SELECTED COMPONENTS OF TAX REVENUE AND EDUCATIONAL DEVELOPMENT IN NIGERIA

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ABSTRACT: *This study investigated the relationship between some selected components of tax revenue and educational development in Nigeria for the period 2010 to 2018. The study adopted education tax and value added tax as the independent variables, while educational development taken as government spending on education (excluding recurrent expenditure) was used as the dependent variable. Secondary data was collected from the CBN, FIRS, and MOE. The data analysis technique adopted for the study was the multiple regression analysis using the Ordinary Least Square (OLS) method. The results revealed that there was positive relationship between value added tax, education tax and education development. However, the relationship was not statistically significant with the implication that the effect of the selected tax revenue components on educational development was weak. Based on the findings of this study, it was concluded that the contribution of education tax to the development of the education sector is not having the desired effect on the sector. Furthermore, value added tax revenue as expected is not an important contributor to education development. It is suggested that more revenue from various tax funds be channeled to the education sector as human capital development is key to national development. The study thus recommended that the proportion of value added tax revenue channeled towards education development should be increased as deficits in education development are very high. It is also recommended that the education tax be increased from the present 2% to 5% in order to contribute more significantly to education development.*

KEYWORDS: development, education, revenue, tax, value-added

INTRODUCTION

Education is a crucial factor in ending global poverty and as such accessibility to education, throughout even the poorest nations in the world becomes a pressing issue. With education, employment opportunities are broadened, income levels are increased and maternal and child health is improved. In countries with solid education systems in place, there are lower crime rates, greater economic growth and improved social services. Education is considered the driving force of change towards sustainable development. Besides providing skills such as scientific and technical expertise, education also offers the motivation, justification and social support for pursuing and utilizing them (Goel, MacDonald, Winarno & Tsai, 2013).

In recognition of the importance of education, the United Nations Scientific and Cultural Organization (UNESCO) recommends that countries especially the developing and under-developed ones spend as much as 25% of their annual budgets on education in order to foster

1

sustainable long-term development (Evans-Obinna, Ogwo-Agu & Ikpekogu, 2017). However, the quantum of funds made available for investment in education is to a large extent dependent on the revenue available to the government. Consequently, the quality of education a country can provide for its citizenry is directly linked to the funding resources channeled into the sector. Taxation is one of the major sources of funding for educational development in Nigeria. Among many others, the federal government of Nigeria generates tax revenue specifically for the purpose of developing the educational sector. Aspects of tax revenue from the petroleum sector are also channeled towards educational development through initiatives like Tertiary Education Trust Fund (TETFUND) and the Universal Basic Education (UBE) counterpart-funding initiatives. Furthermore, funding from other taxes are routinely channeled towards educational development. However, as noted by Enyi (2001) in Evans-Obinna et al (2017), data on educational funding show that government at all levels (state and federal) have been spending between 7% and 11% of their annual budget on education which is much lower than the 25% recommended by UNESCO.

Access to quality education is very crucial for every country as education is key to national development. It is the basic foundation for a wide range of other critical issues such as reduction of unemployment, which in turn can lead to a decrease of poverty. However, not every country can easily obtain access to education, particularly in developing countries. There are numerous challenges which are the cause of educational development problem; the most important of these challenges is the paucity of funding for the educational sector (Goel et al, 2013). The challenge of funding is particularly evident in the Nigerian educational system where at any given time some section of the labour force in the education sector will down tools in industrial action citing backlog of unpaid salaries and other benefits, lack of infrastructure and other amenities in the schools.

