

Company	Year Registered	Year Established	Years before listed	Yr. of reg. after DSE established.
Kenya Airways	01.10.2004	1977	28	9
Tanga Cement Company	26.09.2002	1980	23	5
Tanzania Breweries	09.09.1998	1961	38	3
Tanzania Cigarette Company	16.11.2000	1961	40	5
Tanzania Portland Cement Company	29.09.2006	1959	48	11
Tanzania Tea Packers (TATEPA)	17.12.1999	1993	7	4
TOL Gases	15.04.1998	1950	49	3

Descriptive statistics firm's corporate tax, profitability, capital structure, firm size and firm value

In total we analyzed the data from seven registered and made 70 observations about the firm corporate tax among paid, the firm's profitability, capital structure, firm value and firm sizes. The mean corporate tax range from 2007 to 2016 was 18,533,986,828.91 Tanzanian shillings (Range 12,965,708 - 90,538,000,000; median 13,554,365,500). The example of the description would be the profitability, which shown the mean of 0.17 (range -21.16 – 7.05, median of 0.27), the mean capital structure was 0.72 (range -18.01 – 38.45, median = 0.15) (Table 4.4).

Table 3.4: Descriptive statistics for 7 firms tax value, profitability, capital structure, firm value and size

	Tax amount	Profitability	Capital structure	Firm value	Firm Size
Mean	18,533,986,828.91	0.17	1.10	0.64	22.05
Maximum	90,538,000,000.00	7.05	38.45	1.66	27.25
Minimum	12,965,708.00	-21.16	-18.01	0.01	-0.80
Median	13,554,365,500.00	0.27	0.19	0.57	25.18
SD Dev	0,456,282,210.61	2.95	5.29	0.46	1.31

Whereas, Table 4.4 provides a summary of the consolidated descriptive statistics summary for the seven firms, Annex 2 provides a detailed description of the key statistics for firms and the studied variables both dependent and independent.

4.2.3 The trend of corporate tax amount, profitability, capital structure, firm size and firm value

We examined the trend of the dependent and independent variables using the line plot for the variables against the years.

Corporate tax value (tax value (2)): Figure 1 show that the corporate tax raised steadily for 10 year for TCC, TBL, and TPCC. However, the tax remained unchanged for the other firms.

Profitability: The profitability decreased or remained unchanged for TCC, Tanga cement, and TBL. Specifically, TPCC profitability showed a substantial decrease from 2006 – 2016, unpredictable for TTP and a sharp rise for Kenya Airways in 2015 and 2016. Surprisingly, the TTP profitability rose sharply in 2010 and begun falling again.

Capital structure: The ratio was on relatively remained unchanged for TBL, TOL, TPC firms. However, the profitability rose and fluctuated unpredictably for TATEPA and kept on decreasing for TCC. There was a sharp fall from 2014 to 2016 for Kenya Airways and steady decrease for Tanga cement.

Firm value: Tanga cement, had a substantial firm value gain in 2008 and 2009, followed by a rapid fall to the lowest during the subsequent years. Tanga cement, however, recorded a sharp rise in the firm value between 2013 and 2014, followed by

stagnation in the subsequent years. Other firms reported slight increases or decreases, when it happened lasted for a few more years.

Firm Size: Except, for TBL that has reported substantial increases in the firm value, other firms demonstrated neither an increase nor decreases. Annex 2 provide a further detail analysis of the annual corporate tax, profitability, capital structure firm value and firm sizes of the seven listed companies at the DSE.

