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DIVIDEND TAX POLICY AND DIVIDEND PAYOUT OF CONSUMER GOODS FIRMS IN NIGERIA

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ABSTRACT: *This study examined the effect of dividend tax policy on dividend payout in selected Nigerian consumer goods firms. The study employed a cross-sectional approach using both explanatory and exploratory design, fifteen out of twenty one quoted consumer good firms on the Nigeria stock exchange (NSE) as at December 2018 were randomly selected to constitute the study sample. Four hundred copies of structural questionnaire were distributed but only three hundred and twenty copies were correctly completed and useful for the analysis. The study revealed that dividend tax policy was significant on a dividend payout (f-statistic =27.52; p=0.000) with R-square =0.285. When the moderation variable effect (inflation) was considered, it was also found that dividend tax policy influenced dividend payout of the selected firms (F-statistic=15.89; p=0.000).The study further revealed that tax policy has significant effect on dividend payout in the selected firms. The study therefore recommended that management of firms should adopt more of stock dividend policy than cash concluded payout.*

KEYWORDS: dividend, tax policy, consumer goods, dividend payout, Nigeria

INTRODUCTION

The primary aim of any business is the creation of wealth for its owners. Dividend is the most important way the business fulfills company's mission. In the primitive societies where businesses could not take care of the owner's domestic and social needs due to economic progression and later changes in people's business attitudes, shareholders might refrain from buying more shares. Giving the fact that investment has several meanings to different financial fields of study, there is no generally accepted definition of investment. According to the Association of National Accountants of Nigeria (ANAN) during the national conference held in Lagos in 2013, it was pointed out that investment is in form of investing of money or capital in an enterprise with the expectation of profit. Also, investment is the commitment of something other than money (time, energy, or effort) for a project with the expectation of some worthwhile results.

Dividend is a means of benefit from investment and paid annually by cheque or electronic transfer to the shareholders for their investment returns-wealth through the banks. This has posed many huge challenges to investors such as inability to lay hands on reasonable amounts of

dividend payout due to effect of dividend tax policy on retained earnings and market value of the firm. Shareholders' wealth is represented by the market price of the company's common stock, which in turn, is a function of the company's investment, reinvestment and payout as dividends. The primary goals of maximizing shareholders' wealth translate into maximizing the value of the company's market value which is measured by the current price of the company's common stock. Consequently, the market value of the ordinary shares of a corporation is seen as the main indicator of shareholders' wealth. The optimal dividend policy is one of the factors that can maximize the company's stock price; this may lead to maximization of shareholders' wealth and thereby ensures rapid economic growth.

The dividend payout policy of a company is a guideline that determines the proportion of earning that is distributed to the shareholders by the way of dividend payouts, and the proportion that is ploughed back for reinvestment purposes. Dividend payout policy represents the payout policy, which managers pursue in deciding the size and pattern of cash distribution to shareholders over time. Therefore, dividends are more than just a means of distributing net profit. This is because the dividend payout policy of a firm may have implication on shareholder's wealth, manager's benefit and lender's interest. Also, stakeholders have interest on various dividend payout ratios and this could affect share prices of the firm. The amount of dividend payout that they offer to shareholders, the higher the proportion dividend payouts mean fewer funds available for investment. A company should, therefore, endeavor to set up an optimal dividend payout policy that will maximize the company's market value. Dividend payout represents the benefits to the investors to get their stock of investment reward, a means to compensate them for the risk they are undertaking and for the time value of their money.

The dividend is the most important way the shareholders achieve their primary objectives, but when firm cannot take care of owner's domestic and the social needs due to effect of dividend tax policy on dividend payout. Dividend tax policy will no doubt affect the proportion of earnings of the organization that will eventually be paid out as dividend to shareholders. Dividend tax policy reduces the shareholders wealth which has not been discovered by other researchers, whereas, most of the researchers like Olatundun (2009), Erhardt and Brighen (2010), Khan, (2012) and others concentrated on dividend payout as independent variable against earnings per share, market value and others on shareholder`s wealth proxies. This study therefore seeks to examine the extent to which dividend tax policy affect the dividend payout in selected food and beverages companies in Nigeria.

