European Journal of Accounting, Auditing and Finance Research

Vol.8, No. 7, pp.18-32, July 2020

Published by ECRTD-UK

Print ISSN: 2053-4086(Print), Online ISSN: 2053-4094(Online)

IMPACT OF TAX REVENUE ON ECONOMIC DEVELOPMENT IN NIGERIA (1997-2018)

Dr Awa Felix N.
Department of Accountancy Ebonyi State University, Abakaliki, Nigeria.
ofobuike65@yahoo.com

Ibeanu Rita Ijeoma
Advanced Space Technology Application Laboratory
University of Uyo, Akwa Ibom State

ABSTRACT: *The main objective of the study is to ascertain the influence of tax revenue on economic development of Nigeria. The specific objectives are; to determine the influence of petroleum profit tax, company income tax and value added tax on economic development proxy by human development index (HDI). Annual time series data, from CBN and FIRS from 1997 to 2018 was used. The study used regression analysis. The result showed that petroleum profit tax and company income tax have significant effect on economic development while value added tax does not significantly influence economic development. The implication of the finding is that the higher the amount of tax revenue generated, the higher the level of economic development experienced by the economy. This implies that taxes that have positive effect on economic development are direct taxes, thus direct taxes exert more significant influence on economic development of Nigeria than indirect taxes. This anomaly was attributed to dysfunctional ties in tax system, loopholes in tax law and inefficient tax administration. The lower the amount of revenue generated from tax the lower the quality of development to be witnessed. Government will generate higher revenue if they strengthen the legal and regulatory framework in order to control tax evasion and tax avoidance by taxpayers, improve on the system of tax administration, .The paper therefore recommended that tax policy makers such as federal inland revenue services and other tax regulatory bodies should strengthen their regulation on tax compliance mostly on tax that are direct based to curb tax evasion and tax avoidance by tax payers, adopt strategies to improve system of tax administration, by training and re- training of tax administrators through seminars and conferences to be abreast of modern trend in tax administration in order to generate more income for development.*

KEYWORDS: taxation, tax revenue, economic growth, gross domestic product, direct and indirect tax

INTRODUCTION

Taxes have remained major source of economic development for the government of Nigeria. It is clear that the Nigerian's revenue from oil can no longer adequately support her development objectives due largely to the serious decline in price of oil in recent years which has led to oil price volatility and a decrease in totally generated revenue by government. The need for government to generate adequate revenue from internal sources has therefore become a matter of extreme urgency and importance (Aguolu, 2014). Internal sources of revenue have provided the government an opportunity to collect additional revenue needed to discharge its pressing obligations (Garba, 2014). Tax yields very substantially vary to government both in developing and developed countries (Kalu, 2018). Tax revenue has a direct bearing on the Human Development Index (HDI) which is the standard indicator for measuring economic development of a country. Okafor (2012) stated that the nature and level of taxes vary according to the economic policies adopted by the government of the day. HDI not just GDP should guide national polices according to Andrew S.N (2017) as stated in PWC Nigeria report. The report noted that in 2015, Nigeria was Africans' largest economy with GDP of $490 billion in market exchange rate, even prior to the now protracted decline in global oil prices, Nigeria was growing at a CAGR of 5.3% post rebasing. Yet this growth does not translate into social development as high poverty and inequality level persist. The report argues therefore that the national policies should be guided not only by improvement in GDP but also in a broader measure of development for which the firm has adopted the HDI.

Sanni (2007) affirmed the use of tax revenue as an instrument of social engineering, to stimulate general and/or sectorial economic development. To the government, tax rates provide most reliable and important source of government revenue, for promoting economic development of the nation (Okafor, 2014). In Nigeria, revenue derived from income taxes has been abysmally understated due to improper tax administration, assessment and collection (Ola, 2001; Oluba, 2008; Adegbie and Fakile, 2011). Individuals and companies are known to routinely evade and avoid taxes due to corrupt practices and existence of various loopholes in the tax laws. According to Naiyelu (1996), the success or failure of any tax system depends on the extent to which it is properly managed; the extent to which the tax laws are properly interpreted and implemented.

