



Financial and Operational Non-Disclosure and Corporate Tax Compliance in Nigeria: Evidence from the Telecommunications Sector

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Abstract: *The telecommunications sector plays a pivotal role in Nigeria's digital economy and constitutes a major contributor to government revenue. However, increasing concerns have emerged regarding financial and operational non-disclosure practices within the sector and their implications for corporate tax compliance. This study investigates the intersection between non-disclosure practices and corporate tax compliance in Nigeria's telecommunications industry. Anchored on corporate governance and regulatory compliance theory, the study examines how financial non-disclosure (such as underreported revenues and undocumented related-party transactions) and operational non-disclosure (including unreported data breaches and undisclosed network expansions) affect tax assessment accuracy, audit effectiveness, and compliance outcomes. Using a mixed-methods approach covering the period 2020–2025, the study analyzes regulatory frameworks, audit records, and stakeholder perceptions. The findings are expected to provide policy-relevant insights for harmonizing data protection obligations with tax transparency requirements, thereby strengthening fiscal accountability in Nigeria's digital economy.*

Keywords: *Non-disclosure, Corporate Tax Compliance, Telecommunications Sector, Data Protection, Nigeria*

I. Introduction

The early twenty-first century witnessed the dramatic collapse of several globally renowned corporations, including Enron, Xerox, and WorldCom. These corporate failures exposed profound weaknesses in governance structures, internal controls, and disclosure practices, triggering widespread loss of investor confidence and regulatory concern. Central to these collapses were systemic failures in transparency, ethical conduct, and accountability. Consequently, regulators and investors across the world demanded comprehensive reforms aimed at strengthening corporate governance and disclosure standards.

These global developments catalyzed the evolution of modern corporate governance frameworks. While corporate governance gained prominence during the 1980s, a significant milestone was the Cadbury Committee Report of 1992, which emphasized transparency, accountability, and board oversight. This momentum was further reinforced by the enactment of the Sarbanes–Oxley Act of 2002 in the United States, which introduced stringent disclosure requirements and executive accountability mechanisms to restore public trust in corporate reporting (Aondover et al., 2024).

Within this broader global governance context, Nigeria's telecommunications sector has emerged as a strategic pillar of the national economy. The sector underpins digital transformation by facilitating communication, financial inclusion, e-commerce, and government service delivery. As telecom operators transition from basic voice services to complex digital platforms, such as mobile money, cloud services, and data monetization they generate and control vast volumes of financial and operational data. These include customer transaction records, intercompany agreements, network infrastructure investments, and proprietary operational information (Maiwada et al., 2025; Aondover et al., 2025).

Despite its economic significance, the regulatory environment governing disclosure in Nigeria's telecommunications sector remains complex and fragmented. Telecom operators are subject to multiple regulatory authorities, including the Nigerian Communications Commission (NCC), the Nigeria Data Protection Commission (NDPC), and the Nigerian Revenue Service (NRS). Navigating these overlapping mandates has created compliance challenges, particularly in relation to disclosure obligations. In this context, non-disclosure practices—whether deliberate or resulting from regulatory ambiguity, have become increasingly prevalent, posing significant risks to corporate tax compliance. Corporate tax compliance refers to the extent to which firms accurately compute, report, and remit taxes in accordance with applicable tax laws and regulations. Beyond tax payment, compliance encompasses timely filing of returns, disclosure of relevant financial information, and transparency in business operations to prevent tax evasion and aggressive avoidance. In Nigeria, effective corporate tax compliance is heavily dependent on the completeness and accuracy of financial disclosures made to the NRS.

However, in the telecommunications sector, compliance with tax reporting requirements is complicated by stringent data protection obligations (Aondove et al., 2024). The Nigeria Data Protection Act (NDPA) 2023 imposes strict confidentiality requirements and severe penalties for unauthorized data disclosure. Simultaneously, the NCC's corporate governance framework emphasizes transparency and material disclosure by licensed operators. This dual mandate creates a persistent tension between data confidentiality and fiscal transparency, particularly in the context of tax reporting and audits.

