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Company Income Tax and Dividend Yield in Quoted Deposit Money Banks in Nigeria: An Empirical Analysis

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Abstract
Dividend Policy (DP) is the relationship that exist between retained earnings and dividend pay-out, it is one of the financial management decision. Company Income Tax (CIT) is perceived to adversely affect Dividend Yield (DY) in as much as it reduces the profits available for shareholders. Many researches had been conducted on DP but not many considered the effect of CIT on DY in their study. This study considered the probably influence of CIT on DY in Deposit Money Banks (DMB) in Nigeria. The study adopts ex post facto research design with purposive sampling techniques. Descriptive and inferential statistics were used to analyse data at 5% level of significance. The study revealed that CIT has negative effect on DY, while Profitability (PR) has positive effect on DY with (β_1=-0.0003246<0 and β_2 =0.0005271>0), respectively. CIT negatively influenced DY in DMB in Nigeria and statistically insignificant (*Adj* R^2=-0.0018, F =0.87; P=0.4210). This suggests that CIT and PR are not significant factors influencing changes in DY of the selected DMB in Nigeria. The study concluded that CIT has negative insignificant relationship while PR has positive insignificant relationship with DY in quoted DMB in Nigeria. The study recommends that DMB dividend policy should be based on bank's uniqueness which will enhance investment opportunity, this makes CIT a factor to consider in DP. Also, DMB should not neglect tax payment as this would lead to enhanced business environment and better profitability in the long-run.

Keywords: Company Income Tax, Deposit Money Banks, Dividend Policy, Dividend Yield, Profitability, Retained Earnings

1. Introduction

Dividend policy is the relationship that exist between retained earnings and dividend pay-out in form of cash or script dividend to ordinary shareholders. In corporate finance, dividend policy is a complex and vital issue for management, since the objective of it is how to maximise shareholders wealth. This involves decision relating to retention policy and dividend pay-out policy. A good dividend policy is for the benefit of both the company and the shareholders. Dividend is that amount of money paid out of profit after tax to shareholders as return on their investment. Fama and French (2001) [17] opined that dividend is a symbol of firm's performance in terms of profitability, investment opportunities and size. Dividend decision has impact on the firm share price, investors expected returns, retained earnings for internal expansion and growth, and future profitability. On the other hand, dividend yield is the real rate of return on an investment in shares (Banerjee, 2009) [8]. The higher the yield, the more profitable is the investment and vice versa. A low pay-out policy will lead to a low dividend yield, although, it might produce a higher share price with investors return through capital gains. A high pay-out policy means more current dividends and less retained earnings, this slow down growth and leads to lower market price per shares.

Dividend policy decision is one of the financial management decision. This form of decision determines the value of profit after tax that should be retained for future investments and the value to be distributed to shareholders as return on their investment. In dividend policy decision, taxes are vital to shareholders and investors. According to Masulis and Trueman (1988) [26], taxes influenced organisational dividend policy, therefore, company's dividend pay-out ratio will be influenced by any changes in government tax policy. This aligned with Miller and Modigliani (1961) [28] theory. Since dividend is paid out of profit after taxes, therefore, taxes reduces distributable profit and dividend payment to shareholders. In most countries, dividends are taxed more than capital gains on disposal of shares, therefore, investors choose between buying shares for dividends or for capital gains. According to Uwuigbe and Olusegun (2013) [42], a change in corporate income tax rate will significantly affect the dividend policies of a firms, therefore tax rate is an important determinant for the formation of dividend policies in firms. Aizabrami and Lasfer (2008) [6] argued that tax has high influence on corporate dividend structure also, Benito and Young (2001) [11] reported that corporate taxes affect dividends directly in as much as they reduce the residual profits after tax, but indirectly distribution of dividends beyond a certain limit is itself subject to tax. The primary economic goals of any developing country is to increase the rate of economic growth and hence per capita income, this leads to better standard of living. Government can also increase or decrease the rates of tax, or the rate of capital allowances to encourage or discourage certain industries or may give tax holidays to pioneer companies. Income tax therefore can be used as an agent of social change if employed as creative force in economic planning and development. Afuberoh, Dennis and Okoye (2014) [4], viewed income tax as a tool of fiscal policy used by government all over the world to positively or negatively influence country's economic activities in order to achieve some desired objectives. Income tax is a vital policy for achieving economic, infrastructural development and good economic environment for businesses to strive. However, Ezugwu and Akubo (2014) [16] opined that over the years the Nigerian tax system has been geared towards as a means of raising funds to finance government annual budget. A tax burden by shareholders from dividend pay-out depends on corporate or personal income tax laws. The dividend tax burden is the sum of corporate tax paid by the firm and the income tax paid by shareholders.