Recently, the Nigerian government undertook various tax policy reforms to improve tax administration and to increase tax yield. The value added tax (Amendment) Act, 2007; was for instance intended to widen the value added tax base and improve the machinery for its collection. Similarly, the company's income tax (Amendment) Act, 2007; the Federal Inland Revenue Service (Establishment) Act, 2007 and the petroleum Profit Tax (Amendment) Act, 2004 were all aimed at encouraging tax compliance and increasing tax yield (Aguolu, 2010).

Nigeria's HDI value for 2017 is 0.532— which put the country in the low human development category— positioning it at 157 out of 189 countries and territories (UNDP Statistical Update, 2018). Between 2005 and 2017, Nigeria's HDI value increased from 0.465 to 0.532, an increase of 14.4 percent. Between 1990 and 2017, Nigeria's life expectancy at birth increased by 8.0 years, mean years of schooling increased by 1 year and expected years of schooling increased by 3.3 years. Nigeria's GNI per capita increased by about 87.4 percent between 1990 and 2017.(UNDP Statistical Update, 2018).

The dwindling level of government tax revenue in Nigeria has far reaching effect for the achievement of fiscal and economic objectives of government (Appah, 2012).The increasing cost of

Vol.8, No. 7, pp.18-32, July 2020
Published by ECRTD-UK
Print ISSN: 2053-4086(Print), Online ISSN: 2053-4094(Online)

governance or administration and dwindling revenue results to fiscal imbalance. In addition, the bureaucratic and administrative capacity is a major impediment to the attempt to raise revenue through tax to meet up the ever increasing government expenditure (Nwokah, 2009). Deficiencies in the administration and collection system, complex legislation, uncaptured income from the informal sector in the tax net are some of the root causes of low revenue generation in Nigeria.

Tax revenue has a direct bearing on the Human Development Index (HDI) which is the standard indicator for measuring economic development of a country. Nigeria has experienced some growth in GDP, yet this growth does not translate into social development as high poverty and inequality level persist. It argues therefore that the national policies should be guided not only by improvement in GDP but also a broader measure of development using the HDI. Irrespective of the several tax reforms over the years, statistics show that the contribution of tax revenue to the government total revenue remained low (Timbul and Iman, 2003). Revenue generated from taxation is the major source of development and its shortage affects development. Emphatically the low revenue generation that has characterized the economy over the years has been the bane of educational development, health and standard of living (Kalu, 2018). This paper therefore seeks to empirically review the discordant submission by appraising the impact of Tax revenue on economic development in Nigeria between 1997 to 2018. The broad objective of the study is to appraise the impact of tax revenue on the economic development in Nigeria. The specific objectives are to appraise the impact of PPT, CIT and VAT on Human Development index (HDI) in Nigeria, ascertain the significant impact on the economic development in Nigeria and investigate their influence on economic and human index growth in Nigeria. The findings and recommendations of this study is expected to be useful for government fiscal policy formulation and to other stakeholders in the financial sector of the economy.

Statement of Hypothesis

The following null hypotheses guided the study.

Ho_1 Petroleum profit tax revenue does not have a significant effect on economic development of Nigeria

Ho_2 Company income tax revenue does not significantly affect economic development of Nigeria

Ho_3 Value added tax revenue does not significantly affect economic development of Nigeria

LITERATURE REVIEW

Taxation is amongst the main stay of every nation and the level of development of any country depends on the amount of revenue generated through taxation and other viable means. The importance of tax in an economy and the ability of government to provide infrastructure and social services cannot be over emphasized. Taxation is one of the most contentious issues in governance both developed and developing nations of the world. Taxes underwrite and explain the capacity of government to discharge its basic duties to the citizens. In fact, in developing countries of the world, taxation is the basis for conduct of government /society relations and is at the epi-center of domestic policy in national election debate (Uzor, 2015)

Vol.8, No. 7, pp.18-32, July 2020

Published by ECRTD-UK

Print ISSN: 2053-4086(Print), Online ISSN: 2053-4094(Online)