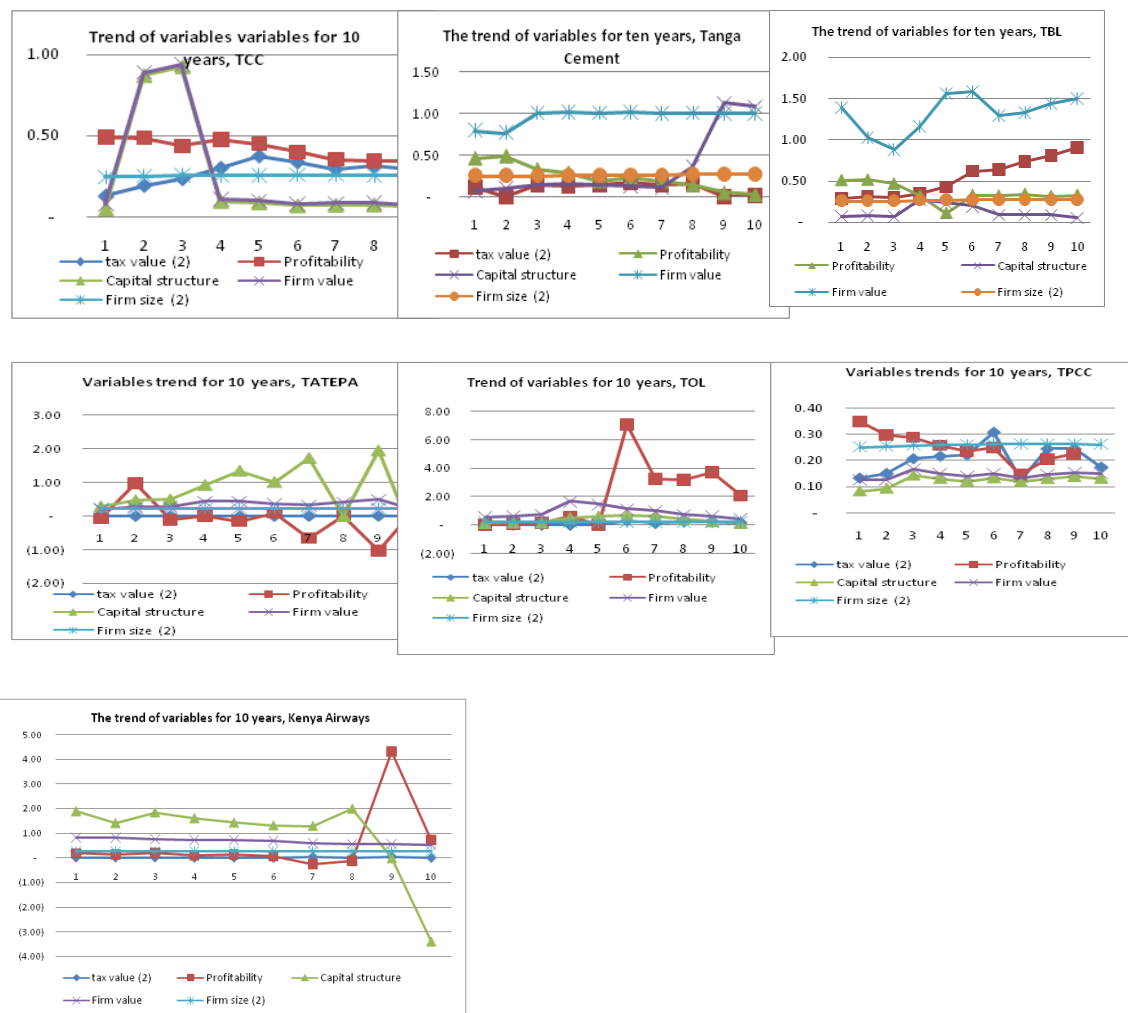


Figure 4.1: Trend of variables for 7 listed firms for 10 years from 2007 – 2016

For easy graphic formulation, the corporate taxes were configured into trillion Tanzanian shilling and the firm size into unit of 100's. This is why tax value appears as “tax value (2)” and the firm value as “firm size (2)”. In order to ensure that all varies are included in one graph, any suspected and serious outliers were treated as missing.

4.2.4 Correlation of the firm value with corporate tax, profitability, capital structure and firm size

Overall, the corporate tax negatively correlated with the firm value ($r^2 = 0.224$) and weak positively correlated with the firms profitability ($r^2 = 0.011$) and no correlation with the capital structure and the firm sizes (Figure 4.2).

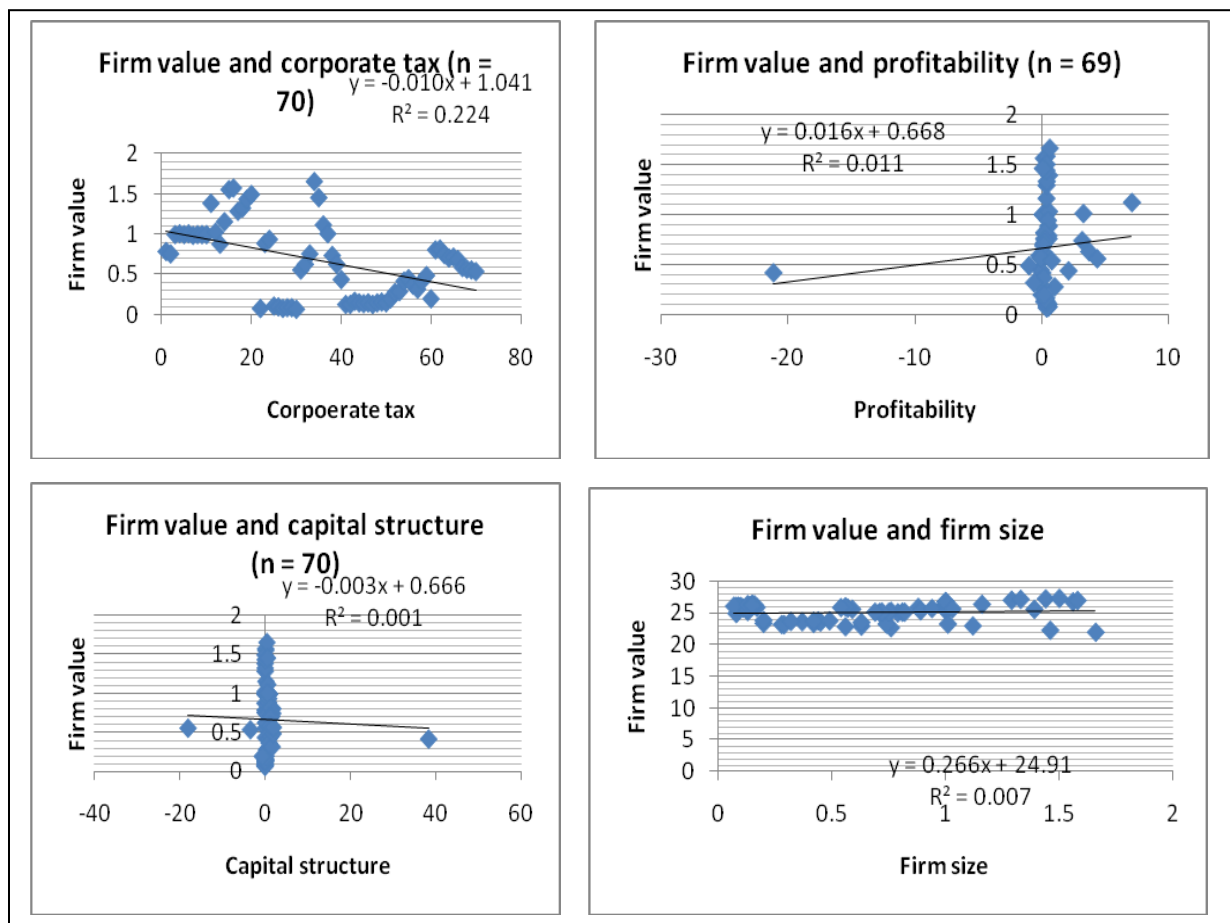


Figure 4.2: Correlation of firm value with corporate tax, profitability, capital structure and firm size, 7 listed firms (n = 70)

