



**INTERNATIONAL FINANCIAL REPORTING STANDARD
IMPLEMENTATION AND TAX ALIGNMENT IN
POST-REFORM NIGERIA**

Mohammed Aminu Bello

*Department of Business Management, Faculty of Economics
and Management Sciences,*

Bayero University, Kano, Nigeria

Corresponding author's email/Mobile: mabello.bus@buk.edu.ng/+2348036075240

Abstract

This study examines the impact of International Financial Reporting Standards (IFRS) implementation on corporate tax reporting quality and tax alignment in post-reform Nigeria, with a particular focus on the mediating effect of Corporate Tax Reporting Quality and moderating effect of regulatory support. By employing Structural Equation Modeling (SEM) on data collected from Nigerian firms, the study reveals that IFRS implementation has a significant positive effect on Tax Reporting Quality, which in turn mediates the relationship between IFRS implementation and tax alignment. Moreover, regulatory support and reporting complexity are found to moderate the strength of the relationship between IFRS implementation and tax alignment. These findings highlight the essential role of regulatory frameworks and the quality of tax reporting in fostering better tax alignment in Nigeria's post-reform era. The study provides insights for policymakers and corporate managers on enhancing tax compliance and alignment through effective IFRS implementation and regulatory support.

Keywords: corporate tax reporting quality, IFRS, regulatory support, reporting complexity, tax alignment

1. Introduction

The convergence of accounting and tax systems has gained considerable attention in the domain of financial regulation and policy reform, especially in developing economies. In Nigeria, the implementation of the International Financial Reporting Standards (IFRS) in 2012 marked a significant milestone in the country's effort to align its financial reporting practices with global standards (Iyoha & Faboyede, 2011). This reform was expected to enhance the quality, transparency, and comparability of financial statements, thereby attracting foreign direct investment (Iyoha & Faboyede, 2011; Odia & Ogiedu, 2013). However, despite the potential benefits of IFRS, its implementation has introduced a host of complexities, particularly concerning the alignment of corporate financial reporting with the tax system.

The Nigerian tax framework, primarily governed by the Companies Income Tax Act (CITA) and regulated by the Federal Inland Revenue Service (FIRS), was originally structured around Nigerian Generally Accepted Accounting Principles (NGAAP), which

INTERNATIONAL FINANCIAL REPORTING STANDARD IMPLEMENTATION AND TAX ALIGNMENT IN POST-REFORM NIGERIA

were more rules-based and domestically tailored. In contrast, IFRS is principle-based and emphasizes fair value measurements, accrual accounting, and substance-over-form reporting. These divergences have led to notable inconsistencies in how financial transactions are treated for financial reporting versus tax purposes (Okoye & Akenbor, 2014). The challenges are most prominent in areas such as lease accounting, asset impairment, revenue recognition, and deferred taxes. These discrepancies complicate the determination of taxable income and have significant implications for corporate tax compliance, financial planning, and tax administration (Ofei, 2017; Izedonmi & Ibadin, 2013).

Moreover, the dichotomy between IFRS-compliant financial statements and tax-based computations creates dual reporting obligations for companies, potentially increasing compliance costs and administrative burden. For tax authorities, the complexities in interpreting IFRS-based financials may lead to tax ambiguities, misassessments, and increased incidence of disputes and litigations. While some developed jurisdictions have managed to develop reconciliation mechanisms between IFRS and tax laws, such frameworks are still underdeveloped in the Nigerian context. The Federal Inland Revenue Service has made strides by issuing clarificatory circulars and developing interpretation guidelines; however, the lack of legal backing for many of these directives limits their enforceability and clarity (FIRS, 2020).

This institutional vacuum raises fundamental concerns about the coherence and efficiency of the Nigerian tax system in a post-reform era. At the firm level, companies must often prepare separate adjustments to reconcile IFRS-based financial statements with tax obligations, increasing complexity and risk of non-compliance. At the policy level, regulators are faced with the challenge of balancing international best practices in accounting with the domestic need for effective tax collection and enforcement.

Given these tensions, this study investigates the multifaceted challenges and emerging prospects of aligning IFRS with tax reporting in post-reform Nigeria. It seeks to explore how the dual imperatives of transparency in financial reporting and accuracy in tax computation are managed in practice. It also examines the perceptions of key stakeholders—including corporate accountants, tax practitioners, auditors, and tax administrators—on the adequacy of existing institutional mechanisms and the prospects for reform. By adopting a multi-stakeholder lens and situating the analysis within the broader context of tax-policy harmonization, this research contributes to the growing literature on the intersection of international accounting standards and domestic tax systems in emerging economies.

2. Literature Review

This section reviews existing scholarly and policy-oriented literatures relevant to the relationship between International Financial Reporting Standards (IFRS) implementation and corporate tax reporting outcomes in Nigeria. It explores key conceptual and empirical insights on how IFRS affects reporting complexity, tax compliance, and tax alignment—while situating these within the broader challenges of regulatory misalignment in a post-reform environment.

Conceptual Review

IFRS Implementation

The adoption of International Financial Reporting Standards (IFRS) has significantly transformed financial reporting in many jurisdictions, including Nigeria. As a principle-based framework, IFRS emphasizes transparency, relevance, and comparability in financial statements (Barth et al., 2008). In post-reform Nigeria, the transition from local GAAP to IFRS was intended to align financial reporting with global standards and improve investor confidence.