Taxation unarguably is one among other means of revenue generation of any government to meet the need of both the government and citizens. According to Ifurureze and Ekezie (2014), tax is a compulsory levy imposed by the government against the income, profit, property, wealth and consumption of individuals and corporate organizations for the common use and to serve a number of purposes. Taxation enhances the macro-economic indexes of a country and speedy up development in all spheres of human endeavor, thereby creating employments and balance of trade.(Aboyade, 2010). It enhances the financing of public goods, regulate production and consumption patterns as well as serve as vehicle for the protection of infant industries as well reduce income inequality. Okoye, 2014 opines that taxation provides basic amenities, protects the lives and property of the citizens as well as create the enabling environment for individuals and corporate organizations to strive. However. For the government to accomplish these responsibilities, it needs to mobilize enough revenue through taxation of the citizens and her cooperate organizations.

Petroleum Profit Tax and Revenue Generation in Nigeria

Companies engaged in petroleum operations in Nigeria are subject to tax under Petroleum Profit Tax Act (PPTA) of 1959 as amended. The winning or obtaining and transportation of petroleum or chargeable oil in Nigeria by or on behalf of a company for it account by any drilling, mining, extracting or other like operations or process, not including refining at a refinery in the cause of a business carried on by the company engaged in such operations, and all operations incidental thereto and any sale of or any disposal of chargeable oil by or on behalf of the company (PPTA, 1959). Evidence on record shows that the country has proven oil reserve of 36 billion barrels, condensate of 4 billion barrels, proven gas reserve of 187 trillion cubic feet and the present average daily production of oil is 2.6 million barrels (Agbogun, 2004, Egbogah, 2010).The administration of petroleum profit tax in Nigeria has mainly been focused on revenue generation to the detriment of stimulating economic growth and development (Ogbonna, 2009). Adegbie (2009) averred that oil sector is the main hub of the Nigerian economy and need to be sustained if the country is to achieve real economic growth. The institutional capacity to administer petroleum taxes effectively is woefully lacking in Nigeria petroleum tax system (Adegbie, 2011).The petroleum profit tax (PPT) is applicable to those companies engaged in petroleum operations as defined above. These operations include petroleum exploration, petroleum development, petroleum production and sale of crude oil, and the transportation by pipeline of crude oil to the port of export by, or on behalf of a company engaged in petroleum operations excluding the transportation by ocean-going vessels from the point of export to a foreign market.

Company Income Tax and Economic Development in Nigeria

Company income tax is one of the taxes levied in Nigeria in line with constitutional demands. Chigbu and Njoku (2015) stated that taxes are levied on individual, groups, businesses or corporate bodies, by constituted authorities for fund used by State in the maintenance of peace, security, economic growth and development for the benefit of the citizenry. Company Income Tax (CIT) was introduced in Nigeria in 1961. The original law (company income tax) has been amended many

Vol.8, No. 7, pp.18-32, July 2020
Published by ECRTD-UK
Print ISSN: 2053-4086(Print), Online ISSN: 2053-4094(Online)

times and is currently codifies as the company income tax act 1990 (CITA) (Odusola, 2006). The Federal Board of Inland Revenue (FBIR) whose operational arm is the Federal Inland Revenue Service (FIRS) is empowered and given the mandate to administer the tax. The CITA policies before 1992 era were narrowly based and characterized with increasing tax rate and over burdening of the taxpayers, which induced negative effects on savings and investment and even encourages tax evasion and avoidance (Odusola, 2006). Okon (1997) states that income tax can be regarded as a tool of fiscal policy used by government all over the world to influence positively or negatively primary economic activities in order to achieve desired objectives. Since 1992, however, measures have been put in place to address these structural problems. For example, excess profit tax was jettisoned in 1991 and the capital transfer tax scrapped in 1996.