Studies on dividend policy and corporate finance or share price or profitability has been done extensively by researchers likes Omilabu *et al.* (2018) [34]; Gbalam and Uzochukwu (2020) [19]; Pandy and Ashvini (2016) [37]; Kouser *et al.* (2015) [25]; Abdul and Muhibudeen (2015) [1]; Akani and Sweneme (2016) [7]; Jacob and Akinseluire (2016) [22]; Abiola (2014) [2]; Priya and Nimalathasan (2013). However, there are dearth of studies on the relationship between company income taxes and dividend yield, although few researchers have carried out studies on corporate tax and dividend policy in firm, these are Oloyede *et al.* (2018) [33]; Uwuigbe and Olowe (2013) [42]; Odia and Ogiedu (2013) [32]; Samuel and Iyanda (2010) [40] but with less focus on dividend yield in money deposit bank. In recent time, the low level of dividend payment by money deposit banks has led to investor attitudinal behavioural changes towards investment decision. On this basis, this study analysed the impact of company income tax on dividend yield in a quoted deposit money banks in Nigeria with a moderating role of profitability. This study would helped to fill the gap on the relationship between company taxes and dividend yield and making an appropriate recommendations that will aid frontier of knowledge. In order to address the study, the research hypothesis, which suggest a tentative answer to the problem or question under investigation was tested at 5 percent significance level.

Hypothesis:

H_{o1}: Company Income Tax, Moderated by Profitability, does not have Significant Effect on Dividend Yield among Money Deposit Banks in Nigeria

This hypothesis was designed to explain the effect of company income tax, moderated by profitability on dividend yield among money deposit banks in Nigeria. Company income tax and profit level plays an important role on the dividend pay-out and retained earnings in money deposit banks. Despite the numerous research on dividend worldwide, dividend policy decision still remain a puzzle. Finding solutions to this problem of effect of company income tax, moderated by profit on dividend yield on money deposit banks is the knowledge gap which this study tries to fill.

2. Review of Extant Literature

2.1 Conceptual Review

2.1.1 Taxation

Taxes are compulsory levy imposed by government as sources of revenue for financing country's annual budget. Enyi, Akintoye and Adekoya (2019) [15], defined tax as a compulsory levy imposed by constituted authorities on taxpayers according to the prevailing tax laws. It is a form of payment made by citizens out of their incomes to support and augment cost of governance (Adekoya, Oyebamiji & Lawal, 2019) [3]. The term taxation applies to all types of involuntary levies, from income to capital gains, and to estate taxes. Recently, the issue of capital gains tax in the Nigerian capital market has come to the fore. Government, from time to time, has the responsibility of reviewing the tax position as a component of the subsisting fiscal policy for the purpose of meeting its objectives. Taxation is the most important sources of revenue in most developed countries, typically, accounting for seventy percent or more of their income. In Nigeria, government levied ten percent as indirect tax (withholding tax) on dividend payment to shareholders. This is in addition to tax on profit and therefore, at time, it is referred to as a phenomenon of double taxation. Consequently, it becomes obvious that taxes are important to investors and may have impact on the dividend policy to be adopted. Besides, taxes levied on shareholders and firm affect investment opportunity through its impact on cost of capital.