Where financial or operational information is withheld, due to unclear regulations, deliberate non-compliance, or systemic inefficiencies the ability of tax authorities to accurately assess taxable income is significantly undermined. This raises critical questions about the implications of non-disclosure for corporate tax compliance in a sector characterized by high transaction volumes, cross-border data flows, and substantial revenue potential. This study therefore, investigates the intersection of non-disclosure practices and corporate tax compliance in Nigeria's telecommunications sector. By examining legal, operational, and regulatory factors shaping disclosure behaviour, the study seeks to determine how non-disclosure affects tax assessments, audit outcomes, and overall compliance levels. The study addresses a notable gap in the literature, as existing research has largely examined data protection and tax compliance in isolation, without considering their interaction within a technologically intensive sector (Aondover et al., 2025). The findings are expected to inform evidence-based policy reforms aimed at balancing privacy protection with fiscal accountability in Nigeria's digital economy

1.1 Scope of the Study

This study focuses on Nigeria's telecommunications sector, comprising mobile network operators, internet service providers, and other entities licensed by the Nigerian Communications Commission (NCC). The sector is characterized by high regulatory scrutiny, extensive data generation, and substantial contributions to national tax revenue. The study examines both financial non-disclosure (such as unreported revenue and concealed intercompany transactions) and operational non-disclosure (including unreported data breaches and undisclosed network expansions).

The scope of the study is multi-dimensional, covering legal, sectoral, and temporal dimensions. Legally, the research analyzes relevant statutes and regulations, including the Nigeria Data Protection Act (NDPA) 2023, the Nigerian Communications Act (2003), the Companies and Allied Matters Act (CAMA) 2020, and the Income Tax (Transfer Pricing) Regulations 2018. Sector-specific frameworks, such as the NCC Consumer Code of Practice Regulations and data localization policies, are also considered.

Sectorally, the study prioritizes large telecom operators classified as “entities of major importance” under the NDPA 2023, given their heightened compliance obligations and extensive data processing activities. The role of third-party data processors, including fintech partners and cloud service providers, is also examined.

Temporally, the study covers the period from 2020 to 2025, capturing major regulatory developments, including the enactment of the NDPA 2023 and the introduction of updated NCC corporate governance guidelines. Geographically, the study focuses on telecom operations within Nigeria, while acknowledging cross-border dimensions relevant to transfer pricing and tax compliance.

1.2 Problem Statement

Nigeria’s telecommunications sector operates within a fragmented regulatory environment where obligations to protect customer data often conflict with requirements to disclose financial and operational information for tax purposes. This regulatory tension has fostered widespread non-disclosure practices that undermine corporate tax compliance and erode government revenue.

Financial non-disclosure, such as underreported revenue, concealed related-party transactions, and manipulated transfer pricing documentation, limits the ability of tax authorities to accurately assess taxable income. Operational non-disclosure, including failures to report data breaches, network expansions, or asset acquisitions, further obscures the true financial position of telecom operators, weakening audit effectiveness.

Regulatory fragmentation exacerbates these challenges. While the NDPA 2023 emphasizes confidentiality and imposes strict penalties for data breaches, the NCC’s corporate governance framework mandates transparency and disclosure. The absence of explicit coordination between data protection and tax authorities creates ambiguity, incentivizing selective disclosure and regulatory arbitrage.

Despite the economic significance of the sector, empirical research on how non-disclosure practices affect corporate tax compliance in Nigeria’s telecommunications industry remains limited. This study addresses this gap by examining how financial and operational non-disclosure influences tax compliance outcomes and identifying regulatory interventions to mitigate associated risks.

1.3 Objectives of the Study

The primary objective of this study is to analyze the relationship between financial and operational non-disclosure practices and corporate tax compliance in Nigeria’s telecommunications sector. The specific objectives are to:

1. Examine the legal and regulatory frameworks governing disclosure in the telecommunications sector.
2. Identify the forms and extent of financial non-disclosure among telecom operators.
3. Assess the impact of operational non-disclosure on tax assessment and audit processes.
4. Analyze the influence of data protection requirements on disclosure behaviour.
5. Evaluate the effectiveness of existing compliance and enforcement mechanisms.
6. Investigate the relationship between non-disclosure practices and corporate tax compliance levels.
7. Propose regulatory and operational strategies for harmonizing data protection and tax transparency objectives.