Further test on the linearity of the association through multiple regressions and the statistical significance of the correlation of the independent variable (the firm value) against the dependent variables (the profitability, the capital structure and the firm size) was conducted as shown by Table 4.5

4.2.4.1 Correlation of the firm value and corporate tax

The results show that, overall, the firm value did not statistically significant correlate with the tax amount, correlation coefficient = 0.000 (0.00, p-value 0.006, 95% CI 0.000 – 0.000). However, for specific firms, except for TOL which demonstrated no significant correlation, correlation coefficient = 0.000 (p-value = 0.041, 95% CI -0.000 – 0.000), other firms' investigated, although reported correlation (negative or positive) but was not statistically significant.

Table 4.4: Multiple regression of firm value (dependent) against the independent variables

Variables	Coefficient	Std Error	t	p-value	95% CI
Tanga Cement					
Tax amount	0.00000	0.00000	0.99	0.367	0.00000 – 0.00000
Profitability	-0.7290827	0.4819854	1.51	0.191	-1.968066 - 0.5099003
Capital structure	1.674659	1.499995	0.03	0.981	-0.3587187 - 0.3658195
Firm size	-0.0663466	0.1225427	0.54	0.611	-0.3813527 - 0.2486595
TBL					
Tax amount	0.00000	0.00000	1.78	0.135	0.00000 – 0.00000
Profitability	-2.014703	1.270139	-1.59	0.174	-5.2797 - 1.250295
Capital structure	1.674659	1.499995	1.12	0.315	-2.1812 - 5.530518
Firm size	-0.907371	0.6023371	-1.51	0.192	-2.455728 - 0.6409858
TCC					
Tax amount	0.00000	0.00000	-0.67	0.540	-0.00000 – 0.00000
Profitability	0.0014415	0.090047	0.02	0.988	-0.2485691 - 0.251452
Capital structure	0.9985404	0.0075889	131.58	0.000**	0.9774702 - 1.019611
Firm size	-0.0000714	0.0308183	-0.00	0.998	-0.0856367 - 0.0854938
TOL					
Tax amount	-0.00000	0.00000	-4.77	0.041	-0.00000 – 0.00000
Profitability	0.0779298	0.018981	4.11	0.055	-0.0037388 - 0.1595983
Capital structure	0.1957654	0.1145611	1.71	0.230	-0.2971512 - 0.688682
Firm size	-0.5150288	0.0330109	-15.60	0.004**	-0.6570634 - -0.3729942

TPCC					
Tax amount	-0.00000	0.00000	-1.68	0.168	-0.00000 – 0.00000
Profitability	0.6306435	0.3168955	1.99	0.117	-0.2491996 - 1.510487
Capital structure	0.5051571	0.191155	2.64	0.057	-0.0255742 - 1.035888
Firm size	0.0991629	0.0613564	1.62	0.181	-0.0711897 - 0.2695155
TATEPA					
Tax amount	-0.00000	0.00000	0.69	0.519	-0.00000 – 0.00000
Profitability	-0.238675	0.1780332	-1.34	0.238	-0.6963239 - 0.2189738
Capital structure	0.1366405	0.1017118	1.34	0.237	-0.1248181 - 0.398099
Firm size	-0.1818227	0.389322	-0.47	0.660	-0.1248181 - 0.398099
Kenya Airways					
Tax amount	0.00000	0.00000	0.71	0.510	-0.00000 – 0.00000
Profitability	0.1414568	0.1207402	1.17	0.294	-0.1689159 - 0.4518294
Capital structure	0.031736	0.0283656	1.12	0.314	-0.0411801 - 0.1046521
Firm size	-0.211991	0.0907214	-2.34	0.067	-0.4451977 - 0.0212157
Overall					
Tax amount	0.00000	0.00000	2.88	0.006**	0.00000 – 0.00000
Profitability	-0.0073485	0.03032	-0.24	0.809	-0.06801 - 0.05331
Capital structure	0.0009427	0.0155272	0.06	0.952	-0.03012 - 0.03200
Firm size	-0.05303	0.0545206	-0.97	0.335	-0.16210 - 0.05602

4.2.4.2 Correlation of the firm value and firm profitability

Among the seven studied companies the firm value reported none statistical significant correlated between the firm value and the profitability. However, although firms shown no, negative and positive corrections of the firm values, none was statistically significant.

4.2.4.3 Correlation of the firm value and capital structure

The total firms' capital structure did not show any correlation in statistical terms. However, TCC shown a statistical significant strong positive correction, correlation coefficient = 0.9985404 (p-value = <0.001, 95% CI 0.9774702 - 1.019611) between the firm value and the capital structure.

4.2.4.4 Correlation of the firm value and firm size

All firms but TOL shown no significant corrections, except TOL which indicates moderately negative correction between the firm value and firm size, correlation coefficient = -0.515029 (p-value = 0.004, 95% CI -0.6570634 to -0.3729942)

CHAPTER FIVE

DISCUSSION OF THE FINDINGS

5.1 Introduction

The aim of this study was to examine the impact of corporate tax on firm value for listed companies in DSE. A case study research design was used and secondary data were obtained for the period of ten years. A sample of seven companies was established out of 28 listed companies in DSE. Data were analyzed through descriptive statistics, correlation and regression analysis.

This chapter presents the discussion of the findings aimed to examine the impact of corporate tax on firm value focused to seven selected companies listed in DSE market with reference to the following research objectives.