Research indicates that IFRS implementation affects both the structure and content of corporate reports, including tax-related disclosures. Iyoha and Faboyede (2011) observed that IFRS adoption in Nigeria introduced more rigorous disclosure requirements and increased the use of fair value accounting, thereby enhancing the overall credibility of financial statements. This improvement can have a direct influence on tax reporting and tax alignment, especially in economies where tax rules are partly based on financial accounting principles (Hanlon & Heitzman, 2010). However, IFRS does not provide country-specific tax rules, and its impact on tax alignment depends on how national tax systems integrate or adapt to IFRS-driven accounting outcomes (Nobes & Schwencke, 2006). In this regard, Nigeria's regulatory response to IFRS adoption has been partial, leading to both opportunities and challenges in aligning tax reporting with IFRS-compliant financial statements.

Corporate Tax Reporting Quality

Corporate tax reporting quality refers to the extent to which tax-related information in financial statements is accurate, transparent, and consistent with statutory obligations. High-quality tax reporting is characterized by truthful representation of taxable income, clear reconciliation of book-tax differences, and minimal engagement in aggressive tax practices (Tang, 2005). The literature suggests that IFRS implementation can enhance corporate tax reporting quality. Through greater disclosure and professional judgment in tax estimation and deferred tax accounting, IFRS creates an environment that supports accurate and complete reporting (Barth et al., 2008). According to Ball (2006), IFRS reduces the information asymmetry between management and tax authorities, which helps improve monitoring and compliance.

Theoretically, corporate tax reporting quality serves as a mediating variable between IFRS implementation and tax alignment. As IFRS fosters more faithful tax-related disclosures, it indirectly leads to a closer alignment between accounting and taxable profits. Watts and Zimmerman's (1986) agency theory provide a framework for understanding this mediating effect, emphasizing that high-quality financial reporting can reduce opportunistic behavior and foster regulatory trust.

Tax Alignment

Tax alignment refers to the degree of consistency between financial accounting profits and taxable income. A high level of alignment suggests that financial and tax reports are closely integrated, facilitating administrative efficiency, compliance, and policy coordination. In developing economies like Nigeria, alignment between accounting and tax systems is essential to simplify compliance and enhance revenue mobilization.

The literature on tax alignment in the IFRS context presents mixed findings. Hanlon and Heitzman (2010) argue that IFRS may reduce tax alignment because its principles are geared toward investor usefulness, not tax computation. Conversely, where regulatory

INTERNATIONAL FINANCIAL REPORTING STANDARD IMPLEMENTATION AND TAX ALIGNMENT IN POST-REFORM NIGERIA

institutions adapt tax rules to reflect IFRS outcomes, improved alignment can be achieved (Christensen et al., 2015). Nobes and Schwencke (2006) show that IFRS implementation, combined with supportive tax policies, enhances tax alignment by improving the reliability of reported income used as a tax base.

In Nigeria, the Federal Inland Revenue Service (FIRS) has issued guidelines to support tax reporting under IFRS. However, implementation challenges such as limited professional capacity and partial regulatory alignment have constrained the potential benefits.

Regulatory Support

Regulatory support refers to the legal, institutional, and administrative mechanisms that facilitate effective IFRS implementation and its integration into national tax systems. Regulatory agencies such as Nigeria's Financial Reporting Council and the FIRS play a critical role in aligning IFRS outcomes with domestic tax requirements through timely guidelines, capacity building, and enforcement (Odia & Ogiedu, 2013).

Empirical studies highlight that countries with stronger regulatory support systems tend to experience greater alignment between IFRS-based accounting and tax reporting. Christensen et al. (2015) found that regulatory institutions in developed economies were instrumental in mediating the transition to IFRS by adjusting tax laws and offering interpretation guidance. In Nigeria, the effectiveness of regulatory support has been uneven, with delays in issuing clarifying rules creating uncertainty among reporting entities (Iyoha & Faboyede, 2011). The presence of strong regulatory support is therefore a necessary condition for realizing the full benefits of IFRS adoption on tax alignment.

Reporting Complexity

Reporting complexity refers to the difficulty and technical sophistication required to understand and apply accounting standards, particularly IFRS. IFRS introduces advanced accounting treatments such as fair value measurement, impairment testing, and complex tax disclosure requirements, which may pose challenges for preparers and regulators in developing countries (Jermakowicz & Epstein, 2007).

Complexity has been identified as a critical barrier to effective IFRS adoption and tax alignment. In environments where financial literacy and institutional capacity are low, complex standards may be misunderstood or misapplied, leading to inconsistencies and non-compliance (Ball, 2006). This has implications for the consistency of tax reporting and the enforceability of tax obligations based on IFRS-based financial statements.

Contingency theory suggests that organizational outcomes, such as tax alignment, depend on how external conditions (like complexity) interact with internal practices (Donaldson, 2001). In Nigeria, firms with greater access to technical expertise and IFRS training are better positioned to navigate complexity and achieve alignment.

Hypotheses Development

The hypotheses developed in this study are grounded in the theoretical and contextual insights drawn from the literature review on IFRS implementation, corporate tax reporting, and tax alignment within the Nigerian post-reform tax landscape. The selection of the hypotheses reflects a deliberate focus on the most persistent and empirically challenging aspects of the IFRS-tax interface in Nigeria.