1.4 Research Hypotheses

The study tests the following hypotheses:

- H₁: Financial non-disclosure has a significant negative effect on the accuracy of corporate tax filings among telecom operators.
- H₂: Operational non-disclosure reduces the effectiveness of tax audits.

- H3: Stricter data protection requirements increase the likelihood of financial non-disclosure.
- H4: Regulatory fragmentation is positively associated with non-disclosure practices.
- H5: Enhanced inter-agency collaboration reduces non-disclosure and improves corporate tax compliance.

1.5 Theoretical Framework

This study is anchored on an integrated theoretical framework that combines Agency Theory, Stakeholder Theory, Institutional Theory, and Regulatory Compliance Theory to explain the relationship between non-disclosure practices and corporate tax compliance in Nigeria's telecommunications sector. The integration of these theories provides a robust lens for understanding managerial behaviour, regulatory pressures, and institutional constraints influencing disclosure decisions.

1.6 Agency Theory

Agency Theory posits that conflicts arise due to the separation of ownership and control, where managers (agents) may pursue personal or organizational interests at the expense of shareholders (principals). In the context of corporate tax compliance, managers may engage in financial and operational non-disclosure to minimize tax liabilities, avoid regulatory sanctions, or protect private benefits. In Nigeria's telecommunications sector, the complexity of digital transactions and intercompany arrangements increases information asymmetry between managers, regulators, and tax authorities. Financial non-disclosure such as underreported revenue or manipulated transfer pricing documentation, reflects opportunistic behaviour consistent with agency theory. This theory, therefore, explains why non-disclosure persists despite formal regulatory requirements.

1.7 Stakeholder Theory

Stakeholder Theory emphasizes that corporations have obligations not only to shareholders but also to a broader set of stakeholders, including regulators, customers, employees, and the state. From this perspective, corporate tax compliance represents a social responsibility, as tax revenues fund public goods and infrastructure. Non-disclosure practices undermine stakeholder trust and weaken the social contract between telecom operators and society. In Nigeria, failure to disclose accurate financial and operational information affects government revenue mobilization and public confidence in the telecommunications sector. Stakeholder theory thus frames tax compliance and disclosure as ethical and legitimacy-driven obligations rather than purely legal requirements.

1.8 Institutional Theory

Institutional Theory explains organizational behaviour as a response to formal rules, norms, and cultural expectations within an institutional environment. Telecom operators in Nigeria operate within a fragmented institutional framework characterized by overlapping and sometimes conflicting regulations issued by the NCC, NDPC, and NRS. Such regulatory fragmentation creates institutional ambiguity, encouraging selective compliance and non-disclosure. Institutional theory helps explain how firms conform symbolically to disclosure requirements while substantively withholding critical information, particularly when regulatory enforcement is inconsistent or poorly coordinated.

1.9 Regulatory Compliance Theory

Regulatory Compliance Theory focuses on the determinants of adherence to laws and regulations, emphasizing enforcement mechanisms, penalty severity, and regulatory clarity. In the telecommunications sector, strict data protection sanctions under the NDPA 2023 may incentivize under-disclosure of operational incidents, while weak coordination with tax authorities reduces the perceived risk of tax-related sanctions. This theory explains how compliance behaviour is shaped by cost-benefit calculations, enforcement credibility, and

inter-agency collaboration. Enhanced regulatory coordination is therefore expected to improve disclosure and corporate tax compliance.

1.10 Trust Theory

Trust Theory was originally articulated by Morgan and Hunt (1994), who conceptualised trust as a critical relational construct grounded in ability, benevolence, and integrity. Ability refers to the trustee's technical competence, expertise, and capacity to perform assigned responsibilities effectively. Benevolence denotes the extent to which the trustee is perceived as caring, considerate, and acting in the best interest of the trustor beyond self-interest. Integrity reflects the trustee's honesty, consistency, transparency, and adherence to accepted ethical principles.

When these attributes are perceived to be present, the level of trust between parties is significantly enhanced (Morgan & Hunt, 1994).