This perennial funding problem has been blamed on the inadequacy of revenue generated by government from taxation. Several studies have been carried out on the subject of tax revenue generation and educational development in the past. For example, Ayeni, Ibrahim, and Adeyemi, (2017); Azubike, (2009); Ibanichuka, Akani, and Ikebujo, (2016) investigated the challenges of tax revenue generation and its effect on the economy. On the other hand, Evans-Obinna, et al. (2017); Omotor, (2004); Obi and Ogugua, (2014) investigated government expenditure and funding challenges in the educational sector. However, very little research has been carried out to determine how various components of tax revenue with respect to: Company Income Tax; Education Tax; Petroleum Profits Tax; and Value Added Tax affect Educational development in Nigeria. This study investigated the effect of selected components of tax revenue on educational development in Nigeria in order to fill this obvious gap in research on the subject matter of tax revenue generation and its impact on educational development in Nigeria.

The main objective of this study was to determine the relationship between the selected components of tax revenue and the development of the educational sector in Nigeria. The following were the specific objectives of the study: to determine the relationship between Education Tax and Educational Development; and to determine the relationship between Value Added Tax and Educational Development in Nigeria. These objectives formed the basis of the

2

research questions addressed and hypotheses tested. This study is significant for some reasons. First, it will serve as a basis for future research and will create a better stock of knowledge for tax consultants and tax managers in their quest for tax reform. It is imperative at this juncture that the study provides ingredient for awareness of taxation which will go a long way to educate the society on strategies for investment drive in addition to all else. Secondly, occasional reviews of best-fitted tax management approaches make for inclusive of new knowledge in the tent. Such new knowledge will keep investors, government, students and the general public abreast with current research findings that guarantees continuity of sustainable investment in our economy. Finally, the findings of this study would provide an insight into how the education sector is affected by tax revenue generated by the government over the years and identify problems in the tax system where necessary and proffer solutions to such problems. This study titled "selected components of tax revenue and educational development in Nigeria" and covers the period from 2010 to 2018. The content scope of the study will focus on issues surrounding tax revenue with special emphasis on education tax and value added tax as well as education development and its contribution to growth in Nigeria for the period of the study. The geographic scope will focus on Nigeria as the primary area of study. However, relevant literature in terms of theories, empirical research and concepts will not be limited to Nigeria as we can learn from the experience of researchers elsewhere on the subject matter.

REVIEW OF RELATED LITERATURE

Conceptual Clarifications
Concept of Taxation
Tax according to Agyei (1983) could be defined as the transfer of resources from the private to the public sector in order to accomplish some of a nation's economic and social goals. The primary economic goal of developing countries is to increase the rate of economic growth and hence the per capital income which will lead to higher standard of living. Duel (1983) recognizes two major accomplishments as requirements for the attainment of this goal. First is the provision of additional basic governmental services, particularly in education, public health and transport, which are imperative for the growth of the remainder of the economy and secondly, a higher rate of capital formation in production facilities, whether undertaken in the governmental or private sectors. The specific goal is of course, not the highest rate of capital formation but the lowest rate that will permit the maximum rate of growth in GNP regarded as feasible under the circumstances.

Taxation or tax is most often used as a major instrument for revenue generation. In this vein, Naiyeju (1996) is of the opinion that the revenue role of taxation is very relevant. The revenue function or objective of taxation is still vital in the sense that without mobilization of funds via savings or through taxation, government may find it difficult to execute most of its developmental programmes that can lead to economic growth and or wealth creation.

Value Added Tax
Value- Added Tax (VAT) is an indirect tax levied on goods or services as a percentage of their value added. The customer pays price the seller then pays the VAT they have paid on purchased inputs. VAT is levied in the UK in 1973. Goods may bear VAT at different rates. Some goods,

3

for exampled food in the UK are exempt, and VAT is not payable by business with turnover below some minimum level. Value Added Tax as the name implies is the tax on 'The Value Added' this definition is quite correct but rather very simplistic and fails to bring out the essential features of the tax, which is what a good definition must be. With this in mind, this study considers the following definitions of value added tax:

a)   As defined by Buckley (1990) in his paper "The Value Added Tax: Concept, issues and Experience". A value added is a tax levied at each stage of production on firms valued added.
b)   According to Oldman (1993) defined value added as a multistage consumption tax levied on the differences between a firms sales and the value of its purchased input used in producing goods.