2.1.2 Companies Income Tax

Company income tax is a form of tax chargeable on net profit accruable for company after all expenses has been recognised and accounted for. Company income tax is therefore is a levy placed on the profit of firm as source of revenue for government. Keightley and Sherlock (2014) [24] stated that corporate tax is directly charged on profit made, irrespective whether or not the company pays dividends to its shareholders. In Nigeria, company income tax is at the rate of 30% on taxable profits for large companies having gross turnover greater than 100 million naira. Other income tax paid by the companies in Nigeria, on profit made, is Education tax, this is 2% of taxable profits. However, as these taxes are charge on profit available for shareholders, it reduces the amount of profit available for dividend payment.

2.1.3 Dividend

Dividend is the payment made by company to shareholders as return on their investment. According to Nnadi and Akpomi (2018), dividends are usually paid to business owners or shareholders out of profit after tax at specific periods. This is apparently based on the declared earning of the company and the recommendations made by the directors. Thus, if there are no profits, dividends will not be declared. Dividends are vital to shareholders and potential investors. Dividend pay-out indicates that company is generating real earnings rather than making good the books (Barron, 2002) [10]. Taxes reduces profits available at the disposal of the organisations, either to be retained or distributed as a dividend to the company's shareholders.

Pandey (2011) [36] defined dividend as that portion of a company's net earnings which the directors recommends for distribution for shareholders in proportion of their shareholdings in the company. It is usually expressed as percentage of nominal value of the company's ordinary share capital or as fixed amount per share.

Dividends are usually paid out of the current year's profit and sometimes out of general reserves. They are normally paid in cash or stock. Cash dividend is a form of dividend payment in cash while stock dividend is another option available to company for distribution of earnings by stock dividend (bonus issue) which at time is supplementary to cash dividend. When cash dividend is paid to shareholders, it has an adverse effect on the liquidity position and the reserves of the firm as it tends to reduce both of them (cash and reserves). Unlike cash dividend, stock dividend does not affect the total net worth of the firm, as it is capitalisation of owners' equity. According to Mworia (2016) [29] dividends reflect characteristics of the firm in the area of profitability, investment opportunity, and size. The dividend policy of a firm is purposefully planned because of the market reactions or dividend signalling. Potential investors react positively to the announcements of dividend increases but acts negatively to announcements of dividend decreases. Company's follows a unique dividend pay-out strategies to meet the diverse needs of its different shareholders. This raises a question on how firms choose their dividend policies because dividends are not just outcome of a firm's pay-out policy but reflection of investment strategy, financial decision and private information. According to Friend and Puckett (2004) [18], high dividend policy ratios may not always be a good thing to seek. Earnings which are not paid out as dividends are reinvested for future growth of the company and its earnings. High dividend policy ratios might mean that the company does not have sufficient funds to invest in new projects for purpose of expansion and growth, thus affects future profits of firm. The dividend policy ratio should try to achieve balance between short term cash flows to shareholders and future growth of the company and its earnings.

Dividend yield according to Chidoziem and Ndubuisi (2017) [12] is a way to measure how much cash flow is generated per unit of investment in an equity position. In other words, it measures value for money an investor gets from dividends. In the absence of any capital gains, the dividend yield is effectively the return on investment for stock. With regards to the dividend-yield trading strategies, unexpected dividend announcement can lead to short term price fluctuations, but such effect is not apparent in the longer timeframe, however, on the contrary high dividend-yield is linked to a long term and positive abnormal return. In addition, dividend yield is a financial ratio that measures the amount of cash dividends distributed to shareholders relative to the market value per share. Dividend yield is used by investors to show how their investment in stock is generating either cash flows in the form of dividends or increases in asset value by stock appreciation. Dividend yield is calculated by dividing the cash dividends per share by the market value per share.