Objective of the study

Examine the effect of dividend tax policy on dividend payout in selected Nigerian food and beverage firms,

Research Hypotheses

H_0: Dividend tax policy has no significant effect on dividend payout in selected Nigerian food and beverage firms.

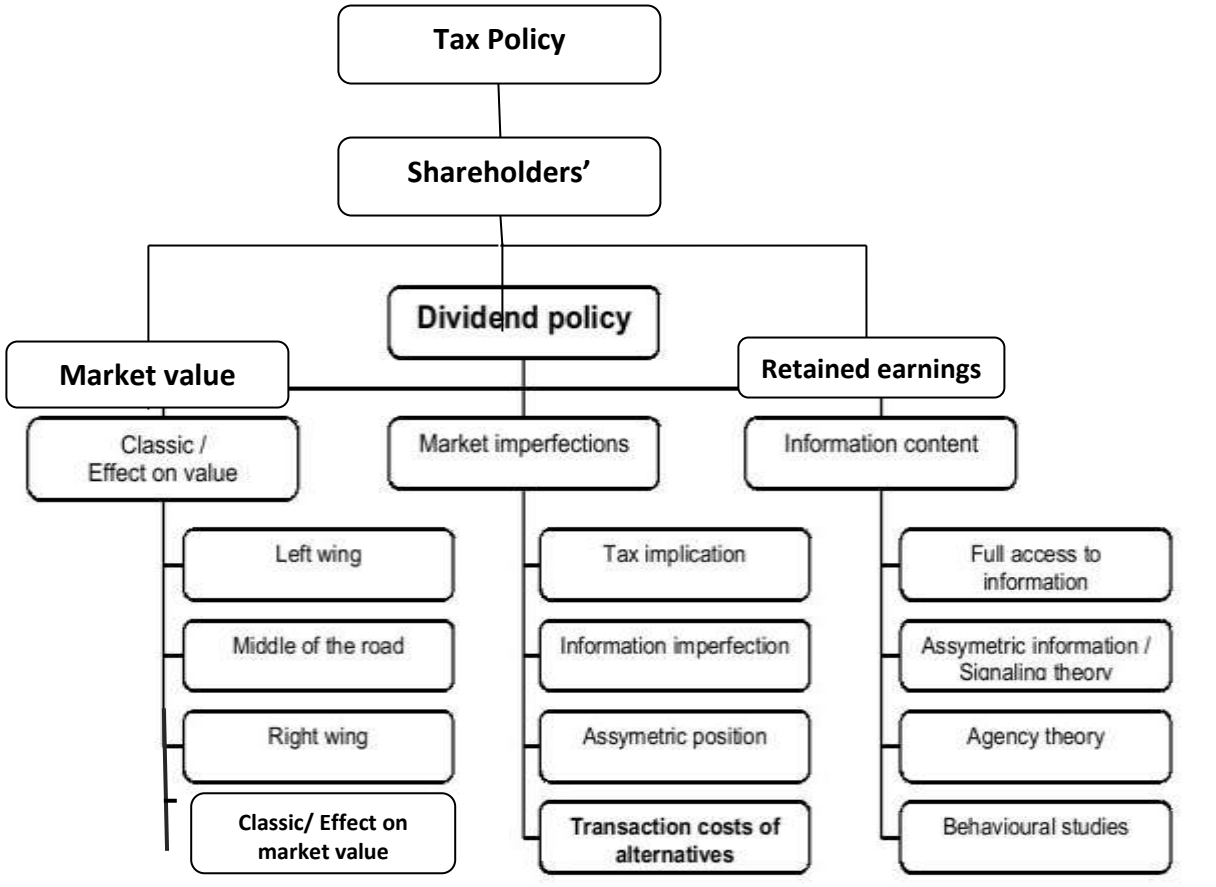
H_1: Dividend tax policy has significant effect on dividend payout in selected Nigerian food and beverage firms.