Value Added Tax and Economic Development in Nigeria

In a bid to have a near perfect tax system in the country, a major landmark was made in the area of adopting value-added tax (VAT) in January through the VAT Act No. 102 of 1993, with effective date of 1st January 1994 based on the report of Sylvester Ugo led study group set up in 1991 by the government to review the system of indirect taxes in Nigeria (Odusola, 2006). The Act repealed the sales tax Act, 1986. The sales tax lasted only for six (6) years before it was repealed. The Act is now known as value added tax Act, Cap. V1, LFN 2004. It was last amended in 2007, (ICAN 2009). The precedence for the introduction of VAT in Nigeria was based on the fact that taxation as an instrument of fiscal policy is vital in generating revenue to finance the activities of government, redistribute income, stabilize the economy as well as stimulate growth and development. This view was affirmed by Udoh & Ebong quoted by Damain (2010). According to Oserogho and Associate as quoted by Adereti, Sanini & Adesina (2011). VAT is a consumption tax levied at each stage of the consumption chain and borne by the final consumer of the product or service. Each person is required to charge and collect VAT at a flat rate of 5 percent on all invoiced amount on all goods and services, not exempted from paying VAT, and under the value added tax Act 1993 as amended. Where reverse is the case the taxpayer is entitled to a refund of the excess VAT paid on more practically, to receive a tax credit of the excess VAT from the government. All exports are zero rated for VAT that is, no VAT is payable on exports. VAT is payable in the functional currency under which goods or services are exchanged. VAT is charged and payable on supply of all goods and services other than the following: (VAT exemptions):All medical and pharmaceutical products, basic food items, books and educational materials, plant, machinery and goods imported for use in the export processing zone or free trade zone, plant, machinery and equipment purchased for utilization of gas in downstream petroleum operations, tract. Till date value added tax rate in Nigeria is 5%. But there is a proposal now to increase it to 7%.

Human Development Index and Nigerian Economy

HDI is a statistical tool used to measure a country's overall achievement in its social and economic dimension. The social and economic dimension of a country are based on the following; health of the people, their level of education attainment and their standard of living. Every year, united nation development program (UNDP) ranks countries based on the HDI report released in their annual report. HDI is one of the best tool to keep track of the level of development of a country, as

Vol.8, No. 7, pp.18-32, July 2020

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Print ISSN: 2053-4086(Print), Online ISSN: 2053-4094(Online)

it combines all major social and economic indicators that are responsible for economic development.

Since its launch in 1990, the Human Development Index (HDI) has been an important marker of attempts to broaden measures of progress (UNDP, 2015). HDI serves multiple functions for academics and policymakers, as well as activists (Dickson, 2013). From the outset, it has been recognized to represent a work-in-progress, as well as a rallying point for all those seeking inclusive and humane societies, by assessing past trends and patterns and evaluating current condition (Emmanuel, 2013). There are important complementarities and synergies between the work of the recent Commission and the HDRs over the past twenty years. Both stress the need to focus on the ultimate objective of human prosperity and wellbeing. They converge on the point that GDP is only one of the "intermediate" indicators used in attempts to measure the achievement of that final objective.

Empirical Review

Edame and Okoi (2014) carried out a research on the impact of taxation on investment and economic growth in Nigeria. The study aimed at examining the effect of taxation on investment and economic growth in Nigeria from 1980 to 2000. Secondary source of data from Central Bank of Nigeria (CBN) Statistical Bulletin and NBS was used. The variables were tested using regression analysis. Findings depicted that taxation was negatively related to the level of investment and GDP is positively related to government expenditure in Nigeria. The paper recommended that the government of Nigeria should effectively use taxation to achieve its set goals that will enhance economic growth and development.

Musa and Sanusi (2013) analysed the impact of value added tax (VAT) on economic growth in Nigeria. The objective of the study was to investigate the relative impact of value added tax on economic growth in Nigeria. The data used were collected from secondary sources through Federal Inland Revenue Service (FIRS) Gauge and Central Bank of Nigeria (CBN) statistical Bulletin. Unrestricted Vector Auto-regression (VARs) techniques were employed to analyse and draw policy inference. Impulse Response Functions (IRFs) and Forecast Error Variance Decomposition (FEVDs) were computed through 1000 Monte Carlo Simulations. The results revealed that value added tax (VAT) have positive impact on economic growth in Nigeria. The paper recommended that policy makers in Nigeria should continue this fiscal policy with other macro-economic indicator. This will enhance the Nigerian economy in this time of economic crisis.