2.1.4 Profitability

Firm performance can be measured by the earnings generated by the company and its profitability. McCabe (2011) [27] reported that profitability is an important and reliable indicator of financial institution ability to raise its income level. Firms that make high profits are expected to pay high dividends to shareholders; this is followed by prospective shareholders' rush to buy shares from the perceived profitable/performing firms. Shawn (2014) [41] opined that profitability is a determinant factor for business sustainability. Therefore, profit is the residual business revenue after paying all expenses related to the revenue in a given period. According to Barasara (2014) [9], profitability is a relative measure which indicates the most profitable alternative whereas profit is an absolute measure which indicates the overall amount of profit generated from transaction. In business organisations, high profit does not always indicate a sound organisational efficiency, also low profit does not translate to organisation weakness. Profit making is the main motive of most organisations and the primary motivating force for most economic activities. Most organisation, developed concrete strategy to ensure profit is earned on a continuous basis. Firms that are unable to generate sufficient profit are usually a concern to the financial investors, this makes their continual existence in doubt. Profit is needed not only to re-pay providers of capital but also to finance growth and expansion of company. Organisations that find it difficult to make profit often end up eroding its initial capital invested and consequently leads to financial distress and liquidation.

2.2 Theoretical Framework

The study adopts Clientele effect theory and Miller and Modigliani theory.

2.2.1 Clientele Effect Theory

Clientele effect theory was first advanced by Elton and Gruber (1970) [14]. This is the tendency of a firm to entice certain categories of investors who like its dividend policy. A dividend clientele is defined as group of investors who are appeased to invest in company with trust in their desired dividend policy. Distinct sets of stockholders desires dissimilar dividend policies; this may be due to tax impact on dividends. Some investors seek immediate cash income on their investment such as retiree, the poor, and the old, this set of individual prefer cash income hence would invest in firms that pay higher proportion of earnings as dividends (Norton, 2008) [31]. However, some investors would prefer growth in shareholding, for example, investors in their highest earning ages would prefer reinvestment of profit as retained earnings. These investors does not expect immediate return on their investment but want such to be reinvested. Alternatively, investors in need of annual investment income would own shares in companies paying higher dividends and vice versa. But, changes in the dividend policy may compel some shareholders to divest their shares (Gitman & Hennessey, 2004) [20].

2.2.2 Dividend Irrelevance Theory

Miller and Modigliani (M&M) (1961) [28] theorised that dividend policy is irrelevant where there is no taxes or bankruptcy costs. This means no effect of dividends on capital structure or share price of a firm. M&M dividend irrelevance theory stipulates that investors can determine their returns on share irrespective of shares dividend. Therefore, firm value can be determined by net profit value of investment and not by dividend distribution policy. M&M (1961) [28] theory of dividend irrelevance states that in a perfect market condition, firm's value does not depend on dividend decisions but depends on the firm's present and future earnings. M&M (1961) [28] opined that in an idealised world, shareholders wealth are not influenced by company's dividend policy. However, in a non-tax world, shareholders will be indifferent between capital gains and dividends income. But, in a tax world, a rational shareholder having a lower tax rate on capital gains than that of personal income rate will prefer to receive capital gains income instead of receiving dividends income. Besides, where tax rate on capital gains is greater than the personal income tax rate, the shareholder's preference for dividend income than that of capital gains income would be higher.

2.3 Empirical Review

Onwuka (2019) [35] studied the impact of corporate taxation on dividend payments in deposit money banks in Nigeria. The study revealed that profit enhance dividend payments while corporate taxes reduces dividend payments. The study recommends that dividend policy and pay-outs should be based on unique circumstances of banks rather than age long traditional factors of dividend payments. In the same vein, Hamid *et al.* (2012) [21] studied the effect of taxes on dividend policy of banking sector in Pakistan. The study revealed a significant correlation between taxation and dividend income in banks. The study recommends that tax rate is a determinant factors of dividend policy. In addition, Oloyede *et al.* (2018) [33]; Uwaigbe and Olusegun (2013) [42] studied the effects of company income tax on dividend policy of firms in Nigeria. The study revealed a significant positive relationship between company income tax and the dividend pay-out of firms in Nigeria with insignificant positive impact on dividend per share. The study concludes that corporate taxation has no influence on dividend policy of quoted firms in Nigeria therefore, any change in company income tax rate will influenced dividend policies of firms. The study recommends that investment and financing framework should be devised to enhance higher dividend distribution.