1.11 Transfer Pricing Theory

Transfer Pricing Theory is principally attributed to the Organisation for Economic Co-operation and Development (OECD), which developed and formalised the Arm's Length Principle through the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations. The theory has been further reinforced by the United Nations through its Transfer Pricing Manual for Developing Countries.

Transfer Pricing Theory explains how prices are determined for transactions involving goods, services, intangibles, and financing between related entities within a multinational enterprise (MNE). The theory is fundamentally anchored on the Arm's Length Principle (ALP), which requires that transactions between related parties be priced as if they were conducted between independent parties under comparable circumstances (OECD, 2022). The central objective of transfer pricing regulation is to prevent profit shifting, base erosion, and artificial income allocation across jurisdictions with differing tax rates.

At the core of Transfer Pricing Theory are three interrelated concepts: economic substance, comparability, and value creation. Economic substance emphasizes that profits should be aligned with real economic activities and functions performed. Comparability requires that controlled transactions be evaluated against similar uncontrolled transactions, considering functions, assets, and risks (FAR analysis). Value creation focuses on ensuring that income is attributed to jurisdictions where strategic decision-making, capital investment, and risk management occur (OECD, 2023).

II. Review of Literature

2.1 Conceptual Research Framework

Based on the above theories, the study conceptualizes financial non-disclosure and operational non-disclosure as independent variables influencing corporate tax compliance. Regulatory fragmentation and data protection obligations act as moderating variables, while inter-agency collaboration serves as an intervening variable. The framework posits that increased non-disclosure negatively affects tax filing accuracy, audit effectiveness, and compliance outcomes, whereas improved regulatory coordination mitigates these effects.

2.2 Financial Non-Disclosure

Financial non-disclosure refers to the deliberate or inadvertent failure of firms to fully report financial information required by law. This includes underreporting of revenue, concealment of related-party transactions, and manipulation of transfer pricing documentation. Studies in emerging economies indicate that financial non-disclosure is a major driver of corporate tax non-compliance, particularly in sectors with complex digital transactions and cross-border operations.

2.3 Operational Non-Disclosure

Operational non-disclosure involves the failure to report non-financial but economically relevant information, such as data breaches, network expansions, asset acquisitions, and system upgrades. In the telecommunications sector, such operational events often have significant financial implications. Failure to disclose these events obscures the true economic position of firms and weakens tax audit effectiveness.

2.4 Corporate Tax Compliance

Corporate tax compliance encompasses accurate tax computation, timely filing of returns, full disclosure of relevant financial information, and prompt remittance of taxes due. Prior literature emphasizes that transparency and disclosure are critical determinants of tax compliance, particularly in developing countries where enforcement capacity is constrained.

2.5 Empirical Review

Empirical studies on tax compliance in Nigeria consistently report low levels of voluntary compliance among corporate taxpayers. Research has shown that regulatory complexity, weak enforcement, and information asymmetry contribute significantly to non-compliance. Studies focusing on transfer pricing indicate that multinational and telecom firms frequently exploit information gaps to shift profits and reduce tax liabilities.

Evidence from the telecommunications sector suggests that digital services and data monetization create additional opportunities for revenue concealment. International studies similarly find that firms operating in highly regulated and technology-intensive sectors exhibit higher levels of strategic non-disclosure. However, most existing studies examine either tax compliance or data protection in isolation, with limited focus on their interaction.

2.6 Regulatory and Institutional Studies

Studies on regulatory fragmentation highlight that overlapping mandates among regulatory agencies reduce compliance clarity and encourage selective disclosure. In Nigeria, scholars have identified weak coordination between sector regulators and tax authorities as a major obstacle to effective tax enforcement. International evidence suggests that jurisdictions with integrated regulatory information-sharing frameworks achieve higher levels of corporate tax compliance.

2.7 Research Gap

Despite the growing body of literature on tax compliance and data protection, there is limited empirical research examining how financial and operational non-disclosure—driven by regulatory fragmentation and data protection obligations—affects corporate tax compliance in Nigeria’s telecommunications sector. This study fills this gap by integrating disclosure theory, tax compliance analysis, and sector-specific regulatory dynamics within a single empirical framework.