Akeem and Adejare (2015) conducted research on the impact of petroleum profit tax (PPT) on economic growth in Nigeria. The aim of the study was to examine the impact of petroleum profit tax on economic growth in Nigeria. Secondary sources of data from Central Bank of Nigeria (CBN) were used. Multiple regressions were used to analyze the data. Results of the findings showed that petroleum profit tax has positive significant impact on GDP both in the short run and in the long run respectively. The study recommended that once petroleum profit tax impacted economic growth positively in the short run and in the long run, government should also minimize or find ways of

Vol.8, No. 7, pp.18-32, July 2020

Published by ECRTD-UK

Print ISSN: 2053-4086(Print), Online ISSN: 2053-4094(Online)

eliminating totally the widespread corruption and leakages in the petroleum profit tax administration.

Based on the literature review, the following gaps were identified. Firstly, most research work on the influence of tax revenue generation and economic development of Nigeria stopped at 2015 and not much have been researched beyond this period. Secondly, virtually all studies in this respect concentrated on the use of GDP as against HDI. this study bridges the gap by providing an up date on the impact of tax revenue on economic development and growth of human development index in Nigeria y employing PPT,CIT and VAT as independent variables, which provides new evidence on the on the impact of these variables on economic growth/development proxy by human development index.

Theoretical Framework

The study is anchored on Modernization theory. This theory originated from the idea of German sociologist Max Webber in 1864, which provided the basis for the modernization paradigm developed by Talcott Parsons 1902. The theory looks at the internal factors of a country while assuming that with assistance 'traditional' countries can be brought to development in the same manner more developed countries have been. Modernization theory attempts to identify the social variables that contribute to social progress and development of societies and seek to explain the process of social evolution. The major assumptions of modernization theory of development basically are; modernization is a phase and homogenizing process. Modernization is an irreversible and progressive process which in the long run is not only inevitable but desirable. These assumptions relate to the study because tax revenue generation is aimed at achieving development which come in phases and also homogenizing in nature

METHODOLOGY

This research work adopted *Ex-post facto* research design. Kerlinger (1970) has defined *ex-post facto* research design more formally as that in which the independent variable or variables have already occurred in which the researcher starts with the observation of a dependent variable or variables, the researcher then studies the independent variable or variables in retrospect to their possible relationship and effect on the dependent variable or variables. *Ex-post facto* research, then, is a method of testing out possible and antecedent of events that have happened and cannot, therefore, be engineered or manipulated by the investigator. The researcher used *ex-post facto* research design because the data used already existed.

Model Specification

Generally, the Multiple Regression Model is specified as:

$Y = f\ (bX_1, bX_2, bX_3 \ldots\ldots\ldots\ldots X_n)$

To empirically investigate the relationship between economic development and tax revenue proxy by the various income tax; petroleum profit tax (PPT); company income tax (CIT) and value-added tax (VAT), we hypothesized that economic development depend behaviorally on the various income taxes.

Vol.8, No. 7, pp.18-32, July 2020
Published by ECRTD-UK
Print ISSN: 2053-4086(Print), Online ISSN: 2053-4094(Online)

Thus such behavioral relationship can be given in the equation below.
$HDI = a + \beta_1 PPT + \beta_2 CIT + \beta_3 VAT + \varepsilon t$
This can also be expressed thus;
$Log\ HDI = a + \beta_1 Log\ PPT + \beta_2 Log\ CIT + \beta_3 LogVAT + \varepsilon t$

Description of Research Variables
The dependent (criterion) variable constitutes economic development (proxy by HDI) while tax revenue represent the independent (predictor) variable which was proxy by (PPT, CIT, VAT)
All the variables are fully described hereunder.

Where:
HDI = Human Development Index (proxy for economic development)
PPT = Petroleum Profit Tax
CIT = Company Income Tax
VAT = Value Added Tax
a stands for the intercepts of relationship in the models.
β stands for the regression coefficients for the models.
$\mathbf{e_i}$ and $\boldsymbol{\mu_i}$ stand for the error terms. **Log** is the natural log.
In a bid to accomplish this task of measurement, tax revenue generation was made measurable using elements such as company income tax, petroleum profit tax and value-added tax. Data for measuring the variables were generated through tax records from Federal Inland Revenue Services (FIRS) Headquarter (Abuja). In the same vein, data for the independent (predictor) variables measurement were garnered from the same source of the dependent (criterion) variables. Independent (predictor) variables were measured using elements such as company income tax, petroleum profit tax and value-added tax.