- 1) To determine the characteristics of listed companies for ten year (2006-2017).
- 2) To determine the trend of dependent and independents variables of listed companies from (2006 - 2017).
- 3) To determine the correlation between dependent and independent variables for listed companies for ten years (2006-2017).

Besides the study were guided by the following research question (1) what are characteristics of listed companies (2) how to determine the trend of dependant and independent variables for listed companies. (3) What is the correlation between dependent and independent variables.

5.2 To determine the characteristics of listed companies for ten year

This objective aimed to determine the characteristics of listed companies in Tanzania. Despite of many advantages of mentioned a firm obtained from being registered companies the results show a positive relationship and significance impact of corporate tax on firm value this means firm value is influenced by corporate tax, a unit increase on corporate tax lead an increase value of firm value.

This result was supported with the same result suggested by Simeon Djankor et al (2004) on his study the effect of corporate tax on entrepreneurship which shows statistically significant effect of the corporate tax on firm value but a larger effect on Foreign Direct Investment.

Furthermore the results are in consisted with Christine Aganyo (2014) on her study the impact of corporate tax on firm value showed negative relationship and significance in sense that, a unit increase of corporate tax lead to a decrease value of the firm thus, She added that is the reason why multinational companies struggle a lot to avoid paying tax by applying tax incentives like tax holiday to make sure the tax amount paid is minimized. Also Dharmapala (2009) found significant evidence statistically proven that, where a negative relationship and significance corporate tax is has impact on firm value.

Causes of this variance are due to inconsistence of finance act which changed yearly to accommodate the national budget resulting into changes of finance regulations to suit the same.

Researcher furthermore during this research was guided by the null hypothesis postulate that ‘There is insignificant impact of corporate tax payment on firm value’. The finding of the study strongly indicate the P-Value is significant, thus less than alpha (α) which is 5%. This evidence is sufficient enough to reject the null hypothesis (H_0) by accepting the alternative hypothesis (H_1) which suggests that, There is significant impact of corporate tax payment on firm value’.

According to TRA report 2016/2017 and 2017/2018 the total amount collected were Tzs 3,463,800.5million and 15.5 trillion respectively. Despite of all differences the fifth Tanzanian Government regime insisting much on tax payment through the campaign demand Electronic fiscal device receipts on every purchase aimed to increase tax revenue.

Apart from that, The minister of planning and finance on his press release conference he announced all previous tax debts have been forfeited and companies were emphasised to pay the principal debts. All these efforts are done to insure effective of tax revenue collection.

5.3 The extent at which Profitability influence the firm value to Companies listed on DSE

Profitability is the residual earning after all expenditure is reduced from revenue of the company. In this study variable profitability is measured as total revenue earned during the year of income minus allowable operating expenditure of the company.

Profitability is determinant of the wealthiest of the firm. The profitability of the firm is the sign of the soundness and attractiveness of the firm. The higher the profit of firm reveals the solvency capacity of the firm, stability of the firm (going concern), strong customer base and high reputation of the company itself and its product to the society. All this has all higher constructive advantage over the firm value starting with the market share. The ability to generate profit by the firms strengthens its credibility to the society, financial institution and other financial intermediaries including capital market.

The profit maximization schemes and wealth maximization strategies of the firm significantly have the impact on the value of the firm. The after tax profit is subject to dividend policy of the company by strongly subject/apportion the accrued profit to the other development activity of the company (the retained balance) and the rest to the owner of the firm as dividend. The retained balance utilized for other development activities of the firm, significantly rises the value not only of the asset of the firm but widens the scope of the production which also rises the firm value.

The result of this study showed a positive relationship and significant impact of firm value influenced by profitability. This means by a unit increase of profit led to increase of value of the firm statistically proven.

According to Chude et al (2015) reported the same result showed there is a positive relationship and significant among variables, means a unit increase on profit led increase value of the firm. This was revealed on the study the impact of company income tax of the profitability of companies in Nigeria.

Sabrin et al (2016) in his study found a positive relationship and significant impact of the firm value caused by profit. In his study he postulated that, the higher the profit of firm influences the growth of the firm value. He added that, a justification of the dividend payment is brought by stable and the growing profit. Cholwdlung 2010, Indra kusuma et al (2012) they both found a positive effect of the profitability and significant influence on the firm value.

Haugen and Baker (1996) and Yang et al (2010) found the same results, a positive relationship and significant impact profit on the firm value. Their studies further elaborated that, with the greater profitability of the company the more profit is distributed as dividend to shareholder of the firm and this indicated the value of the firm to be higher.

In this case the hypothesis number two elucidates that, 'There is insignificant impact of profitability on the firm value '. The finding from the study indicates that, the P value is less than 5% (the alpha) hence there significant influence of the profitability on the firm value. This provides the bases/ground to reject the null hypothesis by accepting the alternative hypothesis which suggests that 'there is a significant impact of the profitability on the firm value'.

Iturriga and Zans (2001), Dwita Ayu Risqia et al (2013) both supported the hypothesis by indicate the positive relationship and significant impact of the profit on the firm value.

5.4 The extent at which Capital structure influence the firm value to Companies listed in DSE

The aim of the study was to examine the impact of capital structure on firm value. The variable capital structure is measure as total assets. Traditionally it is measured in term of percentage of debt over equity.

Regression analysis, coefficient of correlation from study shows a significant influence and a positive correlation/relationship the capital structure have on the firm value. With the data from finding of this study, a unit increase of capital significantly increases the value of the firm. The increase of the firm value was led by the magnitude to which a unit increase of the capital boost the scope of production and lower the cost of production of respective firms, something which significantly rises the revenue, profitability hence the entire value of the firm. Rajan and Zingales (1995) elucidated that, a prudent capital structure choice can result the rising of profitability of the firm and or reduces the threats of the certain firm hence rises the value of the firm.