This definition brings out the three essential characteristics of value added tax which are VAT is a consumption tax, VAT's incidence is on the final consumer, and VAT is a multi-stage tax. Value Added Tax was introduced in Nigeria by Decree 102 of 1993. The value added tax came to replace the then existing sales tax which was introduced by Decree No. 7 of 1980. in other words the emergence of VAT Decree No. 102 of 1993 witnessed the abrogation of decree No. 7 of 1986.

Education Tax
Education tax was introduced in 1993 (Education Tax Act No. 7). To prevent the educational system from total collapse due to the financial crisis that had affected the sector for years, this federally collected tax imposed a 2 per cent charge on the assessable profits of Nigerian companies. It was geared towards providing the sector with the opportunity for survival and renewal. The tax is applied to company net profits, and is deducted from net profits before tax, thus it is not subject to company income tax.

Educational System and Development in Nigeria
The structure of the Nigerian educational system has undergone numerous changes over the years in order to address the challenges that were inherent in the system introduced by the colonial government. For example, emphasis has also shifted away from numeracy and general intellectual capacity to technical and practical skills. At the primary and secodary school level, the most recent of the changes occured in 1999 when the Universal Basic Education (UBE) scheme was launched with the introduction of the scheme, basic and compulsory education was moved from primary six to basic nine. The new structure still retains the old 6-3-3-4 system but now mandates that every child must attend school until Junior Secondary School 3 or JSS three. Curricula have also changed at least at the primary and secondary level. In addition, vocational skills are now offered as part of the primary and secondary education while technical secondary schools have also been introduced.

At the tertiary level, polytechnics were introduced to bridge the practical knowledge gap created by a university system that is largely theory based. Colleges of health and education were also introduced to feel specific manpower gaps in the educational and health sectors. Omojomite (2010) in Obi and Ogugua (2014) pointed out that educational curriculum at the first period (colonial period) was not local oriented but was based on colonial ideology by the British with

4

emphasis on numeracy and general intellectual capacity while technical and practical skills needed to drive economic development were neglected . For example, the university college Ibadan which was the only university in Nigeria before 1960 had no facilities of engineering, law and technology.

Currently most universities in Nigeria have technical departments in the sciences and medical sciences, education, engineering, computing among others. In many cases, universities of sciences and technology are being established both by the federal and state governments. However, due to instability in the educational sector especially as regards labour relationships, private organizations and individuals are now investing considerably in the sector. Private schools at primary, secondary and tertiary levels have become a prominent part of our educational system in Nigeria. Thus, growth in the sector is beginning to be spearheaded by private individuals and organizations especially in the southern part of the country. However, in some cases, authorities continue to decry the non-compliance with set down rules by private school owners at all levels.

Theoretical Framework
This study is theoretically anchored on the benefits based principle of taxation. The benefits based theory proposes that the individuals who benefit the most from public services pay the most taxes. Thus, the benefits received theory cognizes that some will benefit more than others from the public goods provided by government using revenue from taxation. For example, taxes levied to improve higher education standards should be proportionately borne by those who are most likely to benefit from such education. As stated by Neumark and McLure (2013) the principle bases of taxation is to pay for public goods expenditures on a politically revealed willingness to pay for benefits received.

The Lindahl equilibrium as proposed by Lindahl (1919) asserted that individuals pay for the provision of a public good according to their marginal benefits in order to determine the efficient level of provision for public goods. Consequently, in the equilibrium state, all individuals consume the same quantity of public goods but will likely face different prices as a result some people may value a particular good more than others. The equilibrium price proposed by Lindahl is the resultant amount paid by an individual for their share of the public goods consumed. However, as a result of the fact that the benefits received theory works best when all beneficiaries of public goods can be observed directly - which is very difficult to achieve in most public services, the theory suffers from the free rider problem. This stems from the fact that the average tax payer will tend to reduce his tax burden by under-reporting the benefits received form his/her consumption of public goods.