Descriptive and Empirical Results

This illustrates empirical results of econometric test used in the investigation of the influence of tax revenue generation on economic development of Nigeria from 1997 to 2018. Data employed were subjected to test of stationarity. The estimation results of the of the test are stated below

Presentation/Descriptive Analysis

Table 1

	LPPT	LVAT	LHDI	LCIT
Mean	13.39152	12.26264	-0.787653	12.34688
Median	13.85717	12.26320	-0.755079	12.68285
Maximum	14.97907	13.78742	-0.631112	14.17158
Minimum	11.12726	10.38900	-1.064211	9.998798
Std. Dev.	1.260362	1.200744	0.133433	1.428677
Skewness	-0.625633	-0.246925	-0.727650	-0.273722

Vol.8, No. 7, pp.18-32, July 2020
Published by ECRTD-UK
Print ISSN: 2053-4086(Print), Online ISSN: 2053-4094(Online)

Kurtosis	2.137639	1.587252	2.483854	1.616906
Jarque-Bera	1.924443	1.866455	1.986921	1.843871
Probability	0.382043	0.393282	0.370293	0.397748
Sum	267.8304	245.2527	-15.75306	246.9375
Sum Sq. Dev.	30.18174	27.39394	0.338283	38.78125
Observations	20	20	20	20

Source: Author: computation 2018

In Table 1, the descriptive statistics for all the variables that operationalized the study in a common sample were presented. The maximum value for Human development index (HDI) in our sample was ₦0.63m with a minimum value of ₦1.06m approximately. Also, the maximum value for Petroleum profit tax (PPT) Value added tax (VAT) and Company income tax (VAT) stood at 14.97907, 13.78742., and 14.17158respectively with minimum values of11.12726, 10.38900, and 9.99879. The standard deviations of 0.133433, 1.260362, 1.200744 and 1.428677 for the variables implied that those individual observations did not deviate so much from their respective mean of 0.787653, 13.39152, 12.26264 and12.34688respectively. The skewess estimate was used to capture how the variables for the sampled revenue generation lean to one side of the distribution. Hence, it was observed that all the variables were negatively skewed. This indicated that probability distribution of the variables means has thin tails to the left of the distribution.

Unit Root Test

The Augmented dickey Fuller (ADF) test statistic was employed to test for the existence of unit root in the data using trend and intercept. The test results are presented below.

Table 2: Augmented Dickey Fuller Unit Root

Intercept (series at a level and 1st difference)

Critical Values for Augmented Dickey Fuller t- distribution

Table 2

Variables	ADF(t-statistics) Level	5%	ADF(t-statistics) 1st Difference	5%
LCIT	-1.303414(0.6081)	-3.012363	-6.960133(0.0000)	-3.020686
LPPT	-1.786714(0.3762)	-3.012363	-4.165943(0.0000)	-3.020686
LVAT	-1.508865(0.5096)	-3.012363	-4.399240(0.0028)	-3.020686
HDI	-2.562173(0.1176)	-3.052169	-4.660869(0.0000)	-3.098896

Source: Researchers compilation from E-view 9.0

The result from table two above on ADF unit root test showed that that LPPT, LCIT, LVAT and HDI series were not stationary at level but considering their series in 1st difference all the series

Vol.8, No. 7, pp.18-32, July 2020
Published by ECRTD-UK
Print ISSN: 2053-4086(Print), Online ISSN: 2053-4094(Online)

became stationary. Therefore, the result showed that the time series on LPPY, LCIT, LVAT and HDI are integrated of order 1(1). Thus, the series do not have unit root Therefore, the series are stable and predictable and is considered valid for prediction or forecasting.
Using the regression equations, the empirical data associated with its related statistics/regression results are stated below. Regression Analysis of economic development on petroleum profit tax (PPT), Company Income Tax (CIT), and Value Added Tax (VAT)
P-value of t-statistics is employed in testing first, second and third hypotheses. This test will help to capture the relationship between the estimated variables

Table 3.