Rohaya, Nor'Azem and Bardai (2010) [39] conducted study on corporate income taxes, the study revealed an association between income tax and profitability of corporate institutions. The study relates the impact of corporate income tax liabilities on different variables of a firm such as gross profit, cost of sales and expenses. The study concludes that corporate income tax adversely affects the profitability of corporate institutions, however, it has a positive relationship with the firm size and age of companies. De Mooij and Sjef (2001) [13]; and Nnadi and Akpomi (2018) also viewed negative relationship between corporate taxation and financial performance. In addition, Omilabu *et al.* (2018) [34] studied the effect of dividend policy on Bank's profitability in Nigeria. The study revealed that bank's dividend pay-out ratio and total assets have significant effects on bank's profit after tax while dividend per share has low significant effect on profit after tax. Also, Ahmed (2015) [5] studied liquidity, profitability and dividend pay-out policy in UAE banking sector. The study revealed that dividend pay-out ratio has significant and positive correlation with liquidity while it has negative and insignificant correlation with profitability.

3. Methodology

This study adopts *ex-post facto* reserch design. Secondary data are sourced from the audited annual financial statement of quoted deposit money banks in Nigeria, as highlighted in Nigeria Stock Exchange (NSE) fact books. The study population was the twenty-one (21) quoted deposit money banks listed on Nigerian Stock Exchange (NSE). A purposive/judgmental sampling technique was adopted to select the seventeen listed deposit money banks for this study from among the twenty-one money deposit banks population, selection was based on data accessibility for the period of 2011-2020. The study adopts both descriptive and inferential statistic to analysed the data. The descriptive statistics was used to show the mean, standard deviation, minimum and maximum of results of the research work while the inferential statistics of Analysis of Variance (ANOVA) and multiple regressions were used to test hypothesis and also, to measure the significance of linear bi-variant between the dependent and independent variables in the study for the purpose of rejection or acceptance decision. It is expected that there would be a negative relationship between company's income tax and dividend yield in Nigeria. An increase in company's income tax will lead to a decrease in dividend yield.

3.1 Reliability of Research Instrument

The reliability of the financial statement as instruments for data collection was based on the facts that the published accounts and reports were certified by external auditor and approved by banks regulatory bodies such as Nigeria Stock Exchange (NSE), Securities and Exchange Commission Act (SEC), Central Bank of Nigeria (CBN), Financial Reporting Council, and National Deposit Insurance Corporation (NDIC).

3.2 Model Specification

The study expects that the independent variables, Company Income Tax (CIT), moderated by profitability to enhance Dividend Yield (DY). Therefore, it is expected that profitability factors would enhance Dividend Yield (DY). The dependent variable is Dividend Yield (DY).

$$Y = f(X, M)$$

The model specification will be:

$$Y = \beta_0 + \beta_1 X_{it} + \beta_2 M_{it} + \text{---} + \varepsilon_{it}$$

Effect of Company Income Tax, Moderated by Profitability on Dividend Yield

$$DY_{it} = \beta_0 + \beta_1 CIT_{it} + \beta_2 PF_{it} + \varepsilon_{it}$$

Where:

DY = Dividend Yield
CIT =Companies Income Tax
PF = Profitability
Y = Dividend Yield (Dependent Variable)
X = Companies Income Tax (Independent variable)
M = Profitability (PF) (Moderating Variable)

Where β_{1-} β_2 is the co- efficient of independent variables for CIT and PF respectively

β_0 is the intercept of the model for DY.

ε = stochastic variable (representing other variables that could bring about changes in the dependent variables that are not stated in the model).

4. Data Analysis and Discussion of Findings

4.1 Descriptive Analysis of Test Items

4.1.1 Level of Companies Income Tax, Profitability and Dividend Yield Variables

Table 1: Descriptive Statistics for Companies Income Tax, Profitability and Dividend Yield Variables

Variables	Minimum	Mean	Maximum	Std. deviation
CIT	0.000	5.264	7.434	1.586
DY	0.000	0.005	0.133	0.020
PR	0.000	5.846	8.208	1.873

Source: Authors' Computation (2023)