III. Research Methods

This study adopts a mixed-methods research design, combining quantitative and qualitative approaches to provide a comprehensive analysis of the relationship between financial and operational non-disclosure practices and corporate tax compliance in Nigeria's telecommunications sector. The mixed-methods design is appropriate given the complex and sensitive nature of disclosure practices, which require both empirical measurement and contextual interpretation (Msughter et al., 2022). The quantitative component facilitates hypothesis testing and generalization, while the qualitative component provides deeper insights into regulatory behaviour, institutional challenges, and firm-level decision-making.

The study is explanatory in nature, as it seeks to establish causal and associative relationships between non-disclosure practices and corporate tax compliance outcomes. The population of the study comprises all licensed telecommunications operators in Nigeria during the period 2020–2025. This includes mobile network operators (MNOs), internet service providers (ISPs), infrastructure companies, and other entities regulated by the Nigerian Communications Commission (NCC). Given the focus on material tax contributions and data intensity, particular emphasis is placed on large telecom operators classified as “entities of major importance” under the Nigeria Data Protection Act (NDPA) 2023.

In addition to telecom operators, the study population includes relevant regulatory stakeholders, namely officials from the Nigerian Revenue Service (NRS), the Nigerian Communications Commission (NCC), and the Nigeria Data Protection Commission (NDPC).

For the quantitative analysis, a purposive sampling technique is employed to select major telecom operators with significant market share, cross-border transactions, and consistent regulatory filings during the study period. These entities are selected due to their heightened exposure to disclosure requirements, transfer pricing regulations, and tax audits.

For the qualitative component, key informant sampling is used to select respondents with direct involvement in disclosure, tax compliance, and regulatory oversight. These include senior tax managers of telecom firms, tax auditors from the NRS, compliance officers from the NCC, and data protection officials from the NDPC. This approach ensures that insights are obtained from individuals with practical and institutional knowledge of the subject matter.

III. Result and Discussion

3.1 Sources and Methods of Data Collection

a. Quantitative Data

Quantitative data are obtained from secondary sources, including:

- Corporate financial statements and annual reports of telecom operators;
 - Tax audit reports and assessment records from the NRS;
- Transfer pricing documentation and related-party transaction disclosures;
 - Regulatory file

b. Trust Theory

Trust Theory was originally articulated by Morgan and Hunt (1994), who conceptualised trust as a critical relational construct grounded in ability, benevolence, and integrity. Ability refers to the trustee's technical competence, expertise, and capacity to perform assigned responsibilities effectively. Benevolence denotes the extent to which the trustee is perceived as caring, considerate, and acting in the best interest of the trustor beyond self-interest. Integrity reflects the trustee's honesty, consistency, transparency, and adherence to accepted ethical principles. When these attributes are perceived to be present, the level of trust between parties is significantly enhanced (Morgan & Hunt, 1994).

In recent literature, Trust Theory has been extensively applied to digital governance, electronic taxation systems, and corporate compliance environments, where information asymmetry and perceived risk are high. Scholars argue that trust is even more critical in electronic tax systems than in traditional tax administration due to heightened concerns surrounding data privacy, cybersecurity threats, financial fraud, and misuse of confidential taxpayer information (Alshamsi & Andone, 2021; Mensah et al., 2023). Taxpayers' willingness to comply voluntarily with tax obligations in an e-tax environment largely depends on their confidence in the tax authority's technical competence, ethical conduct, and commitment to protecting sensitive data (OECD, 2020; Dwivedi et al., 2022).

Empirical studies between 2020 and 2025 further demonstrate that trust significantly influences user acceptance and sustained use of digital financial and governmental platforms. For instance, Al-Haddad et al. (2021) and Venkatesh, Thong, and Xu (2021) found that trust plays a mediating role between system quality and compliance behaviour in e-government services. Similarly, in the context of electronic taxation, trust has been shown to positively affect perceived fairness, transparency, and compliance intentions, particularly in developing economies where institutional credibility remains a challenge (Saad, 2021; Oladipupo & Obazee, 2024).