Dependent Variable: HDI
Method: Least Squares
Date: 08/03/19 Time: 18:09
Sample: 1996 2017
Included observations: 20

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1.010489	0.114190	-8.849167	0.0000
LPPT	0.058043	0.018366	3.160326	0.0061
LVAT	-0.021785	0.042837	-0.508562	0.6180
LCIT	0.072059	0.030857	2.335255	0.0329

Analysis of Results

T-test: The calculated t-value for the regression coefficient of LPPT, LVAT and LCIT 3.1603, -0.5086 and 2.3353 respectively. Their p-values are 0.0061, 0.6180 and 0.0329 respectively. The p-value of the t-statistics of LPPT is less than the chosen level of significance 5%. It is concluded that the regression coefficient is statistically significant. The p-value of the t-statistics of LVAT is greater than the chosen level of significance 5%. It is concluded that the regression coefficient is not statistically significant. However, considering the p-value of chosen level of significance 5% is less than the calculated t-value of the estimated parameter(LCIT) .It is concluded that the regression coefficient of LCIT is statistically significant. This is confirmed by the p-value which is not statistically zero. .Serial correlation test was done because the Durbin Watson statistics of 0.75 is less than the normal range of 1.5 to 1.9.

Table 4. Correlation Matrix

	HDI	LPPT	LCIT	LVAT
HDI	1	0.931734	0.944516	0.940906
LPPT	0.931734	1	0.879747	0.913211
LCIT	0.944516	0.879747	1	0.976842

European Journal of Accounting, Auditing and Finance Research
Vol.8, No. 7, pp.18-32, July 2020
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Print ISSN: 2053-4086(Print), Online ISSN: 2053-4094(Online)

LVAT	0.940906	0.913211	0.976842	1

The correlation matrix shows that there is strong relationship between HDI and LPPT and HDI and LVAT and HDI and LCIT. This is confirmed by the high correlation coefficient which are 0.931734, 0.944516 and 0.940906 respectively'

Decision Rule:
If the chosen level of significance 5% is greater than the p-value, the null hypotheses is rejected. Otherwise, we accept null hypothesis. It is found in the estimated function in table 2 that 5% is greater than the p-value of calculated value of (0.0061) of LPPT. Thus, H0 is not accepted and we conclude that there is significant relationship between petroleum profit tax and economic development.
It is found in the estimated function in table 3 that 5% is less than the p-value of the t-calculated value (0.6180) of LVAT. Thus H0 is accepted and we conclude that there is no significant relationship between value added tax and economic development.
It is also found that in the estimated function in table 3 that 5% is greater than the p-value of t-calculated value (0.0329) of LCIT. Thus H0 is not accepted and we conclude that there is significant relationship between company income tax and economic development.

DISCUSSION OF RESULT

The study performed two distinct tests that mutually integrated to achieve the stated objective of the study. The test comprises unit root test and test of hypotheses through t-test statistics using E-view 9.0. The findings from the test of hypotheses form the basis of discussion which was in line with the stated objectives of the study. In furtherance, the findings were compared with results from previous studies by renowned scholars on related topics.

Petroleum Profit Tax

In the test of hypothesis one under table 3 through the employment of t-statistics at 5% level of significance the null hypothesis was rejected while the alternative hypothesis was accepted. This was as a result of the fact that 5% level of significance is greater than the p-value of t-calculated value (0.0061) of LPPT. The p-value is less than the chosen level of significance (0.05). Based on the decision to reject the null hypothesis and accept the alternative hypothesis, it is concluded that petroleum profit tax has significant effect on economic development in Nigeria within the period under study.

This result is in line with the findings of other studies such as Oladipuo and Badin (2015) which showed that petroleum profit tax exert a positive significant relationship on real gross domestic product (RGDP) and has significant effect on economic development in Nigeria.