The adoption of IFRS is widely associated with improved transparency, consistency, and comparability in financial reporting, which can extend to corporate tax

disclosures. IFRS emphasizes fair value accounting, accrual-based recognition, and detailed disclosure requirements, all of which can enhance the quality of tax-related reporting when properly implemented (Barth, Landsman, & Lang, 2008). Moreover, IFRS standards provide a more principle-based framework compared to local GAAP, enabling firms to better reflect economic substance in tax reporting (Daske et al., 2008). However, such benefits are contingent upon the quality of implementation, enforcement, and organizational capacity. Therefore, it is hypothesized that IFRS implementation positively influences the quality of corporate tax reporting.

H₁: *IFRS Implementation has a significant positive effect on Corporate Tax Reporting Quality*

Tax alignment refers to the degree of consistency between financial accounting income and taxable income. High-quality tax reporting, characterized by accuracy, transparency, and adherence to regulatory expectations, reduces the divergence between accounting and tax values (Hanlon & Heitzman, 2010). When firms report taxes clearly and in line with international standards, it becomes easier to reconcile tax and accounting treatments, thereby improving alignment. Poor tax reporting quality, by contrast, exacerbates discrepancies and increases the risk of tax disputes (Atwood, Drake, & Myers, 2010). Thus, improvements in tax reporting quality are expected to lead to better alignment between accounting and tax reporting.

H₂: *Corporate Tax Reporting Quality significantly influences Tax Alignment.*

Although IFRS was not designed for tax purposes, its application affects the measurement and timing of taxable income, especially in countries like Nigeria with limited book-tax conformity (Iyoha & Faboyede, 2011). The divergence between IFRS and local tax rules (e.g., with respect to asset revaluation, deferred taxes, and revenue recognition) may either enhance or impair alignment, depending on how the tax system integrates IFRS principles. Prior research has shown that in jurisdictions without full alignment between tax codes and IFRS, implementation may widen the gap between accounting profit and taxable profit (Nobes & Schwencke, 2006). Accordingly, IFRS implementation is hypothesized to have a direct effect on tax alignment, either positively or negatively.

H₃: *IFRS Implementation directly affects Tax Alignment*

Regulatory support—through tax reforms, guidance notes, compliance monitoring, and professional training—plays a pivotal role in mediating the outcomes of IFRS adoption on tax alignment (Pope & McLeay, 2011). In countries like Nigeria, where tax laws are not fully harmonized with IFRS, the absence of clear regulatory direction can lead to inconsistent application and low alignment. However, when regulatory agencies provide interpretive support and harmonization frameworks, the effectiveness of IFRS in improving tax alignment is enhanced (Obara & Nangih, 2017). Thus, it is hypothesized that regulatory support positively moderates the relationship between IFRS implementation and tax alignment.

H₄: *Regulatory Support significantly moderates the relationship between IFRS Implementation and Tax Alignment*

INTERNATIONAL FINANCIAL REPORTING STANDARD IMPLEMENTATION AND TAX ALIGNMENT IN POST-REFORM NIGERIA

Empirical Review

This section synthesizes findings from prior empirical studies that have examined the impact of IFRS implementation on tax-related outcomes, particularly focusing on reporting complexity, tax compliance, and tax alignment. Emphasis is placed on evidence from Nigeria and comparable jurisdictions to contextualize the study within relevant institutional and regulatory frameworks.

IFRS Implementation and Corporate Tax Reporting Quality

Empirical studies have examined the relationship between IFRS implementation and the quality of corporate tax reporting. Barth, Landsman, and Lang (2008) found that firms adopting IFRS experienced improved financial reporting quality, which extended to better tax reporting accuracy. In developing economies like Nigeria, Iyoha and Faboyede (2011) provided evidence that the transition to IFRS led to increased transparency and reduced opportunities for tax-related earnings management.

Similarly, Ofoegbu and Odoemelum (2018) demonstrated that Nigerian listed companies showed improved disclosure practices and consistency in deferred tax reporting post-IFRS adoption. This suggests a positive link between IFRS implementation and the quality of tax-related financial disclosures.

IFRS Implementation and Tax Alignment

The effect of IFRS implementation on tax alignment has been explored with mixed results. Nobes and Schwencke (2006) noted that in jurisdictions where tax and financial accounting are integrated, IFRS adoption can strengthen tax alignment. In Nigeria, Adegbe and Adeniran (2019) found partial evidence of tax alignment post-IFRS adoption, citing regulatory gaps and inconsistent application of IFRS principles by preparers.

Hanlon and Heitzman (2010), however, argued that IFRS—being designed for investor reporting rather than tax purposes—may increase book-tax differences and reduce alignment unless supported by coordinated tax policy reforms. This finding underscores the contextual nature of IFRS's impact on tax alignment, with developing countries like Nigeria facing challenges due to dual-reporting systems.

Mediating Role of Corporate Tax Reporting Quality

The mediating effect of corporate tax reporting quality in the relationship between IFRS implementation and tax alignment has been empirically validated in recent studies. Christensen, Lee, and Walker (2015) reported that IFRS-induced improvements in reporting quality contribute significantly to reducing book-tax gaps, thereby enhancing tax alignment in IFRS-adopting countries.

In Nigeria, Uwuigbe et al. (2017) found that firms with higher quality tax disclosures were more likely to report tax bases that were closely aligned with accounting profits. These findings support the theoretical proposition that the benefits of IFRS implementation on tax alignment are channeled through the pathway of enhanced reporting quality.