LITERATURE REVIEW

Conceptual Review

The literature review that deals with dividend tax policy and shareholders' wealth in the presence of dynamic market, may be categorized under two basic views: for and against. On the 'against' company theories, including the transaction cost theory of dividend and the tax hypothesis suggest that dividend payout payments reduce shareholder wealth. The company theories suggest that dividend payments increase shareholder wealth, including the bird in the hand argument, the signaling theory and the agency theory of dividend. All these theories have been extensively discussed and tested to date, there is no consensus on how firms determine their dividend policies, retained earning distribution against market value. The aim of this chapter is to introduce its conceptual and theoretical theories that have evolved to explain the dividend tax policy puzzle deduction rate against dividend payout, retained earnings and market value. It is also intended to review the main empirical methodologies that have been developed to test these theories and to present some of the evidence that have been collected. Arrangement options for the grouping of an effect of tax policy on shareholders' wealth are as depicted below:

Figure 2.1



Source: Researchers Design 2019

In this study, the shareholders' wealth shall be measured by three dependent variables, in terms of dividend payout, retained earnings, and market value of the firms. In reference to figure 2.1 the market value of the firm at the beginning of the period can be expressed as the dividend payouts to be received during the period plus the firm's market value retained at the end of the period, less the amount of external finance raised during the period, all expressed in present value terms. In turn, the amount of external finance is the number of funds required to finance planned investments, less the firm's earnings after deducting the number of dividend payouts that are paid (Muhammed, 2010). As the dividend payouts for the period appear twice on the right-hand side (RHS) of the equation with opposite signs, they sum to zero (Ekwere, 2012). The firm's market value at the end of the period can similarly be defined as the dividend payout that is paid during that period plus retained earnings at the periods' endless external finance raised during the period (Adelegan, 2009). The current market value of the firm can, therefore, be expressed as the infinite sum of the present values of future earnings and fewer investment expenditures.

Theoretical Review

Some of the theories that back up dividend relevance include the following:

The Bird in the Hand Argument

The traditional argument in favor of the dividend is the idea that dividend payouts reduce risk because they bring shareholders' cash inflows forward. The risk reduction or bird in the hand argument is associated with Graham and Dodd (1934) and with Gordon (1959). By paying dividends, the firm brings forward cash inflows to shareholders, thereby reducing the uncertainty associated with future cash flows. In terms of the discounted dividend equation of firm value, the idea is that the required rate of return demanded by investors (the discount rate) increases with the plough-back ratio.

Although the increased earnings retention brings about the higher expected future dividend, this additional dividend stream is more than offset by the increase in the discount rate (George, 2008). This argument overlooks the fact that the risk of the firm is determined by its investment decisions and not by how these are financed.

The Agency Theory of Dividend

This theory argument in favor of generous dividend payments is that there is a shift in the reinvestment decision back to the owners. The underlying assumption is that managers may not necessarily always act as to maximize shareholders' wealth. The problem here is the separation of ownership and control which gives rise to agency conflicts as defined in Muhammad (2010). Accordingly, when the levels of retained earnings are high managers are expected to channel funds into bad projects either in order to advance their own interests or due to incompetence.
Generous dividend policy enhances the firm's market value because it can be used to reduce the number of free cash flows in the discretion of management and thus controls the overinvestment problem (Jensen, 1986).

The Transaction Cost Theory

Firms may incur costs in distributing dividends while investors may incur costs in collecting and reinvesting these payments. Moreover, both firms and investors may incur costs when, due to paying dividends, the firm has to raise external finance in order to meet investment needs. Indeed, the transaction costs incurred in having to resort to external financing is the cost of a dividend model (Samuel & Edward's, 2011).