Review of Empirical Literature
Ofoegbu, Akwu and Oliver (2016) examine the effect of tax revenue on the economic development of Nigeria, using annual time series data for the period 2005 to 2014 which was estimated using ordinary least square (OLS) regression technique. Findings showed a positive and significant relationship between tax revenue and economic development. The findings further revealed that measuring the effect of tax revenue on economic development using HDI gives lower relationship than measuring the relationship with GDP thus suggesting that using

5

gross domestic product (GDP) gives a false picture of the relationship between tax revenue and economic development in Nigeria. It was therefore, concluded that the development of any tax policy on tax revenue for economic development should be based on human development index rather than GDP. Ogundana, Ogundana, Ogundana, Ibidunni and Adetoyinbo (2017) examined the direct and indirect impact of taxation on the Nigerian economic growth. The research adopted the descriptive research design and secondary data sourced from CBN statistical bulletin and the annual reports from 1994-2013. The results revealed that the direct and indirect tax have a positive impact on the economy of Nigeria. Therefore, it is recommended that government should take advantage of taxation and promote tax system in Nigeria.

Onakoya, Afintinni and Ogundajo (2017) investigated the impact of taxation on economic growth in Africa from 2004 to 2013. The study carried out various preliminary tests including stationary tests using Augmented Dickey Fuller (ADF) test and Levin test. The study implemented the Hausman-Test to determine the appropriate estimator between Fixed and Random Effect. Findings of the research indicated that tax revenue is positively related to GDP and promotes Economic Growth in Africa. The study thus concluded that tax revenue had a significant positive relationship with GDP. Consequently, high and weak levels of taxation are favorable to economic growth as upheld by the economic effect of Ibn Khaldun's theory on taxation, which approves the positive impact that lower tax rate have on work, output and economic performance.

Ojong, Ogar and Oka (2016) examined the impact of tax revenue on the Nigerian economy. Data for the study sourced from CBN Statistical Bulletin were extracted through desk survey method. The OLS multiple regression model was used to estimate the relationship between dependent and independent variables. The finding revealed that there is a significant relationship between petroleum profit tax and the growth of the Nigeria economy. It further revealed that there is a significant relationship between non-oil revenue and the growth of the Nigeria economy. It was recommended that government should endeavour to provide social amenities to all nooks and crannies of the country. Ibanichuka, Akani and Ikebujo (2016) investigated the effect of tax revenue on the Economic development of Nigeria for the period of 1995-2014. The data were analysed using Multiple Regression Analyses and revealed that revenues collected by the federal government through CIT, VAT and CED have a positive relationship with Human Development Index. Based on the findings, the research concluded that revenues collected by the federal government through CIT, VAT, and CED help to improve the HDI of Nigeria. The study therefore recommended that the FG should sensitize tax payers on the need for tax payment and punishment for non-compliance. Furthermore, incentives should be provided to tax payers to encourage them (especially corporate bodies) to pay their taxes.

Uzoka and Chiedu (2018) investigated the effect of tax revenue on economic growth of Nigeria between 1997 -2016. Using time series data sourced from CBN Statistical Bulletin and FIRS and analyzed using unit root tests, co-integration tests and vector error correction mechanism (VECM). The results obtained from the analysis revealed that CGT and EDT have no significant effect on economic growth while PPT, CIT, VAT and CED have significant effect on the economic growth in Nigeria. Omotor (2004) in recognition of the educational sector in national

6

development examined the profile of educational expenditure in Nigeria 1977 to 1998. For the purpose of the study, an education expenditure model was constructed and tested using the ordinary least squares (OLS) technique. The estimates, though not overwhelmingly robust, revealed that federal government revenue is the singular significant determinant of educational expenditure model.