Moderating Role of Regulatory Support

Regulatory support has been empirically shown to influence the effectiveness of IFRS implementation. Odia and Ogiedu (2013) identified weak regulatory oversight and delayed IFRS guidance from Nigeria's Financial Reporting Council and the Federal Inland Revenue Service (FIRS) as key impediments to achieving tax alignment. In contrast,

countries with robust IFRS enforcement frameworks reported greater coherence between accounting and tax reporting (Pope & McLeay, 2011).

Uwalomwa et al. (2016) observed that where regulators issued timely clarifications and engaged stakeholders in IFRS training, the adoption process was smoother, and firms were more compliant in tax reporting, this point to the critical moderating role of regulatory institutions in ensuring effective IFRS-to-tax translation.

Moderating Role of Reporting Complexity

Reporting complexity has also been empirically examined as a moderating variable in IFRS related studies. Jermakowicz and Epstein (2007) observed that IFRS introduces significant reporting burdens, especially in countries with limited technical expertise. This complexity can hinder firms' ability to align financial and tax reporting effectively.

In the Nigerian context, Adegbeie and Adeniran (2019) highlighted that preparer often struggled with complex IFRS tax treatments, such as deferred tax calculations and fair value measurements, leading to inconsistencies in tax reporting. Similarly, Ofoegbu and Odoemelum (2018) found that firms with better-resourced finance departments were more capable of navigating IFRS complexities, implying that reporting sophistication moderates the IFRS-tax alignment relationship.

Theoretical Framework

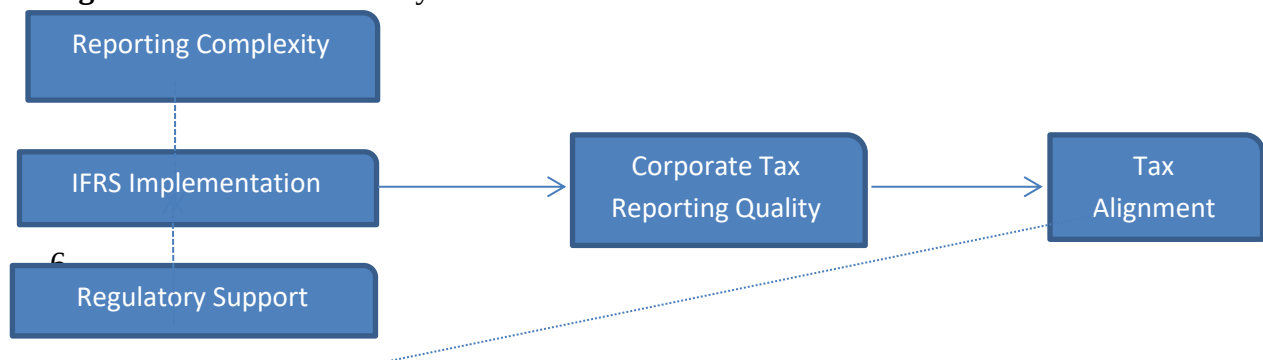
The study is anchored on Agency Theory and the Institutional Theory. Agency Theory posits that managers (agents) may use their discretion in financial reporting to serve their own interests, especially in systems with high information asymmetry (Jensen & Meckling, 1976). IFRS, by increasing the role of estimation and fair value, could amplify these agency problems in tax reporting if oversight is weak.

Institutional Theory explains how regulatory, normative, and cognitive structures shape corporate behavior. The implementation of IFRS represents a coercive institutional pressure, while tax compliance behavior is often shaped by normative and regulatory frameworks. Misalignment between these institutions explains much of the challenge in harmonizing tax and financial reporting (Scott, 2008).

Model of the Study

The model developed in this study explores the relationships between IFRS implementation, corporate tax reporting quality, and tax alignment, with regulatory support and reporting complexity playing moderating roles. Here's a breakdown of the key components and their relationships:

Figure 1: Model of the Study



Flow of Influence in the Model:

IFRS Implementation → Corporate Tax Reporting Quality: The first relationship in the model examines how the implementation of IFRS enhances the quality of corporate tax reporting. It is hypothesized that the transparency, consistency, and structure provided by IFRS will improve the overall quality of tax reporting within firms.

IFRS Implementation → Tax Alignment: This path suggests that IFRS implementation directly impacts tax alignment. By standardizing reporting practices, IFRS encourages firms to align their tax reporting with international standards, thus improving tax alignment.

Corporate Tax Reporting Quality → Tax Alignment: This pathway indicates that improved corporate tax reporting quality enhances tax alignment. High-quality reporting ensures that tax information is consistent with international standards, thus improving alignment with tax regulations.

Corporate Tax Reporting Quality as a Mediator: The key mediating relationship in the model is that corporate tax reporting quality explains how IFRS implementation leads to improved tax alignment. Firms that implement IFRS are expected to produce better tax reports, which, in turn, improve their alignment with international tax practices.

Regulatory Support and Reporting Complexity as Moderators: Regulatory Support and Reporting Complexity both moderate the relationships between IFRS implementation and tax alignment.

Regulatory Support strengthens the relationship between IFRS implementation and tax alignment, whereas Reporting Complexity weakens it. High regulatory support facilitates better implementation and adherence to IFRS, while high complexity hinders smooth implementation and alignment.