The mean value of company's income tax was 5.26, this implies that on the average the company's income tax payable by deposit money banks to the government was relatively high and better. The maximum value for the company's income tax of the deposit money banks was 7.43 and the minimum value was 0.00. This suggests that the level of income taxes paid by the deposit money banks differs and showed a wide gap between maximum and minimum value. This further suggest that the level of performance of the banks differs as some made profits while some incurred losses. The standard deviation which is a measure of volatility or the degree of change was given as 1.59. This suggests that the company's income taxes paid by the deposit money banks in Nigeria were susceptible to change over time. The mean value of dividend yield was 0.005, this implies that on the average, the sampled deposit money banks were relatively low, with most deposit money banks operating without dividend yield. The maximum value was 0.13 and the minimum value was 0.00, this shows that the sampled deposit money banks dividend yield differs across the deposit money banks over the years. In addition, the standard deviation of 0.02 suggests that the dividend yield of the sampled deposit money banks were relatively stable overtime. The mean value of profitability of the dividend money banks was 5.85 which implies that on the average, the sampled deposit money banks profitability level was high. The maximum value was 8.21 and the minimum value was 0.00, also shows that the sampled deposit money banks profitability levels differs across the deposit money banks over the years. In addition, the standard deviation was 1.87, this suggest that the profits of the sampled deposit money banks were more likely to change overtime.

4.2 Test of Hypothesis

4.2.1 Effect of Company Income Tax, Moderated by Profitability on Dividend Yield

Model: $DY_{it} = \alpha_o + \beta_1 CIT_{it} + \beta_2 PR_{it} + \mu_{it}$

H_{o1}: Company income tax, moderated by profitability, does not have significant effect on dividend yield among money deposit banks in Nigeria.

Table 2: Effect of Company Income Tax, moderated by Profitability on Dividend Yield

Variable	Coefficient	Std Error	t-Stat.	Prob.
Constant	0.0036317	0.0085108	0.43	0.670
CIT	-0.0003246	0.0014369	-0.23	0.821
PR	0.0005271	0.0010301	0.51	0.609
F-Statistic	0.87			
Prob.(F-Stat)	0.4210			
R-squared	0.0118			
Adjusted R-squared	-0.0018			
Diagnostic Tests	**Statistics**			**Probability**
Hausman test	1.57			0.4570
Breusch-Pagan RE Test	52.98			0.0000*
Heteroskedasticity test	348			0.0000*
Serial Correlation Test	0.005			0.9456

Source: Authors computation (2023)

Aggregate Model

$DY_{it} = \alpha_o + \beta_1 CIT_{it} + \beta_2 PR_{it} + \mu_{it}$

$DY_{it} = 0.0036317 - 0.0003246 CIT_{it} + 0.0005271 PR_{it}$

Interpretation of Result

Table 2 shows the results of regression analysis for the effect of company income tax on deposit money banks in Nigeria. The results showed that profitability (0.0005271) has positive relationships and company income tax (-0.0003246) has negative relationship with dividend yield in deposit money banks in Nigeria, respectively. The study revealed that company income tax negatively influenced dividend yield in deposit money banks in Nigeria (*Adj* R^2 = -0.0018; F = 0.87; P=0.4210). There was evidence that company income tax and profitability were not significant factors that influenced changes in dividend yield in deposit money banks in Nigeria (CIT= -0.0003246, *t*- test= -0.023, p= 0.421, PR= 0.0005271, *t*- test= 0.51 p= 0.609). This implies that company income tax and profitability were not significant factors that influenced changes in dividend yield in deposit money banks in Nigeria. The Adjusted R^2 measures the proportion of the changes in dividend yield in deposit money banks in Nigeria as a result of changes in company income tax and profitability. The Adjusted R^2 of -0.0018 explained about -00.18 percent changes in dividend yield in deposit money banks in Nigeria, while the remaining -99.82 percent were other factors explaining changes in dividend yield in deposit money banks in Nigeria but were not captured in the model. The F- test of 0.87 is statistically insignificant with p >0.005.