Worlu and Nkoro (2012) examined the impact of tax revenue on the economic growth of Nigeria, judging from its impact on infrastructural development from 1980 to 2007. The data collected from secondary sources were analyzed using the three stage least square estimation technique. The results showed that tax revenue stimulates economic growth through infrastructural development. The study also revealed that tax revenue had no independent effect on growth through infrastructural development and foreign direct investment, but just allowing the infrastructural development and foreign direct investment to positively respond to increase in output. Obi and Ogugua (2014) focused on the impact of education expenditure on economic growth as a means of achieving the desired socio-economic change needed in Nigeria. The study used time series data from 1981 to 2012 which were analyzed using Johansen's co-integration analysis and ordinary least square (OLS) econometric techniques. The findings indicated that though a positive relationship subsists between education expenditure and economic growth, but a long run relationship does not exist over the period under study. The study further observed that this puzzle is attributable to labour market distortions, redundancy of the workforce, industrial disputes and job discontinuities as well as leakages in the Nigerian society such as brain drain, among others. The paper thus suggested the improvement of the education system through efficient use of public resources through good governance, accountability and transparency.

Ayeni, Ibrahim and Adeyemi (2017) investigated the tax revenue and Nigerian economic growth for period of three decade, using time series data from 1986 to 2015. Data collected from CBN Statistical Bulletin and NBS. Both descriptive and Paired Sample T-tests were used as method of analyses with the aid of SPSS. The findings showed that, oil and non oil tax revenue were positive and strongly correlated with RGDP. The research work thus concluded that there was significant difference between the effects of oil and non oil tax revethereforeonomic growth in Nigeria. There should be accountability and transparency from government officials on the management of revenue derived from taxation (oil and non-oil) in Nigeria. Okeke, Mbonu and Ndubuisi (2018) investigated the relationship between tax revenue and economic development in Nigeria during the period 1994 -2016. Data for the study were obtained from the CBN, FIRS and Annual Abstract of statistics of NBS. The findings of the study showed that tax revenue has a statistically significant relationship with infant mortality, labour force and gross fixed capital formation in Nigeria. On the basis of the findings, the study recommended that since tax revenue has been proven to contribute to economic development in Nigeria, government needs to increase its allocation to the priority sectors of the economy such as agriculture and industry in order to improve on the welfare of the citizenry.

METHODOLOGY

Research Design
The research design adopted for this study was the ex post facto design because of the complex relationship that exists between the variables. This choice was informed by the fact that data for the study was already in existence which the researchers lacked the power to manipulate in order to influence the outcome of the study. Data for the study which is time series in nature include those on Educational Development (EDDEV) was taken to represent government spending on education excluding recurrent expenditure (cost of wages and allowances, and overhead). Furthermore, the data set also include selected components of tax revenue generated such as Education Tax (EDTAX) and Value Added Tax (VATAX) for the period 2010 to 2018.

Sources of Data
The data for the study was collected from secondary sources. These include various annual publications of Federal Inland Revenue Service, Central Bank of Nigeria and the Federal Ministry of Education on tax revenue collection and government spending on education for the period 2010 to 2018.

Data Analysis Technique
This study adopted the Ordinary Least Square (OLS) method of multiple regressions in the analysis of the data. According to Onuchukwu and Adorghor (1999), regression analysis describes relationship between variable(s) one dependent and the other(s) explanatory. It describes this relationship between variables, by expressing this relationship in a mathematical form. This is given as:

$y \qquad = a + b_1x + b_2x \ldots\ldots b_nx + ei \qquad$ (Equation 1)

$y \qquad$ = Educational development (EDDEV).

$x \qquad$ = Independent variables (VATAX and EDTAX).

$b_1 \ldots b_n \qquad$ = Slope of the regression line (rate of changes in y with respect to x variable(s).

$a \qquad$ = constant or Intercept of the both y and x (autonomous variable).