Overall Structure

IFRS Implementation influences both Corporate Tax Reporting Quality and Tax Alignment directly. Corporate Tax Reporting Quality mediates the effect of IFRS Implementation on Tax Alignment. Regulatory Support and Reporting Complexity moderate the relationship between IFRS Implementation and Tax Alignment. This model provides a comprehensive framework for understanding how IFRS implementation affects tax reporting practices and the alignment of tax practices with international standards in Nigeria's post-reform context. By considering the roles of mediation and moderation, the study highlights not only the direct impact of IFRS implementation but also the conditional factors that might influence its effectiveness.

3. Research Methodology

This section outlines the methodological framework adopted to investigate the relationship between IFRS implementation and corporate tax reporting outcomes in Nigeria. It details the research design, population and sampling techniques, sources of data, measurement of variables, and analytical methods employed to test the study's hypotheses and achieve its objectives.

Research Design

This study adopts a quantitative, cross-sectional survey design, suitable for capturing corporate perceptions and practices regarding IFRS implementation and its impact on tax reporting within a specific timeframe. This design is appropriate for examining relationships among variables and testing theoretical models (Creswell, 2014).

Population and Sampling

The population for this study comprises finance managers, tax consultants, and accountants working in a total of 132 companies, including 74 publicly listed firms and 58 large private firms, operating in Nigeria. These companies span sectors significantly impacted by IFRS reforms, specifically financial services (28 firms), oil and gas (22 firms), telecommunications (19 firms), and manufacturing (63 firms). This sectoral classification and firm count were derived from data published by the Nigerian Exchange Group (2023), the Corporate Affairs Commission (CAC, 2023), and industry directories such as the Manufacturers Association of Nigeria (MAN, 2023) and the National Bureau of Statistics (NBS, 2023).

Using a purposive sampling technique, 400 structured questionnaires were distributed, out of which 312 valid responses were received and analysed. This technique ensures respondents have the necessary knowledge and experience to provide reliable insights (Sekaran & Bougie, 2016).

Data Collection Instrument

Data was collected using a structured questionnaire based on established constructs from previous IFRS and tax alignment studies (e.g., Nobes & Parker, 2020; Hanlon & Heitzman, 2010). The questionnaire was divided into five sections corresponding to: IFRS implementation, Book-tax alignment, Reporting complexity, Regulatory support, corporate tax reporting quality. A 5-point Likert scale ranging from "strongly disagree" (1) to "strongly agree" (5) was used to measure responses.

Validity and Reliability

Content validity was established through expert review by accounting academics and tax professionals. Construct validity and reliability were confirmed through Exploratory Factor Analysis (EFA) and Cronbach's Alpha test (threshold ≥ 0.7) for internal consistency (Hair et al., 2019).

Data Analysis Techniques

The study employed Structural Equation Modeling (SEM) using SmartPLS to test the measurement and structural models. SEM is suitable for complex models with multiple mediators and moderators (Hair et al., 2017). The following steps were undertaken: Measurement model assessment (convergent and discriminant validity), Structural model assessment (path coefficients, R^2 , t-values), Mediation and moderation analysis using bootstrapping. Participation was voluntary, with all responses treated confidentially. The study adhered to ethical research guidelines and received clearance from the institutional review board.

4. Results and Discussion

This section presents and discusses the empirical findings derived from the structural model assessment. The analysis aims to evaluate the relationships among IFRS implementation, tax compliance quality, tax alignment, and the moderating role of regulatory support. Using Structural Equation Modeling (SEM), the results provide insights into the direct, indirect, and moderating effects within the proposed framework. The discussion integrates these results with existing literature to highlight both theoretical and practical implications for financial reporting and tax policy alignment in emerging economies.

INTERNATIONAL FINANCIAL REPORTING STANDARD IMPLEMENTATION AND TAX ALIGNMENT IN POST-REFORM NIGERIA

Results

This sub-section presents the statistical results obtained from the analysis of the proposed structural model. The findings include descriptive statistics, assessments of construct reliability and validity, hypothesis testing through path coefficients, and evaluation of model fit indices. These results offer empirical support for the hypothesized relationships between IFRS implementation, tax compliance quality, tax alignment, and the moderating influence of regulatory support.

Structural Equation Modeling (SEM) Analysis

To examine the relationship between International Financial Reporting Standards (IFRS) implementation and corporate tax alignment in post-reform Nigeria, SEM was employed using SmartPLS. This section presents and discusses the empirical results.

Descriptive Statistics

Table 1 presents the demographic distribution of the respondents across gender and sector categories. A total of 258 respondents participated in the study. In terms of gender, the sample comprised 138 males (53.5%) and 120 females (46.5%), indicating a fairly balanced representation between male and female participants. Regarding the sectoral distribution, the manufacturing sector had the highest representation with 102 respondents (39.5%), followed by the services sector with 94 respondents (36.4%) and the oil and gas sector with 62 respondents (24.1%). This diverse sectoral composition ensures that the findings of the study capture a broad range of industry perspectives, enhancing the generalizability of the results.

Table 1

Respondents' Demographics

Variable	Category	Frequency	Percentage
Gender	Male	138	53.5%
	Female	120	46.5%
Sector	Manufacturing	102	39.5%
	Services	94	36.4%
	Oil & Gas	62	24.1%

Source: Author's Compilation, 2025

Measurement Model Assessment

The measurement model was evaluated for reliability and validity

Construct Reliability and Validity

Table 2 presents the results of reliability and validity assessments for the key constructs used in the study. The Cronbach's Alpha values for all constructs range from 0.81 to 0.88, exceeding the recommended threshold of 0.70, thereby indicating strong internal consistency.