The researcher even draws more attention on the findings of this study especially in year 2008 where the countries including Tanzania were slashed by financial crises, to see if it would be a statistical deviation of the capital structure from the firm value. The researcher found no support of the decline of the firm value caused by inconvenience brought by the financial crises in to countries financial institution hence the capital market. Anup Chowdhury (2010) in his study suggested the same, 2008 financial crisis did not aggravate any alteration of capital structure determination, thus the crises did not alter how to administer there capital structure ratio. With this, the capital structure was not affected so as the value of the firm.

The same result was reported by Jesse Kagoma (2013), Mutsotso (2007) and Kamere Omondi (1996). They both reported there is a positive relationship between variables and significantly influence the value of the firm. Thus in any unit increase of capital structure value also is the increase value of the firm.

Researcher furthermore during this research was guided by the null hypothesis postulate that 'Capital structure of the firm is not positively responsive to the firm value of the companies listed in DSE'. The finding of the study strongly indicate the P-Value is significant, thus less than alpha (α) which is 5%. This evidence is sufficient enough to reject the null hypothesis (H_0) by accepting the alternative hypothesis (H_1) which suggests that, capital structure of the firm is positively responsive to the firm value of the listed companies in DSE. This is supported by Anup Chowdhury (2010), in his study he analyses the impact of the capital structure on the firm value in Dhaka Stock Exchange Bangladesh citing various sector such as; engineering, food and allied, fuel, power, chemical and pharmaceutical to avail a comparative analysis. The study provided a strong positive relationship between capital structure and firm value.

With the evidence from the finding of this study, should the firms make the significant leverage choice with appropriate strategic capital management to make advantage of the scope of production, would increases the firm value hence maximization of the shareholder wealth. Thus, the higher the capital the higher the firm value. The advantage of tax shield should not deprive the firm from the consequence of bankruptcy; hence choosing appropriate ratio of debt to equity is crucial.

CHAPTER SIX

SUMMARY, CONCLUSION AND RECOMMENDATION

6.1 Introduction

The chapter provides summary, conclusion and recommendation based on the discussion of results presented on previous chapter together with limitation of the study and suggestion for further studies.

6.2 Summary

This study aimed to examine the impact of corporate tax on firm value. Secondary data were used and analyzed through descriptive, correlation and regression analysis which were supported by STATA version eleven software.

The result of the study was reported positive relationship and significant both corporate tax, profitability and capital structure influence the firm value with a unit increase of all independent variables led to increase value of the firm.

6.3 Conclusion

The study aimed to investigate the impact of corporate tax on firm value. The study exposes a very strong relationship between taxation and firm values of companies. Those company under this study are; Tanga Cement, TBL, TCC, TOL and TPCC. Except for TPC for the period (2007-2016) a positive coefficient of correlation observed, signify that one percentage (1%) changes in tax amount increases value the firm.

Moreover, P- value for selected firm is below the value of alpha which is 0.05, now with this statistical confidence we conclude that the value of tax amount is significantly affects value of the firm and the conclusion is corporate tax has statically influence the firm value

The impact of tax payment on company's profitability for the period of ten years ranging from (2007-2016), in the conventional accounting, after tax profitability arrives after deduction of operational cost and statutory tax amount from revenue, the size of the firm value is constructed and determined by accumulate profit thereafter which is also subject institution retention/dividend policy. Also, the study reveals the directly proportional relationship between the firm value and profitability i.e. as the profitability increases the firm value increases, thus the two go in parallel. With the effect amount of tax paid has on company profitability significantly influence the firm value. Profitability has influence on firm value since P- value for selected firm is below the value of alpha which is 0.05; enhance the degree of confidence to conclude that the value of profit significantly affects the value of the firm.

In this study, a strong positive coefficient of correlation revealed thus signifies capital structure has influence on firm value with any profit unit increase cause increase on firm value.

6.4 Recommendation

The result of this study basically provides the confirmatory evidence on the impact of corporate tax on the firm value for the companies listed in Dar es Salaam stock exchange by illustrative exposure on strong coefficient of correlation existed and related P- value below the alpha value.

This research study is limited only to the impact of corporate tax has on the firm value and denying another factor might have the significant effect either direct or indirect on the firm value. Clearly traceability of the corporate tax data from published company financial reports has lightening completion of this research study, however there are numerous taxes collected from this firm but lacking of clear disclosure on the company's financial reports denies the opportunity to assess its impact on the firm value. Thus, paving the way for other researchers to identify the impact of other taxes (multiple taxes such as capita gain taxes, capital transfer tax, excise duties, import tax, property tax) on the firm value.

6.5 Limitation of the study

Five companies were selected from DSE due to their uniform characteristics that all are manufacturing companies and existed more than ten years. A researcher did that due to unavailability of data because some of them were not available.

The study focused only for listed companies while unlisted companies were not included in the sample but the result is very useful to them since their paying corporate tax.

Lack of information was observed by a researcher because similar studies were not done especially in Tanzania, therefore searching of information was difficult and some of information were not published.

6.6 Suggestion for future researches

This study deals only with registered companies in DSE, a researcher is advising researches to be done also to unquoted companies, because the result might be very significant to them since they are paying corporate tax.

More researches to be done in this area and their results to be useful both to the Government and companies. This can pave a way to companies and individuals to pay taxes voluntarily despite of all efforts done by the Government to influence tax collection.