$ei \qquad$ = Error term

Model Specification
The regression model as specified below was adopted to test the relationship between the selected variables of the study. For the purpose of data analysis, it was proposed that the above mentioned tax revenue components were adopted as determinants of the educational development in Nigeria. This was expressed functionally in the following model:

EDDEV = ƒ (EDTAX, VATAX)

Where

EDDEV $\quad=\quad$ Educational development

EDTAX $\quad=\quad$ Education Tax

VATAX $\quad=\quad$ Value Added Tax

The above functional model was restated explicitly as an econometric equation based on the mathematical equation 1 above as follows:

8

$EDDEV = a + b_1EDTAX + b_2VATAX + u$ (Equation 2)

The model proposed for the study as shown above captures the expected relationships between tax revenue components and educational development in Nigeria. Furthermore, the *a priori expectation* is that: b_1, and $b_2 \neq 0$

DECISION RULE**:** If the computed p-value for the variable is greater than the 0.05 level of significance, we reject the null hypothesis and accept the alternative hypothesis; otherwise, we accept the null hypothesis.

DATA PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

Data Presentation
Annual data collected on the study variables for the period 2010 to 2018 are presented on Table 4.1. Figures for education tax, value added tax and education spending in billions of Nigerian Naira are as shown on Table 4.1 below.

Data Analysis and Interpretation
This section covers the results of data analysis. The method of analysis employed was the multiple regression analysis using the Ordinary Least Square (OLS) method based on the econometric (E-Views 9) windows computer software, and the results are presented in Table 4.2 below.

Table 4.1:   Value Added Tax, Education Tax, and Education Development in Nigeria for the period 2010-2018

Period	Value Added Tax (N'B)	Education Tax (N'B)	Education Development (N'B)
2010	564.8900	35.3151	826.6716
2011	659.1537	26.8529	1087.6702
2012	710.5551	125.8000	1105.8964
2013	802.6835	147.9000	1278.4140
2014	802.9646	215.4000	1391.9534
2015	635.3520	97.9331	1498.7071
2016	828.1991	130.1227	1518.9331
2017	972.3484	154.9574	1507.9828
2018	1108.0405	203.2848	1507.5611

Sources: CBN Statistical Bulletin 2019 Edition, FIRS Web Portal and MOE

From the regression result in table 4.2 above, it can be observed that there was a positive relationship between Value Added Tax (VATAX) and Education Development (EDDEV) in Nigeria. The coefficient of regression (B) value of 0.5499 indicates that for every unit increase in value added tax, education development in Nigeria is predicted to grow by 0.5499 units and vice versa. In the same vein the results also indicates a positive relationship between Education Tax and Education Development in Nigeria. The corresponding B coefficient of 1.4962

9

indicates that increase in education tax is predicted to lead to 1.4962 units increase education development in Nigeria.

Table 4.2: Regression Results

Dependent Variable: EDDEV
Method: Least Squares
Date: 07/14/19   Time: 04:42
Sample: 2010 2018
Included observations: 9

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	680.6513	369.1965	1.843601	0.1148
VATAX	0.549940	0.636730	0.863693	0.4209
EDTAX	1.496223	1.667458	0.897308	0.4041
R-squared	0.533567	Mean dependent var		1302.643
Adjusted R-squared	0.378089	S.D. dependent var		247.3391
S.E. of regression	195.0549	Akaike info criterion		13.64564
Sum squared resid	228278.5	Schwarz criterion		13.71138
Log likelihood	-58.40538	Hannan-Quinn criter.		13.50377
F-statistic	3.431790	Durbin-Watson stat		1.920071
Prob(F-statistic)	0.101477			

Sources: E-views 9.0 output

However, as can be observed from the result, none of the results were statistically significant. This can be attested to by the Probability values of 0.4209 and 0.4041 for Value Added Tax (VATAX) and Education Development Tax (EDTAX) respectively, each greater than 0.05 level of significance. This implies that the effect of the selected tax components on educational development in Nigeria was very weak; and therefore these variables cannot be relied on to bring about significant development in the education sector. The value of the coefficient of determination (R-Squared) gave a value of 0.5336 which implies that 53% of changes in education development in Nigeria are explained by variations in Value Added Tax and Education Tax. Finally, the value of the adjusted coefficient of determination (Adjusted R-Squared) gave a value of 0.3781 which implies that the model adopted for the study (with only 38% confidence) was not a good and proper fit for use in predicting the dependent variable, even though the Durbin-Watson Statistic value (approximately 2.0) precludes autocorrelation among the independent variables.