Contemporary extensions of Trust Theory distinguish between trust in government institutions and trust in technology or system infrastructure. Trust in government relates to taxpayers' belief that tax authorities are fair, accountable, and act in the public interest, while trust in technology concerns the reliability, security, and efficiency of digital platforms deployed for tax administration (Mensah et al., 2023; Rana et al., 2024). Both dimensions are essential in e-taxation environments, as weak institutional trust or low confidence in technological systems can undermine compliance, encourage non-disclosure, and increase resistance to digital tax reforms.

In high-risk digital settings such as mobile banking, electronic patient records, and e-taxation systems, trust has also been identified as a key determinant of behavioural intention and risk mitigation (Maillet et al., 2015; Al-Okaily et al., 2022). Within the context of corporate

taxation and regulated sectors such as telecommunications, Trust Theory provides a robust framework for explaining how perceived integrity and competence of regulatory authorities influence firms' disclosure behaviour and overall tax compliance.

Overall, Trust Theory remains highly relevant in contemporary tax compliance research, particularly in explaining taxpayer behaviour in electronic and data-driven tax administration systems. Strengthening institutional credibility, technological reliability, and ethical governance is therefore essential for building trust and enhancing voluntary compliance in modern tax systems.

c. Transfer Pricing Theory

Transfer Pricing Theory explains how prices are determined for transactions involving goods, services, intangibles, and financing between related entities within a multinational enterprise (MNE). The theory is fundamentally anchored on the Arm's Length Principle (ALP), which requires that transactions between related parties be priced as if they were conducted between independent parties under comparable circumstances (OECD, 2022). The central objective of transfer pricing regulation is to prevent profit shifting, base erosion, and artificial income allocation across jurisdictions with differing tax rates.

At the core of Transfer Pricing Theory are three interrelated concepts: economic substance, comparability, and value creation. Economic substance emphasizes that profits should be aligned with real economic activities and functions performed. Comparability requires that controlled transactions be evaluated against similar uncontrolled transactions, considering functions, assets, and risks (FAR analysis). Value creation focuses on ensuring that income is attributed to jurisdictions where strategic decision-making, capital investment, and risk management occur (OECD, 2023).

Recent literature (2020–2025) highlights that transfer pricing has evolved beyond mechanical pricing rules into a behavioural and governance-driven framework, particularly in highly regulated and capital-intensive sectors such as telecommunications (Beer, De Mooij, & Liu, 2020; Cristea & Nguyen, 2022). Telecom MNEs frequently engage in complex intra-group transactions involving network services, spectrum usage, management fees, intercompany financing, intellectual property licensing, and technical support services. These transactions present significant transfer pricing risks due to their intangibility, high value, and difficulty in benchmarking (Riedel & Zinn, 2021).

In the Nigerian telecommunications sector, Transfer Pricing Theory is especially relevant due to the dominance of foreign-owned or multinational operators that transact extensively with offshore affiliates. The Federal Inland Revenue Service (FIRS) regulates these transactions under the Income Tax (Transfer Pricing) Regulations 2018, which adopt OECD-aligned standards and require strict adherence to the arm's length principle (FIRS, 2018; Oreoluwa et al., 2024). Empirical evidence suggests that weak enforcement, information asymmetry, and complex corporate structures increase the likelihood of income shifting through management fees, technical service charges, and royalty payments in developing economies (Oguttu & Tawanda, 2021; Oladipupo & Iyoha, 2024).

Transfer Pricing Theory also emphasizes the role of regulatory oversight and disclosure transparency in shaping corporate compliance behaviour. In Nigeria's telecom industry, regulatory fragmentation between tax authorities (FIRS), sector regulators (NCC), and corporate affairs institutions can create compliance gaps that firms may exploit to structure transfer prices aggressively (Adegbite & Nakajima, 2023). This aligns with theoretical propositions that firms respond strategically to enforcement intensity, audit probability, and penalty regimes when setting intra-group prices (Beer et al., 2020).