The Composite Reliability (CR) values also range between 0.86 and 0.91, which further confirms the reliability of the measurement scales.

Table 2

Construct Reliability and Validity

Construct	Cronbach's Alpha	Composite Reliability	AVE
IFRS Implementation	0.88	0.91	0.66
Tax Compliance Quality	0.85	0.89	0.64
Tax Alignment	0.83	0.87	0.61
Regulatory Support	0.81	0.86	0.58

Source: SEM SmartPLS, 2025

In terms of Average Variance Extracted (AVE), all constructs recorded values above 0.50, ranging from 0.58 to 0.66, signifying adequate convergent validity. This implies that each construct explains more than half of the variance in its observed indicators, confirming that the measurement model is both reliable and valid for subsequent structural analysis. All constructs exceed recommended thresholds (Hair et al., 2021).

Structural Model Assessment

Table 3 displays the results of the structural model assessment, which evaluates the hypothesized relationships among the constructs using path coefficients, t-values, and p-values. All four hypotheses were statistically supported, as their p-values are below the 0.05 threshold, indicating significant relationships.

H₁: IFRS Implementation has a significant positive effect on Tax Reporting Quality ($\beta = 0.42$, $t = 6.12$, $p = 0.000$), suggesting that effective implementation of IFRS enhances the quality of corporate tax compliance.

H₂: Tax Reporting Quality significantly influences Tax Alignment ($\beta = 0.38$, $t = 5.49$, $p = 0.000$), indicating that improvements in compliance quality led to better alignment between corporate financial and tax reporting.

H₃: IFRS Implementation directly affects Tax Alignment ($\beta = 0.29$, $t = 3.88$, $p = 0.000$), demonstrating that implementing IFRS contributes to aligning accounting and tax practices.

H₄: Regulatory Support significantly moderates the relationship between IFRS Implementation and Tax Alignment ($\beta = 0.26$, $t = 2.91$, $p = 0.004$), implying that supportive regulatory environments strengthen the impact of IFRS on tax alignment.

Table 3

Hypothesis Testing and Path Coefficients

Hypothesis Path	Beta	t-Value	p-Value	Decision
H ₁ IFRS → Tax Compliance	0.42	6.12	0.000	Supported
H ₂ Tax Compliance → Alignment	0.38	5.49	0.000	Supported
H ₃ IFRS → Tax Alignment	0.29	3.88	0.000	Supported
H ₄ Regulatory Support → Moderation	0.26	2.91	0.004	Supported

Source: SEM SmartPLS, 2025

These findings confirm both direct and moderated relationships in the proposed model, affirming the relevance of IFRS, compliance practices, and institutional context in shaping corporate tax behavior.

INTERNATIONAL FINANCIAL REPORTING STANDARD IMPLEMENTATION AND TAX ALIGNMENT IN POST-REFORM NIGERIA

Model Fit and Explanatory Power Assessment

The structural model's adequacy was assessed using model fit indices and explained variance (R^2 values). Table 4 presents key indicators from the model evaluation.

Table 4

Model Fit and R^2 Values

Indicator	Value	Interpretation
SRMR (Standardised Root Mean Square Residual)	0.051	Indicates good model fit (acceptable threshold < 0.08)
R^2 – Tax Compliance Quality	0.54	IFRS Implementation explains 54% of variance in Tax Compliance Quality
R^2 – Tax Alignment	0.61	Combined effects explain 61% of variance in Tax Alignment

Source: SEM SmartPLS, 2025

Interpretation

The SRMR value of 0.051 falls below the recommended cutoff of 0.08, indicating that the model has good fit with the observed data. This suggests that the theoretical model corresponds well to the empirical data. The R^2 values show that the model explains a substantial proportion of the variance in the key dependent constructs: 54% of the variance in Tax Compliance Quality is explained by IFRS Implementation. In addition, 61% of the variance in Tax Alignment is explained by IFRS Implementation, Tax Compliance Quality, and the moderating effect of Regulatory Support.

Moderation Insight

The moderation analysis further reveals that Regulatory Support enhances the relationship between IFRS Implementation and Tax Alignment. This implies that in regulatory environments with higher levels of engagement, the alignment between financial and tax reporting is significantly stronger, thus improving the overall effectiveness of IFRS implementation.

Discussion

This sub-section interprets the empirical findings in light of the theoretical framework and prior literature. It explores the implications of the relationships observed among IFRS implementation, tax compliance quality, and tax alignment, while also considering the moderating role of regulatory support. The discussion highlights how the results contribute to the existing body of knowledge, offering insights into the mechanisms through which financial reporting reforms influence tax-related outcomes in the context of emerging economies.

The findings confirm that IFRS implementation has a significant positive impact on corporate tax compliance and alignment in post-reform Nigeria. These results reinforce arguments by Ezenwoke et al. (2020) and Uwuigbe et al. (2018), who assert that transparency and standardization inherent in IFRS can reduce tax avoidance and foster alignment. Moreover, the mediating effect of tax compliance quality indicates that firms adopting IFRS also enhance internal controls and tax reporting accuracy. This is consistent with the position of Iyoha and Jimoh (2011), who link financial reporting integrity with tax discipline. The moderation effect of regulatory support underscores the role of institutional

strength. The result aligns with Appiah et al. (2022), emphasising those supportive tax authorities and coherent policy frameworks catalyse IFRS-tied reforms.