Company Income Tax

Vol.8, No. 7, pp.18-32, July 2020

Published by ECRTD-UK

Print ISSN: 2053-4086(Print), Online ISSN: 2053-4094(Online)

From table three above, we test hypothesis 2 that there is significant relationship between company income tax and economic development. The t-statistics was employed and p-value was less than 5% level of significance chosen for the study (0.0329 < 0.05). The null hypothesis was rejected and we conclude that company income tax revenue has significant effect on economic development within the period under study. Some previous studies corroborated our findings. Madugba, Ekwe and Kalu (2015) observed through the use of regression analysis that company income taxes revenue has significant relationship with economic development.

Value Added Tax

From table 3 we test hypothesis 3 that there is no significant relationship between value added tax reforms and economic development. However, the p-value of the t-statistics of LVAT (0.6180) is greater than the chosen level of significance of 5%. The null hypothesis was accepted and we concluded that value added tax reforms do not have significant effect on economic development.

The finding of this study is in agreement with the findings of Afoloyan and Okoli (2015) which showed that positive and insignificant correlation exist between VAT and economic development in Nigeria.

Implication of the Findings:

From the above empirical results, tax revenue positively impacts on economic development in Nigeria.. The implication of the findings is that the higher the amount of tax revenue generated, the higher the level of economic development experienced by the economy. This implies that taxes that have positive effete on economic development are direct taxes, thus direct taxes exert more significant effect on economic development of Nigeria than indirect taxes

CONCLUSION AND RECOMMENDATIONS

Summary of Findings

From the test of the formulated and tested hypotheses, the following summary of findings was made.

1. Petroleum profit tax revenue significantly affected economic development in Nigeria
2. Company income tax revenue significantly affected economic development in Nigeria.

3 Value added tax revenue do not significantly affect economic development in Nigeria.

Conclusion

The whole essence of tax revenue is to achieve economic development through revenue optimization. If revenue generation increases the human development index (HDI) will improve and the people will have long and healthy life, attain high education level and enjoy high standard of living. This study was focused on petroleum profit tax revenue, company income tax revenue and value added tax revenue in relation to economic development. Therefore, the study aimed to ascertain the effect of tax revenue on economic development. Using a time series data for the period of 1996 to 2017 and testing the formulated hypotheses with t-test statistical at 5% level of significance, the result of the study shows that petroleum profit tax revenue and company income

Vol.8, No. 7, pp.18-32, July 2020
Published by ECRTD-UK
Print ISSN: 2053-4086(Print), Online ISSN: 2053-4094(Online)

tax revenue have significant effect on economic development within the period under study while value added tax reform does not have significant effect on economic development

Recommendations

Based on the findings of the study, the researcher therefore recommends the following;

1. Effort should be intensified by government toward increased collection of petroleum profit tax, as well as bringing in more prospective PPT into the tax net. Government should ensure that a separate body be set up to inspect and ensure that funds generated through PPT is properly collected and used and all loop holes of tax evasion and avoidance be tightly blocked. Tax authorities should be adequately motivation and adequate penalty given to tax officials who engage in corruption and embezzlement of generated fund. This will help increase development by improving the percentage of PPT revenue to HDI.
2. All company income tax should be remitted via e-payment system or through direct payment to the various tax authorities' account. This will reduce tax evasion, cheating and corruption that have marred the collection of CIT, and thus enhance support for the cashless economy. The introduction of tax identification number (TIN) which is a registration and storage of tax payers data in Nigeria is a welcome idea. It should be structured in such a way that will make all potential taxpayers liable. Companies should be able to operate business, bank account and be engaged as vendor, only if they have TIN. These measures will help generate more fund through CTI to improve HDI
3. Government through federal Inland Revenue services should create an effective and reliable data base for every VAT able person to minimize (if not eliminate) the incidence of tax evasion and should do constant training and re-training of VAT administration through seminar and conferences, to keep them abreast with modern trend in tax administration. Tax collection mechanisms used by tax officials should be free from corruption and embezzlement. If this is not done, the revenue collection through VAT may not reach the desired point.

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European Journal of Accounting, Auditing and Finance Research
Vol.8, No. 7, pp.18-32, July 2020
Published by ECRTD-UK
Print ISSN: 2053-4086(Print), Online ISSN: 2053-4094(Online)

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