In contrast, however, it may be argued that dividend is beneficial as if save the transaction costs associated with selling stocks for consumption purposes. Either way, if there are additional transaction costs that are associated with paying or not paying dividends, then dividend policy should impact earnings expectations and hence share price and firm value. Alternatively, dividend payouts may influence market value if a dividend policy has an impact on management's investment decisions.

Empirical Review

Dividend policy is one of the extensively researched topics in finance. Many researches tried to find that "how" firms pay dividend which refers to the 'determinants' of dividend policy. The factors affecting dividend policy is analyzed both quantitatively (Sharon & Frank, 2005; Banerjee, Gatchev, & Spindt, 2007) and qualitatively (Lintner, 1956; Dhanani, 2005; Khan, Burton & Power, 2011). However, the 'dividend puzzle' is still not resolved. One of the potential determinants of dividend payout is the tax rate on dividends and capital gains. As the taxation system of each country is different, the effect of taxation also varies. In this regard, Frankfurter, Kosedag, Chiang, Collison, Power, Schmidt, So and Topalov (2004) worked on the societal differences in deciding upon the dividend policy (especially taxation effect) with the help of a survey with the chief financial officers (CFOs) of publicly traded companies over the period 2001-2002. They selected five countries i.e. Hong Kong (HK), Turkey, Germany, UK and US which is spread over the three continents. The results showed that US had high diversity of perception as compared to other countries.

According to Khan et al., (2011) taxation is yet a puzzle within dividend policy. The study concluded that due to the differences in perception and culture, one cannot generalize the theories and explanations regarding dividend policy. Even significant economic institutions do not have any vigorous impact on the policy and dividend decisions. Similarly, the propensity to pay dividends varies across countries. Fama and French (2001) analyzed the tendency of dividend payment in the US over a period from 1926 to 1999. The study showed that the amount paid as dividend has decreased from 66.5% in 1978 to 20.8% in 1999. This happened because mostly publicly traded firms were newly established with high growth potential, low earnings and low dividend payouts. The statistics show that in 1999, only 3.7% of newly listed firms paid dividends. However, Chowdhury and Miles (1987) noticed an increasing trend in the dividend payment in the UK market where more than 90% firms paid dividends over the period from 1970 to 1984. More recently, Lahiri and Chakraborty (2014) supported the simultaneous dividend theory where dividend decision is taken along with investment and financing decisions. The authors took a cross-sectional data of dividend policy and research & development (R & D) of

listed Indian firms over the period 2001-2010. The findings showed that decisions about dividend payments and R & D investment are made at the same time; hence supporting the simultaneous dividend theory.

Many researchers have tried to determine the factors affecting dividend policy with the help of conducting interviews and questionnaires. One of the seminal studies in that regard was conducted by Lintner (1956) who selected a sample of 28 well- established companies for seven years i.e. 1947-1953; he then interviewed the managers of those companies which focused on different circumstances of changing dividends and making decisions in that case. According to Lintner, (1956), the dividend policy is geared by earnings; it is not altered until and unless the management can see that a new level of earnings can be attained and retained in future. Furthermore, he concluded that mostly managers considers long-term payout ratio while determining dividend policy. Similarly, Baker et al., (2002) studied the managerial views about dividend policy. A survey questionnaire is used as methodology; it contained 27 closed-ended questions. These questionnaires are then emailed to senior managers of the firms; 630 firms that trade in NASDAQ and paid cash dividend for eight consecutive quarters i.e. from year 1996-1997 are taken as a sample. The results show that 90 percent of the respondents are in favor of the statement that if a firm is going to decrease its dividend in the coming years, it should not increase its regular dividend; rather, a firm should maintain a stable dividend disbursement (Lintner, 1956). Secondly changes in the earnings are far greater than changes in the dividend payments where 92 percent of the managers agreed to that. As pointed out by Lintner, (1956), this study also shows that dividend falls behind the earnings. About 58 percent of the managers concurred with the statement that there is a link between firm's dividend policy and the stage it is currently in i.e., based on the belief that there is a missing link or gap created by a wholesale application of dividend payout policy and dividend payout-related information from developed Nigerian capital markets. Even in the developed markets, opinion has not been uniform as to the effect of the tax on the dividend payout and market value of selected quoted companies.