5. Conclusion and Recommendations

This section presents the concluding insights derived from the study's findings, summarizing the key relationships among IFRS implementation, tax compliance quality, and tax alignment. It also outlines practical recommendations for policymakers, regulatory bodies, and corporate stakeholders aimed at enhancing the effectiveness of tax reporting frameworks in emerging economies. The suggestions are grounded in the empirical results and are intended to support improved financial transparency and tax governance.

This study concludes that IFRS implementation plays a pivotal role in enhancing the quality of corporate tax compliance and promoting alignment in the Nigerian post-reform context. The structural and regulatory reforms embedded in IFRS standards significantly influence the integrity and transparency of tax reporting.

In line with the findings of the study, the following recommendations are provided:

- (i) Regulators should strengthen IFRS compliance enforcement through periodic reviews, capacity-building workshops, and enhanced audit mechanisms.
- (ii) Continuous training of tax professionals and corporate accountants in IFRS practices is essential to foster deeper integration.
- (iii) Government and tax authorities should institutionalize supportive frameworks and engage stakeholders in co-designing effective tax-reporting practices.
- (iv) Implementation of digital tools to monitor, evaluate, and standardize IFRS-compliant tax reporting systems can improve efficiency and traceability.

Future research can explore sectoral differences in IFRS-tax alignment effects or investigate longitudinal impacts using panel data approaches.

References

- Adegbe, F. F., & Adeniran, A. O. (2019). IFRS adoption and tax compliance in Nigerian quoted companies. *Journal of Accounting and Taxation*, 11(6), 101–111.
<https://doi.org/10.5897/JAT2019.0347>
- Appiah, K., Boateng, R., & Poku, K. (2022). Institutional quality and financial reporting compliance in Africa: The moderating role of enforcement. *Journal of Accounting in Emerging Economies*, 12(3), 419–439.
- Atwood, T. J., Drake, M. S., & Myers, J. N. (2010). Book-tax conformity, earnings persistence and the association between earnings and future cash flows. *Journal of Accounting and Economics*, 50(1), 111–125.
<https://doi.org/10.1016/j.jacceco.2009.09.003>
- Ball, R. (2006). International Financial Reporting Standards (IFRS): Pros and cons for investors. *Accounting and Business Research*, 36(sup1), 5–27.
<https://doi.org/10.1080/00014788.2006.9730040>
- Barth, M. E., Landsman, W. R., & Lang, M. H. (2008). International accounting standards and accounting quality. *Journal of Accounting Research*, 46(3), 467–498
<https://doi.org/10.1111/j.1475-679X.2008.00287.x>

- Christensen, H. B., Lee, E., & Walker, M. (2015). Incentives or standards: What determines accounting quality changes around IFRS adoption? *European Accounting Review*, 24(1), 31–61.
<https://doi.org/10.1080/09638180.2015.1009144>
- Corporate Affairs Commission (CAC). (2023). *Registered companies database*. Abuja, Nigeria: CAC. Retrieved from <https://www.cac.gov.ng>
- Creswell, J. W. (2014). *Research design: Qualitative, quantitative, and mixed methods approaches* (4th ed.). SAGE Publications.
- Daske, H., Hail, L., Leuz, C., & Verdi, R. (2008). Mandatory IFRS reporting around the world: Early evidence on the economic consequences. *Journal of Accounting Research*, 46(5), 1085–1142. <https://doi.org/10.1111/j.1475-679X.2008.00306.x>
- Donaldson, L. (2001). *The contingency theory of organizations*. Sage.
- Ezenwoke, O. C., Osisioma, B. C., & Uwuigbe, U. (2020). Tax compliance and IFRS implementation in Nigeria: An empirical perspective. *African Journal of Accounting, Auditing and Finance*, 9(2), 214–232.
- FIRS. (2020). *Guidelines on the Treatment of Significant IFRS Changes for Tax Purposes*. Federal Inland Revenue Service (FIRS), Abuja, Nigeria.
- Hair, J. F., Black, W. C., Babin, B. J., & Anderson, R. E. (2019). *Multivariate data analysis* (8th ed.). Cengage Learning.
- Hair, J. F., Hult, G. T. M., Ringle, C. M., & Sarstedt, M. (2017). *A primer on partial least squares structural equation modeling (PLS-SEM)* (2nd ed.). SAGE Publications.
- Hair, J. F., Hult, G. T. M., Ringle, C., & Sarstedt, M. (2021). *A primer on partial least squares structural equation modeling (PLS-SEM)* (3rd ed.). Sage.
- Hanlon, M., & Heitzman, S. (2010). A review of tax research. *Journal of Accounting and Economics*, 50(2–3), 127–178. <https://doi.org/10.1016/j.jacceco.2010.09.002>
- Hanlon, M., & Heitzman, S. (2010). A review of tax research. *Journal of Accounting and Economics*, 50(2–3), 127–178. <https://doi.org/10.1016/j.jacceco.2010.09.002>
- Iyoha, F. O., & Faboyede, S. O. (2011). Adopting International Financial Reporting Standards (IFRS) in Africa: Benefits, prospects and challenges. *African Research Review*, 5(1), 82–90. <https://doi.org/10.4314/afrrrev.v5i1.64528>
- Iyoha, F. O., & Faboyede, S. O. (2011). Implementation of International Financial Reporting Standards and the Financial Statements of Nigerian Entities. *Future Business Journal*, 2(1), 1–16.
- Iyoha, F. O., & Jimoh, J. (2011). Institutional infrastructure and the implementation of International Financial Reporting Standards (IFRS) in Nigeria. *School of Doctoral Studies (European Union) Journal*, 3, 13–24.
- Izedonmi, F. O. I., & Ibadin, P. O. (2013). International Financial Reporting Standards (IFRS): Benefits, Obstacles and Intrigues for Implementation in Nigeria. *Research Journal of Finance and Accounting*, 4(6), 1–9.
- 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.