REFERENCES

- Alworth, J., and G. Arachi (2001): “The Effect of Taxes on Corporate Financing Decisions: Evidence from a Panel of Italian Firms,” *International Tax and Public Finance*, 8, 353–376.
<https://link.springer.com/article/10.1023/A:1011258605504>
- Barclay, M. J., & Smith, C. W. (1995). The maturity structure of corporate debt. *the Journal of Finance*, 50(2), 609-631.
- Bleck, C.D. (2009) Examples & Explanations: Corporate Taxation. Aspen Publishers; 4 Revised edition
- Castanias, R. (1983). Bankruptcy risk and optimal capital structure. *The Journal of Finance*, 38(5), 1617-1635.
- Dammon, R. M., and L. W. Senbet (1988): “The Effect of Taxes and Depreciation on Corporate Investment and Financial Leverage,” *The Journal of Finance*, 43(2), 357–373.
<http://links.jstor.org/sici?sici=0022-1082%2819880...O%3B2-B&origin=repec>
- Davis-Friday, P. Y., Eng, L. L., & Liu, C. S. (2006). The effects of the Asian crisis, corporate governance and accounting system on the valuation of book value and earnings. *The International Journal of Accounting*, 41(1), 22-40.
- Desai, M. A., & Dharmapala, D. (2006). Corporate tax avoidance and high-powered incentives. *Journal of Financial Economics*, 79(1), 145-179.
- Fjeldstad, O.-H., “Taxation and Tax Reforms in Tanzania: A Survey”, Chr. Michelsen Institute, Development Studies and Human Rights Working Paper WP 4, 1995.
- Fjeldstad, Odd-Helge, and Kari K. Heggstad, “The Tax Systems in Mozambique, Tanzania and Zambia: Capacity and Constraints”, Chr. Michelsen Institute (CMI), R 2011: 3. www.cmi.no/.../file/4045-taxation-mozambique-tanzania-zambia.pdf

- Foley, C. F., Hartzell, J. C., Titman, S., & Twite, G. (2007). Why do firms hold so much cash? A tax-based explanation. *Journal of Financial Economics*, 86(3), 579-607.
- Garvey, G. T., & Hanka, G. (1999). Capital structure and corporate control: The effect of antitakeover statutes on firm leverage. *The Journal of Finance*, 54(2), 519-546.
- Givoly, D., Hayn, C., Ofer, A. R., & Sarig, O. (1992). Taxes and capital structure: Evidence from firms' response to the Tax Reform Act of 1986. *The Review of Financial Studies*, 5(2), 331-355.
- Graham, J. R., Lemmon, M. L., & Schallheim, J. S. (1998). Debt, leases, taxes, and the endogeneity of corporate tax status. *The Journal of Finance*, 53(1), 131-162.
- Green, R. C., & Talmor, E. (1985). The structure and incentive effects of corporate tax liabilities. *The Journal of Finance*, 40(4), 1095-1114.
- Gruber, J., and J. Rauh (2007): *Taxing corporate income in the 21st Century*. Cambridge University Press.
- Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of financial economics*, 3(4), 305-360.
- Kaplow, L. (2008): *The Theory of Taxation and Public Economics*. Princeton University Press.
- La Porta, R., Lopez-de-Silanes, F., Shleifer, A., & Vishny, R. W. (2000). Agency problems and dividend policies around the world. *The journal of finance*, 55(1), 1-33.
- Lemmon, M. L., & Lins, K. V. (2003). Ownership structure, corporate governance, and firm value: Evidence from the East Asian financial crisis. *The journal of finance*, 58(4), 1445-1468.

- Levin, J (2004) Taxation in Tanzania – Revenue performance and incidence: country economic report 2005:4. SIDA.
- MacKie-Mason, J. K. (1990). Do taxes affect corporate financing decisions?. *The journal of finance*, 45(5), 1471-1493.
- Masters, Andrew, Graham Harrison, Henry Gaperi, and William Crandall, “Tanzania: Improving the Effectiveness of Tax Administration”, IMF, Technical Assistance Report, Fiscal Affairs Department, February 2012.
- Masulis, R. W. (1983). The impact of capital structure change on firm value: Some estimates. *The Journal of Finance*, 38(1), 107-126.
- Nicodeme, G. (2001): “Computing effective corporate tax rates: Comparison and results,” Discussion paper, Directorate-General for Economic and Financial Affairs Economic Paper No. 153.
http://ec.europa.eu/economy_finance/publications/pages/publication942_en.pdf
- Orgler, Y. E. (1981). Implications of corporate capital structure theory for banking institutions.
- Schwarz, S. & Lathrope, D (2016) Fundamentals of Corporate Taxation (University Casebook Series). Foundation Press
- Villalonga, B., & Amit, R. (2006). How do family ownership, control and management affect firm value? *Journal of financial Economics*, 80(2), 385-417.

ANNEXES

Annex 1: A detailed Shapiro-Wilk W test for normal data showing the seven listed companies

All Companies					
Variables	Obs	W	V	z	Prob>z
Firm value	69	0.93223	4.123	3.078	0.47019
Tax amount	70	0.79798	12.435	5.481	0.16754
Profitability	69	0.30052	42.555	8.15	0.05562
Capital structure	70	0.27229	44.792	8.268	0.1903
Firm size	70	0.92123	4.849	3.433	0.09611
Tanga Cement					
Firm value	10	0.63002	5.702	3.66	0.42013
Tax amount	10	0.7952	3.156	2.236	0.64883
Profitability	10	0.94833	0.796	-0.382	0.64883
Capital structure	10	0.64477	5.474	3.554	0.5101
Firm size	10	0.94979	0.774	-0.429	0.66597
TBL					
Firm value	10	0.93223	1.044	0.075	0.47019
Tax amount	10	0.88953	1.702	0.964	0.16754
Profitability	10	0.84842	2.336	1.593	0.45562
Capital structure	10	0.80974	2.932	2.074	0.46903