Previous studies have argued that dividend payout policy is irrelevant to the market value of the firm (Okafor, Mgbame & Chijioke, 2011). Their contributions are based on the perfect market situation. Others have disagreed and documented empirical evidence to show that dividend payout is relevant and that the multiplier contributory effect of dividend payout from the value of the firm is several times higher than that of retained earnings. Adelegan, (2009) stated that reasons why most of the shareholders would want to collect dividend is to maximize their wealth. This position is supported by the study of Musa (2009) and Oladipupo (2010).

METHODOLOGY

Study Area

The study area was Lagos – South Western Nigeria. Lagos state is arguably the most economically important state of the country for this reason, it is known as the nerve centre for commercial activities because of its vibrant dynamic and peculiar advantage it is the corporate headquarters of Nigeria Stock Exchange (NSE) the metropolis.

Study Population and sample

There are twenty one (21) Nigerian food and beverages firms in Nigeria as at 2018, out of which fifteen regular quoted firms were selected because the population present similar characteristics. The sampling method and size used by this study include that of Slovin formular (cited Asalu, Agorize & Unan, 2012). The formular is given thus:

$$n = \frac{N}{1 - N\,(e)^2}$$

Where:

n = Sample size

N = population size

e = margin of error (MOE) or level of significant (LOS) at 5%.

Data Collection and analysis Technique

The primary data were collected by using instrument from five groups of respondents from questionnaire. Secondary data used were obtained from Annual Audited Reports of the selected firms through Nigeria stock exchange from 2002 to 2018. Descriptive and inferential statistics were used to analyze the data. Panel data analysis containing, Pooled Regression Analysis, the pooled random and fixed effect model were used to test the relationship between dividend tax policy indicator and dividend payout of the selected food and beverages firm in Nigeria.

Model Specification

In line with the main goal of this study which is to examine the relationship between dividend tax policy and dividend payout. Specifically, the study adopted the model of Lintner, (1962) and Friend and Puckett (1964) originally constructed to measure the relationship between dividend tax policy and shareholders' wealth:

$P_{it} = \beta_0 + \beta_1 D_{it} + \beta_2 R_{it} + \beta_3 E/P_{it} + \varepsilon_{it} - (1 - T_{it})$ …….. Equation 3.1

Where;

$\beta_0$is the intercept, β_{1-3} are the Coefficients and ε is the error term. The subscript *i* represents the entity of each quoted company at time t, while subscript *t* represents the year.

The modified model for this research is:

$DP = f(CT, WHT, FS)$…… Equation 3.2

$DP_{it} = \beta_0 + \beta_1 CT_{it} + \beta_2 WHT_{it} + \beta_3 FS_{it} + \varepsilon_{it}$ ……..…….. Equation 3.3

$DP_{it} = \beta_0 + \beta_1 CT_{it} + \beta_2 WHT_{it} + \beta_3 FS_{it} + U_{it}$ …… Equation 3.4

$DP_{it} = \beta_0 + \beta_1 CT_{it} + \beta_2 WHT_{it} + \beta_3 FS_{it} + \sum_{i=1}^{15-1} \mu_i DUM + \varepsilon_{it}$ …….. Equation 3.5

Where;

DP = Dividend payout (a shareholders' wealth indicator)

CT = Corporate Tax (a dividend tax policy indicator)

WHT = Withholding Tax (a dividend tax policy indicator)

FS = Firm's Size (as firm's characteristic indicators)

$U_{it} = \alpha_i + \varepsilon_{it}$is often called the composite error Random Effect Model (REM)

DUM = Firms' unobservable effect in Fixed Effect Model (FEM) and μ is the dummy coefficient β_0, β_{1-3} and ε are as described earlier. The subscript i represents the entity of each quoted company at the time$t$, while subscript represents the year.