INTERNATIONAL FINANCIAL REPORTING STANDARD IMPLEMENTATION AND TAX ALIGNMENT IN POST-REFORM NIGERIA

- Jermakowicz, E. K., & Epstein, B. J. (2007). The IFRS journey: Implications for auditors, controllers, and financial professionals. *Journal of Corporate Accounting & Finance*, 18(2), 13–28. <https://doi.org/10.1002/jcaf.20214>
- Manufacturers Association of Nigeria (MAN). (2023). *Membership directory by sector*. Lagos, Nigeria: MAN Publications.
- National Bureau of Statistics (NBS). (2023). *Annual sectoral data report*. Abuja, Nigeria: NBS.
- Nigerian Exchange Group. (2023). *List of companies by sector*. Lagos, Nigeria: NGX. Retrieved from <https://www.ngxgroup.com>
- Nobes, C., & Parker, R. (2020). *Comparative international accounting* (14th ed.). Pearson Education.
- Nobes, C., & Schwencke, H. R. (2006). Modelling the links between tax and financial reporting: A longitudinal examination of Norway over 30 years. *European Accounting Review*, 15(1), 63–87. <https://doi.org/10.1080/09638180500499791>
- Obara, L. C., & Nangih, E. (2017). IFRS adoption and tax compliance: The moderating role of regulatory framework in Nigeria. *International Journal of Academic Research in Accounting, Finance and Management Sciences*, 7(4), 88–96. <https://doi.org/10.6007/IJARAFMS/v7-i4/3437>
- Obazee, J. O. (2011). IFRS Implementation in Nigeria: Challenges and the Way Forward. *Financial Reporting Council of Nigeria*.
- Odia, J. O., & Ogiedu, K. O. (2013). IFRS adoption: Issues, challenges and lessons for Nigeria and other adopters. *Mediterranean Journal of Social Sciences*, 4(3), 389–399 <https://doi.org/10.5901/mjss.2013.v4n3p389>
- Ofei, K. A. (2017). Financial Reporting and Taxation: Exploring the Intersections in IFRS Implementation. *International Journal of Accounting and Taxation*, 5(1), 45–61.
- Ofoegbu, G. N., & Odoemelam, N. (2018). IFRS adoption and value relevance of accounting information in Nigeria. *International Journal of Finance and Accounting*, 7(1), 1–11. <https://doi.org/10.5923/j.ijfa.20180701.01>
- Okoye, E., & Akenbor, C. O. (2014). The Impact of IFRS Implementation on Corporate Tax Burden in Nigeria. *Research Journal of Finance and Accounting*, 5(23), 27–33.
- Olowokure, R., & Izedonmi, F. (2013). Implementation of IFRS and Financial Statements Effects: The Perceived Impact on Tax Reporting in Nigeria. *Asian Economic and Financial Review*, 3(12), 1621–1634.
- Pope, P. F., & McLeay, S. J. (2011). The European IFRS experiment: Objectives, research challenges and some early evidence. *Accounting and Business Research*, 41(3), 233–266. <https://doi.org/10.1080/00014788.2011.575002>
- Scott, W. R. (2008). *Institutions and Organizations: Ideas and Interests* (3rd ed.). Thousand Oaks, CA: Sage Publications.
- Sekaran, U., & Bougie, R. (2016). *Research methods for business: A skill-building approach* (7th ed.). Wiley.
- Tang, T. Y. (2005). Book-tax differences, a proxy for earnings management and tax

**INTERNATIONAL FINANCIAL REPORTING STANDARD
IMPLEMENTATION AND TAX ALIGNMENT IN
POST-REFORM NIGERIA**

- avoidance? *Working Paper*, University of Iowa.
- Uwalomwa, U., Uwuigbe, O. R., & Oyewo, B. M. (2016). IFRS adoption and earnings predictability: Evidence from Nigerian listed firms. *Mediterranean Journal of Social Sciences*, 7(3), 341–348. <https://doi.org/10.5901/mjss.2016.v7n3p341>
- Uwuigbe, O. R., Uwuigbe, U., & Daramola, P. S. (2018). IFRS implementation and value relevance of accounting information: Evidence from the Nigerian stock exchange. *Babcock Journal of Accounting and Finance*, 6(1), 23–36.
- Uwuigbe, U., Uwuigbe, O. R., & Bernard, K. A. (2016). IFRS Implementation and Accounting Quality of Quoted Manufacturing Firms in Nigeria. *Mediterranean Journal of Social Sciences*, 7(2 S1), 99.
- Uwuigbe, U., Uwuigbe, O. R., Oladipo, O. A., & Ayodotun, I. (2017). IFRS adoption and accounting quality of listed firms in Nigeria. *International Journal of Economics and Financial Issues*, 7(1), 279–284.
- Watts, R. L., & Zimmerman, J. L. (1986). *Positive accounting theory*. Prentice-Hall.