Firm size	10	0.86854	2.026	1.304	0.09611
TCC					
Firm value	9	0.57991	6.172	3.865	0.37006
Tax amount	10	0.91835	1.258	0.403	0.34341
Profitability	10	0.94428	0.859	-0.257	0.60151
Capital structure	10	0.56735	6.668	4.079	0.42002
Firm size	10	0.82495	2.698	1.894	0.81908
TOL					
Firm value	10	0.90071	1.53	0.762	0.22308
Tax amount	10	0.78573	3.302	2.337	0.00972
Profitability	10	0.83548	2.535	1.763	0.03894
Capital structure	10	0.86562	2.071	1.348	0.08885
Firm size	10	0.97763	0.345	-1.657	0.95126
TATEPA					
Firm value	10	0.90719	1.43	0.636	0.26226
Tax amount	10	0.92028	1.229	0.36	0.35932
Profitability	10	0.53215	7.21	4.296	0.07001
Capital structure	10	0.51169	7.525	4.418	0.05000
Firm size	10	0.7728	3.501	2.47	0.48676
Kenya Airways					
Firm value	10	0.90719	1.43	0.636	0.26226

Tax amount	10	0.92028	1.229	0.36	0.35932
Profitability	10	0.53215	7.21	4.296	0.06001
Capital structure	10	0.51169	7.525	4.418	0.05000
Firm size	10	0.7728	3.501	2.47	0.04676

Annex 2: Detailed descriptive statistics for seven list firms investigated

Company	Year	Tax amount	Profitability	Capital structure	Firm value	Firm Size
Tanga Cement	Mean (n = 10)	9,732,054,570.80	0.24	0.35	0.96	25.83
	Max	16,772,541,000.00	0.49	1.12	1.01	26.73
	Min	12,965,708.00	0.02	0.08	0.76	24.95
	Median	12,958,093,500.00	0.21	0.15	1.00	25.73
	SD Dev	6,513,511,540.74	0.16	0.41	0.09	0.61
	Pearson Coeff.	0.40	0.30	0.62	xxx	0.62
TBL	Mean (n = 10)	54,010,500,000.00	0.36	0.12	1.32	26.53
	Max	90,538,000,000.00	0.52	0.27	1.58	27.25
	Min	28,925,000,000.00	0.11	0.05	0.88	25.51
	Median	52,491,500,000.00	0.33	0.09	1.36	26.80
	SD Dev	23,174,717,964.24	0.12	0.08	0.23	0.67
	Pearson Coeff.	0.57	-0.62	0.24	xxx	0.64
TCC	Mean (n =		0.42	0.26	0.27	23.20

	9)	27,848,333,333.33				
	Max	37,787,000,000.00	0.49	0.92	0.94	26.01
	Min	13,508,000,000.00	0.34	0.05	0.07	0.64
	Median	29,964,000,000.00	0.44	0.08	0.09	25.84
	SD Dev	7,966,057,464.64	0.06	0.36	0.36	6.95
	Pearson Coeff.	-0.44	0.39	1.00	xxx	-0.35
TOL	Mean (n = 9)	15,849,572,142.86	2.00	0.38	0.94	22.87
	Max	30,762,591,000.00	7.05	0.70	1.66	23.69
	Minimum	289,984,000.00	0.01	0.15	0.44	21.89
	Median	17,620,744,000.00	1.32	0.35	0.76	22.88
	SD Dev	11,561,056,101.55	2.45	0.21	0.42	0.58
	Pearson Coeff.	-0.69	-0.01	0.76	xxx	-0.80
TPCC	Mean (n = 10)	20,367,504,800.00	0.25	0.12	0.14	25.98
	Max	30,762,591,000.00	0.35	0.15	0.17	26.30
	Min	12,755,372,000.00	0.15	0.08	0.13	25.18

	Median	21,259,421,500.00	0.25	0.13	0.15	26.12
	SD Dev	5,658,527,217.81	0.06	0.02	0.01	0.37
	Pearson Coeff.	0.61	-0.16	0.93	xxx	0.52
TATEPA	Mean (n = 10)	433,353,200.00	2.20	4.61	0.34	23.45
	Max	884,141,000.00	0.97	38.45	0.49	23.76
	Min	78,514,000.00	21.16	0.59	0.20	23.10
	Median	389,601,000.00	0.09	0.97	0.34	23.53
	SD Dev	257,086,732.49	6.68	11.91	0.10	0.24
	Pearson Coeff.	-0.16	-0.30	0.31	xxx	0.28
Kenya Airways	Mean (n = 10)	1,622,700,000.00	0.56	0.85	0.68	25.33
	Max	3,969,000,000.00	4.32	2.01	0.82	25.92
	Min	126,000,000.00	0.25	18.01	0.54	25.02
	Median	1,530,000,000.00	0.15	1.43	0.70	25.08
	SD Dev	1,150,430,262.51	1.35	6.23	0.11	0.36
	Pearson	-0.19	-0.39	0.51	xxx	-0.91

	Coeff.					
Overall (n = 70 observations)		18,533,986,828.91	0.17	1.10	0.64	22.05
Maximum		90,538,000,000.00	7.05	38.45	1.66	27.25
Minimum		12,965,708.00	-21.16	-18.01	0.01	-0.80
Median		13,554,365,500.00	0.26	0.19	0.57	25.18
SD Dev		20,456,282,210.61	2.95	5.29	0.46	1.31