RESULT AND DISCUSSION

From Table 4.1 below, the majority (about 48.7% and 41%) of the respondents indicated 'most likely' and 'likely' respectively that Dividend tax policy has an influence on the Dividend payout while the remaining 10.3% indicated 'not likely'. This means that dividend tax policy has an influence on the Dividend payout. This may affect the attitude of both potential and existing shareholders from acquiring more shares.

Table 4.1: Responses to Whether Dividend Tax Policy have Influence on the Dividend Payout

	Corporate Executive		Market Operators		Shareholders		Potential Investors		Academia		Total	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
A	6	1.9	5	1.6	86	26.9	34	10.6	25	7.8	156	48.7
B	6	1.9	15	4.7	64	20.0	31	9.7	15	4.7	131	41.0
C	-	-	3	1.0	18	5.6	8	2.5	4	1.3	33	10.3
	12	3.8	23	7.3	168	51.5	73	22.8	44	13.8	320	100

Source: Author's Computation, (2019)
(a – Most likely; b – Likely; c – Not Likely)

From Table 4.2 below, the majority of the respondents (about 61.2%) were of the 'not likely' that agreed on Dividend tax policy effect on dividend payout improve the firm performance by a corporate executive with 86 responses. While 'likely' and 'most likely' agree to about 22.8% and 16.0% respectively. The result implies that Dividend tax policy on Dividend payout does not improve the firm's performance.

Table 4.2: Responses to Whether Dividend Tax Policy on Dividend Payout Improve the Firms Performance

	Corporate Executive		Market Operators		Shareholders		Potential Investors		Academia		Total	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
A	21	6.6	-	-	4	1.3	-	-	26	8.1	51	16.0
B	35	10.0	7	2.2	11	3.4	-	-	20	6.3	73	22.8
C	86	26.9	15	4.7	26	8.1	≂	0.6	67	20.9	196	61.2
	142	4.4	22	6.9	41	12.8	≂	0.6	-103	35.3	320	100

Source: Author's Computation, (2019)
(a – Mostly likely; b – Likely; c – Not Likely)

Dividend Tax Policy and Dividend Payout without Moderating Variable

The result in table 4.3 shows that CT and WHT have a positive and significant relationship with a dividend payout (DP) at 1% alpha level. This implies that the dividend payout will increase by 0.215 and 0.420 units given a unit increase in each of the dividend tax policy indicators (CT and WHT respectively). Alternatively, this means that the dividend tax policy indicators are major determinants of dividend payout (DP). Conversely, negative and significant relationships exist between firm size (FS) and dividend payout (DP) at the 10 % level of significance. The negative and significant relationships indicate that the size of firms increases as the dividend payout decreases. The F-statistic value of 27.52 (P = 0.000) rejects the null hypothesis and that the explanatory variables are not jointly statistically significant in explaining variations in dividend payout (DP). The R-square value 0.285 indicates that the explanatory variables successfully explain about 28.5% of changes in the performance indicator.

The result of LM-statistics value of 163.11 (P=0.000) rejects the null hypothesis of "no panel effect" thus accepts the alternative hypothesis and concludes that panel effect prevails. Based on the Hausman-statistics values of 31.56 (P=0.000), the null hypothesis difference in coefficients of FEM and REM in the models that are not systematic is rejected, hence, the study focuses on fixed effect model.