Furthermore, recent studies indicate that transfer pricing practices in the telecom sector are closely linked to non-disclosure risks and tax compliance outcomes. Inadequate documentation, failure to declare related-party transactions, or mischaracterisation of services often results in tax disputes, adjustments, and penalties (OECD, 2022; FIRS, 2023). From a theoretical perspective, Transfer Pricing Theory posits that effective compliance is achieved when firms perceive tax authorities as technically competent, consistent, and capable of detecting aggressive pricing strategies—thereby increasing the cost of non-compliance relative to compliance (Cristea & Nguyen, 2022).

In digitally driven sectors such as telecommunications, Transfer Pricing Theory has increasingly incorporated data governance, digital value chains, and intangible asset valuation. Network algorithms, customer databases, and proprietary software now constitute significant sources of value, complicating traditional comparability analyses (Vitalis et al., 2023; Rana et al., 2024; Vitalis et al., 2025). For Nigeria, this underscores the need for robust sector-specific transfer pricing guidelines and enhanced cooperation between FIRS and NCC to ensure that taxable profits accurately reflect value creation within the Nigerian economy.

Overall, Transfer Pricing Theory provides a robust analytical framework for understanding tax risk, income allocation, and compliance behaviour among multinational telecom operators in Nigeria. By reinforcing arm's length pricing, improving disclosure standards, and strengthening inter-agency collaboration, tax authorities can mitigate profit shifting and enhance revenue mobilisation from the telecommunications sector.

d. How Regulatory Intersection Creates Non-Disclosure Risks

Telecom companies face a unique "regulatory squeeze" where tax and operational regulations sometimes conflict. This table outlines the key regulatory forces that shape their disclosure behavior:

Table 1. Key Regulatory Forces that Shape Disclosure

Regulatory Domain	Key Pressures & Requirements	Conflicting Pull on Telecom Operators
Tax & Fiscal Compliance	<ul style="list-style-type: none"> • Mandatory e-invoicing & real-time VAT reporting. • Tighter scrutiny of cross-border transactions, payments. • Minimum Effective Tax Rate (15% for large firms). 	Pulls toward full financial transparency. The new regime aims to "trace revenues... through integrated platforms," making informal practices obsolete.
Sector-Specific Regulation (NCC)	<ul style="list-style-type: none"> • Spectrum Trading Guidelines, Consumer Code of Practice, etc.. • Obligation to protect subscriber data and network integrity. 	Can create a justification for limited disclosure. Operational data (e.g., traffic, network incidents) may be withheld citing consumer protection or security.
Data Protection (NDPA 2023)	<ul style="list-style-type: none"> • Strict rules on data processing and cross-border data transfers. • Focus on governance and breach notification. 	Creates a legal basis for withholding information. Companies must protect personal data, which can conflict with tax authorities' demands for detailed transaction records.
Corporate	<ul style="list-style-type: none"> • Increased focus on 	Pulls toward transparent, ethical

Governance & Transparency	beneficial ownership and AML controls. • Tax strategy now seen as a core governance issue.	operations. Weak governance is a risk indicator for regulators and partners.
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This "regulatory pressures paradox" makes non-disclosure both a risk and a perceived shield. Companies may deliberately or inadvertently under-disclose to manage conflicting obligations.

e. Test of Hypotheses

- H₁: Telecom operators with higher volumes of related-party and cross-border transactions are more likely to be flagged for tax non-disclosure under the new 2026 regime.
- H₂: Firms that have invested in integrated digital compliance systems (ERP, e-invoicing) report lower perceived conflict between tax transparency and data protection obligations.
- H₃: Perceived ambiguity between the Nigeria Data Protection Act (NDPA) and tax audit requirements is positively correlated with intentional non-disclosure of certain operational data.

IV. Conclusion

study concludes that improving corporate tax compliance in Nigeria's telecommunications sector requires enhanced transparency standards, stricter enforcement of disclosure regulations, integrated data-sharing mechanisms between regulatory and tax authorities, and the adoption of advanced digital auditing systems. Furthermore, promoting corporate governance reforms and incentivizing voluntary compliance can foster a culture of accountability. In this context, strengthening financial and operational disclosure practices is not merely a fiscal necessity but a governance imperative essential for sustainable economic development and equitable revenue mobilization in Nigeria.

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