Annex 4 (a): Detailed distribution of the study variable by firm and year

Company	Year	Tax amount	Profitability	Capital structure	Firm value	Firm Size
Tanga Cement	2007	10,831,187,000.00	0.47	0.08	0.79	24.95
	2008	12,965,708.00	0.49	0.1	0.76	25.21
	2009	13,414,337,000.00	0.33	0.15	1	25.38
	2010	12,501,850,000.00	0.29	0.16	1.01	25.55
	2011	13,519,747,000.00	0.19	0.15	1	25.62
	2012	16,772,541,000.00	0.23	0.13	1.01	25.83
	2013	13,588,984,000.00	0.19	0.12	0.99	25.98
	2014	14,990,373,000.00	0.14	0.37	1	26.29
	2015	340,889,000.00	0.04	1.12	1	26.73
	2016	1,347,672,000.00	0.02	1.09	1	26.71
TBL	2007	28,925,000,000.00	0.51	0.07	1.39	25.51
	2008	31,453,000,000.00	0.52	0.08	1.03	25.6
	2009	30,254,000,000.00	0.47	0.06	0.88	25.82
	2010	34,664,000,000.00	0.32	0.27	1.16	26.31
	2011	42,894,000,000.00	0.11	0.23	1.56	26.7
	2012	62,089,000,000.00	0.33	0.19	1.58	26.9
	2013	64,317,000,000.00	0.32	0.09	1.29	26.95
	2014	73,925,000,000.00	0.34	0.09	1.33	27.09

	2015	81,046,000,000.00	0.32	0.09	1.44	27.17
	2016	90,538,000,000.00	0.33	0.05	1.5	27.25
TCC	2007	9,229,000,000.00	0.3	0.04		25.13
	2008	13,508,000,000.00	0.49	0.05	0.08	24.86
	2009	19,759,000,000.00	0.49	0.87	0.89	25.27
	2010	23,859,000,000.00	0.44	0.92	0.94	25.64
	2011	30,433,000,000.00	0.48	0.1	0.11	25.72
	2012	37,787,000,000.00	0.45	0.09	0.1	25.96
	2013	34,079,000,000.00	0.4	0.07	0.08	25.99
	2014	29,661,000,000.00	0.36	0.07	0.09	25.98
	2015	31,585,000,000.00	0.35	0.08	0.09	25.96
	2016	29,964,000,000.00	0.34	0.06	0.07	26.01
TOL	2007	-	-0.01	0.15	0.56	22.77
	2008	-	0.07	0.19	0.63	22.87
	2009	-	0.14	0.19	0.76	22.6
	2010	370,142,000.00	0.58	0.5	1.66	21.89
	2011	289,984,000.00	0.03	0.61	1.46	22.2
	2012	30,762,591,000.00	7.05	0.7	1.12	22.89
	2013	12,755,372,000.00	3.23	0.63	1.01	23.18
	2014	24,541,586,000.00	3.14	0.42	0.74	23.18

	2015	24,606,586,000.00	3.68	0.27	0.63	23.45
	2016	17,620,744,000.00	2.06	0.15	0.44	23.69

Annex 4 (b): Detailed distribution of the study variable by firm and year

Company	Year	Tax amount	Profitability	Capital structure	Firm value	Firm Size
TPCC	2007	13,469,977,000.00	0.35	0.08	0.13	25.18
	2008	15,230,630,000.00	0.3	0.1	0.13	25.49
	2009	20,794,795,000.00	0.29	0.15	0.17	25.83
	2010	21,724,048,000.00	0.26	0.13	0.15	25.99
	2011	22,168,719,000.00	0.24	0.12	0.14	26.09
	2012	30,762,591,000.00	0.25	0.14	0.15	26.23
	2013	12,755,372,000.00	0.15	0.12	0.13	26.26
	2014	24,541,586,000.00	0.21	0.13	0.15	26.3
	2015	24,606,586,000.00	0.23	0.14	0.16	26.24
	2016	17,620,744,000.00		0.13	0.15	26.15
TATEPA	2007	371,920,000.00	-0.07	0.29	0.2	23.29
	2008	498,701,000.00	0.97	0.47	0.28	23.12
	2009	78,514,000.00	-0.11	0.5	0.29	23.1
	2010	277,632,000.00	0	0.93	0.42	23.28
	2011	178,867,000.00	-0.16	1.35	0.45	23.5
	2012	407,282,000.00	0.09	1.02	0.37	23.55
	2013	537,772,000.00	-0.66	1.73	0.32	23.6
	2014	294,233,000.00	-21.16	38.45	0.42	23.63

	2015	804,470,000.00	-1.04	1.95	0.49	23.7
	2016	884,141,000.00	0.13	-0.59	0.2	23.76
Kenya Airways	2007	1,644,000,000.00	0.19	1.9	0.81	25.07
	2008	1,877,000,000.00	0.15	1.42	0.82	25.06
	2009	1,581,000,000.00	0.2	1.86	0.75	25.05
	2010	639,000,000.00	0.1	1.62	0.71	25.02
	2011	1,464,000,000.00	0.15	1.44	0.72	25.09
	2012	486,000,000.00	0.07	1.33	0.69	25.07
	2013	2,962,000,000.00	-0.25	1.3	0.59	25.53
	2014	1,479,000,000.00	-0.12	2.01	0.57	25.72
	2015	3,969,000,000.00	4.32	-18.01	0.56	25.92
	2016	126,000,000.00	0.74	-3.38	0.54	25.79
Mean		18,533,986,828.91	0.23	0.72	0.66	25.09
Maximum		90,538,000,000.00	7.05	38.45	1.66	27.25
Min		12,965,708.00	-21.16	-18.01	0.07	21.89
Median		13,554,365,500.00	0.27	0.15	0.63	25.53
Pearson coeff.		-0.34	0.11	-0.03		0.09