Table 4.3: Dividend Tax Policy and Dividend Payout without Moderating Variable

VARIABLES	(1) PLD	(2) REM	(3) FEM
CT	0.5469***	0.3245***	0.2154***
	(0.0808)	(0.0736)	(0.0716)
WHT	0.3221***	0.3968***	0.4204***
	(0.0537)	(0.0540)	(0.0556)
FS	-0.1179	-0.2341	-0.4075*
	(0.1716)	(0.1936)	(0.2219)
Constant	2.2095	4.1628	7.1156**
	(2.6936)	(3.0937)	(3.5666)
Observations	225	225	225
R-squared	0.470	0.277	0.285
F-test	65.20		27.52
Prob > F	0.000		0.000
Number of COYID		15	15
Wald-chi		121.5	
Prob > chi		0.000	
LM Test [P-value]		163.11 [0.000]	
Hausman [P-value]		31.56 [0.000]	

Source: Author's Computation (2019)
Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Dividend Tax Policy and Dividend Payout Indicators with Moderating Variable

Table 4.4 revealed that CT and WHT have a positive and significant relationship with a dividend payout (DP) at 1% alpha level. This implies that the dividend payout will increase by 0.017 and 0.026 units given a unit increase in each of the dividend tax policy indicators (INFCT and INFWHT respectively). Conversely, negative and significant relationships exist between firm size (FS) and dividend payout (DP) at the 1 % level of significance. The negative and significant relationships indicate that as the size of firms increases the dividend payout decreases.

The F-statistic value (15.89.10; P = 0.000) of the fixed effect model rejects the null hypothesis that the explanatory variables are not jointly statistically significant in explaining variations in dividend payout (DP) and on this ground the study accepts the alternative hypothesis and concludes that the explanatory variables jointly affect DP of the selected companies. The R-square value 0.187 indicates that about 18.7% of changes in the dividend payout (DP) is successfully explained by the explanatory variables.

The LM-statistics value of 166.81 (P=0.000) rejects the null hypothesis of "no panel effect" thus accepts the alternative hypothesis and concludes that panel effect prevails. Based on the Hausman-statistics values of 31.74 (P=0.000), the null hypothesis that difference in coefficients of FEM and REM in the models are not systematic is rejected, hence, the study focuses on fixed effect model.

Table 4.4: Dividend Tax Policy and Dividend Payout with Moderating Variable

VARIABLES	(1) PLD	(2) REM	(3) FEM
INFCT	0.0418***	0.0270***	0.0170***
	(0.0064)	(0.0060)	(0.0061)
INFWHT	0.0293***	0.0290***	0.0257***
	(0.0035)	(0.0036)	(0.0040)
INFFS	-0.0084**	-0.0095***	-0.0099***
	(0.0040)	(0.0034)	(0.0032)
Constant	2.0286**	2.5546***	3.0159***
	(0.8007)	(0.7897)	(0.6713)
Observations	225	225	225
R-squared	0.4103	0.182	0.1871
F-test	51.27		15.89
Prob > F	0.000		0.000
Number of COYID		15	15
Wald-chi		86.67	
Prob > chi		0.000	
LM Test [P-value]		166.81 [0.000]	
Hausman [P-value]		31.74 [0.000]	

Source: Author's Computation (2019)
Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Test of Hypotheses

In this section, secondary data were used in testing our hypotheses. Information relating to dividend tax policy, made up of corporate tax and withholding tax, dividend payout and inflation rate as the moderating variable were gathered from selected listed 15 Nigerian food and beverage firms quoted on the Nigerian stock market, making use of published and unpublished data from the Security and Exchange Commission, Nigerian Stock Exchange and Company Registrars.

Model: Examine the effect of dividend tax policy on the dividend payout of listed Nigeria food and beverage firms.

$$Y = f(X_1, X_2, X_3, e)$$
$$DP = f(CT, WHT, FS, e)$$
$$DP_{it} = \alpha_i + \beta_1 CT_{it} + \beta_2 WHT_{it} + \beta_3 FS_{it} + e_{it})$$

H_0: Dividend tax policy has no significant effect on a dividend payout of selected listed Nigeria food and beverage firms.