Table 2 also shows the results of the diagnostic tests carried out to determine the choice and appropriateness of the estimation technique employed for this model as well as the regression output for the model. The Hausman test was carried out to determine whether fixed effect, random effect or pooled ordinary least square estimation technique is appropriate for the model. The result of the hausman test showed a probability value of 0.4570 which is greater than the 5% level of significance hence, the significance of this test result indicated that the null hypothesis of the hausman specification test cannot be rejected by the study. Therefore, the random effect estimation technique was utilized for the model. The study went further to test the appropriateness of the random effect estimation technique by conducting the Breusch and Pagan Lagrangian multiplier test. This test has a null hypothesis that random effect is not needed and not appropriate for the model, the result of this test showed a probability of 0.000 which is lower than the 1% level of significance. This showed that the study cannot accept the null hypothesis and hence the acceptance of the alternate hypothesis that random effect is appropriate for the model. The result shows the effect of company's income tax and profitability on dividend yield of quoted deposit money banks in Nigeria. The F-statistics was 0.87 with p-value of 0.4210, this was statistically insignificant at 5%. The result shows that company's income tax has t-statistics of -0.23 with p-value of 0.821, this was not significant at 5% and also the t-statistics of 0.51 with p-value of 0.609 for profitability was not significant at 5%. This suggests that company's income tax and profitability were not significant factors that influenced changes in the dividend yield of the selected quoted deposit money banks in Nigeria.

4.3 Discussion and Implication of Findings

4.3.1 Discussion

The regression analysis estimates on the table 2 shows that company's income tax (CIT) (-0.0003246) has a negative effect on dividend yield while profitability 0.0005271) has a positive effect on dividend yield (DY). This implies that increase in company's income tax will lead to decrease in the dividend yield of the selected quoted deposit money banks in Nigeria, while an increase in the profitability levels of the deposit money banks will lead to increase in dividend yield. This result is in line with theory that an increase in the profit will lead to increase in dividend yield. The study outcome for company income tax and dividend yield was also in conformity with the study theories, because when the amount of taxes companies pays increases, it reduces the amount of dividends given to shareholders. The magnitude of the estimated parameters suggests that, 1 percent increase in the company's income tax will lead to 0.0003 percent decrease in dividend yield of the selected deposit money banks in Nigeria, while 1 percent increase in the profitability levels of deposit money banks will lead to 0.0005 percent increase in dividend yield. The adjusted R-square which is coefficient of multiple determination suggests that companies income tax and profitability only explains about 0.1 percent changes in dividend yield, while the remaining 99.9 percent are other factors which affects dividend yield but were not captured in the model. The main thrust of this study was the evaluation of the moderating effect of profit on the impact of company's income tax on dividend yield in quoted deposit money banks in Nigeria. The study showed that company's income tax has negative and insignificant relationship with dividend yield. This is in conformity with the study of previous researchers such as Hamid *et al* (2012) [21]; Kania and Bacon (2005) [23]; Nnandi and Akpomi (2008) [30]; Onwuka (2019) [35]; and Omolabu *et al* (2018).

5. Summary, Conclusion and Recommendations of Findings

The study revealed that company's income tax and profitability have no significant relationship with dividend yield of deposit money banks in Nigeria. Therefore, from the above analysis, and the level of significance 0.05, the F-statistics was 0.87 while the p-value of the F-statistics was 0.4210, this was greater than 0.05 adopted for this work. Thus, the study do not reject the null hypothesis that companies income tax and profitability have no significant impact on dividend yield in quoted deposit money banks in Nigeria. Thus, the study rejects the alternative hypothesis that company's income tax and profitability have significant impact on dividend yield in quoted deposit money banks in Nigeria. The relevant findings shows that company's income tax has negative insignificant relationship with dividend yield while profitability has positive insignificant relationship with dividend yield. This constituted statistical evidence and empirical foundation for the implications of company's income tax on dividend policy in quoted deposit money banks in Nigeria. Thus, this research concluded that a mixed relationship exists between company's income tax and dividend policy in quoted deposit money banks in Nigeria. Thus, this study strongly recommends that dividend policy should be based on bank's uniqueness which will enhance investment opportunity. This would makes company income tax as factor to consider in dividend policy. Also, quoted deposit money banks should not neglect the payment of taxes as this would enhanced business environment and drive profit on the long-term.

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