H_1: Dividend tax policy has a significant effect on a dividend payout of selected listed Nigeria food and beverage firms.

Based on the regression result (F-statistic = 27.52; P = 0.000) from the Fixed effect model in Table 4.3, the coefficient of corporate tax (CP = 0.215), withholding tax (WHT = 0.420) is statistically significant ($p<0.01$) at the 1 % level. These suggest rejection of the null hypothesis and the study concludes that the dividend tax policy has a significant effect on a dividend payout of selected listed Nigeria food and beverage firms.

Summary of Inferential Result

Dividend tax policy proxy's effect on DP result based on pooled, random and fixed effect regression indicated that there was relationship between dividend tax proxies and dividend payout. This is consistent with the findings of some authors on each investor having own implicit calculation regarding preference on high cash dividend (Miller & Scholes, 1982). Based on the Hausman – statistics value of 31.56 (P=0.000) on fixed effect model result, f-statistic value of 27.52 (p=0.000), rejects the null hypothesis. The result shows that CT and WHT have a positive and significant relationship with a dividend payout at 1% alpha level. These imply as dividend tax proxies increase, while dividend payout also decrease, similarly these is consistent with finding of (Asghar, Shah, Hamid, & Suleman, 2011). Increase by 0.215 and 0.420 units given a unit increase in each of the dividend tax proxies in term of CT and WHT respectively this implies that there is negative and significant relationship exist between firm size and dividend payout at 10%. The negative and significant relationships indicate that as the size of firms' increases, the dividend payout decreases.

CONCLUSION AND RECOMMENDATION

This study basically looked at the assessment of dividend tax policy and dividend payout in selected consumer goods firms and concluded that dividend tax proxies exerts a significant negative influence on dividend payout of selected firms. This point to the fact that increase

dividend tax rate has influence on dividend pay-out which makes investors to sell their shares, and this may depress the stock market which in turn depresses the economy.

The study further concluded that dividend tax policy indicators were major determinants of dividend payout (DP). Conversely, negatively and significant relationship exist between firm size (FS) and dividend payout at the 100% level of significance. The negative significant relationship indicates that as the size of the firms increases the dividend payout decreases. With inflation as moderating variable is concluded that there are decreases in the coefficient of the dividend tax policy indicators. Conversely, negative and significant relationship exists between firm size and dividend payout at the 1% level of significance. This indicates that as the size of firms increases the dividend payout decreases. The study therefore recommended that:

i. Government should reduce the dividend tax policy from double single tax policy through fiscal and monetary policy due to the effect of both CT and WHT on market value which reduces shareholders' wealth.
ii. Management should adopt more of stock dividend policy than cash dividend as mode of distribution of dividend to the shareholders due to effect of WHT from 2002 to 2018 on dividend payment.

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Appendix I: LISTED SELECTED NIGERIAN FOOD AND BEVERAGE FIRMS

	Sector A: Breweries and soft drinks
1	7-UP BOTTLING COMPANY PLC
2	GUINNESS NIGERIA PLC
3	INTERNATIONAL BREWERIES PLC
4	NIGERIAN BREWERIES PLC
	Sector B: Flour Mills
5	FLOUR MILLS OF NIGERIA PLC
6	NORTHERN FLOUR MILLS PLC
	Sector C: Sweet and Beverages
7	A.G. LEVENTIS (NIG). PLC
8	CADBURY NIGERIA PLC
9	NESTLE NIGERIA PLC (FOOD SPECIALITIES NIG. LTD)
10	PZ CUSSONS NIGERIA PLC (PZ INDUSTRIES)
11	UNILEVER NIGERIA PLC (LEVER BROTHER)
	Sector D: Integrated Food and Salt
12	MULTI-TREX INTEGRATED FOOD PLC
13	NATIONAL SALT CO. (NIG). PLC
14	U A C N PLC
15	UNION DICON SALT PLC

Source: Nigerian Stock Exchange, (2018)