Test of Hypotheses
Hypothesis One
Ho₁: **There is no significant relationship between Education Tax and Educational Development in Nigeria**
From the results in table 4.2, it can be observed that the computed p-value for Education Tax is 0.4041 is greater than the accepted critical significance limit of 0.05. Given the decision rule,

we reject the null hypothesis and accept the alternate hypothesis. We therefore concluded that there is no significant relationship between Education Tax and Educational Development in Nigeria.

Hypothesis Two
Ho$_2$:   There is no significant relationship between Value Added Tax and Educational Development in Nigeria
From the results in table 4.2, it can be observed that the computed p-value for Value Added Tax is 0.4209 is greater than the accepted critical significance limit of 0.05. Given the decision rule, we reject the null hypothesis and accept the alternate hypothesis. We therefore concluded that there is no significant relationship between Value Added Tax and Educational Development in Nigeria.

DISCUSSION OF FINDINGS

This study investigated the relationship between some selected components of tax revenue and educational development in Nigeria for the period 2010-2018. For the purpose of the study, data was collected from secondary sources including the Central Bank of Nigeria (CBN), Federal Inland Revenue Service (FIRS) and the Federal Ministry of Education. Data collected included those relating to Value Added Tax (VATAX), Education Tax (EDTAX) and Educational Development (EDDEV) in Nigeria (taken as government spending on education excluding the cost of wages and allowances, and overhead cost). The data analysis technique adopted for the study was the multiple regression analysis using the Ordinary Least Square method (OLS) based on the E-views 9.0 software.

From the results of analysis, it was found that there was a positive relationship between value added tax and education development in Nigeria. This result implies that increased in value added tax will lead to increase in education development. However, the finding was not statistically significant implying that the relationship between the variables was very weak. In a similar study, Obi and Ogugua (2014) who investigated the impact of education expenditure on economic growth in Nigeria revealed that though a positive relationship subsisted between education expenditure and economic growth, but a long run relationship does not exist. The study further observed that this puzzle is attributable to labour market distortions, redundancy of the workforce, industrial disputes and job discontinuities as well as leakages in the Nigerian society such as brain drain, among others.

The results further showed that there is a positive relationship between education tax and the development of the education sector in Nigeria. However, like the case of value added tax, the relationship was weak and not statistically significant. In recognition of the educational sector in national development Omotor (2004) examined the profile of educational expenditure in Nigeria 1977 to 1998 and revealed that federal government revenue is the singular significant determinant of educational expenditure model.

SUMMARY, CONCLUSION AND RECOMMENDATIONS

Summary of Findings

This study investigated the relationship between selected tax components and the development of the education sector in Nigeria for the period 2010 to 2018. The background introduction to the study was laid out, the research problem and objectives were stated in section one which informed the basis of the hypotheses tested. In addition, the significance and scope of the study were also stated in section one. The review of related literature covering conceptual clarifications, theoretical framework and empirical review was presented in section two. Section three, covered issues relating to the research design, sources of data and methods of analysis. Data collected for the study and results of analysis was presented in section which included the discussion of the findings. From the results of data analysis as shown in table 4.2, we summarize the findings as follows:

1) There was a positive relationship between value added tax and the development of the education sector in Nigeria. However, the result was not statistically significant.

2) There was a positive relationship between education tax and the development of the education sector in Nigeria. Like the case of value added tax, the result wa not statistically significant.

Conclusions

Based on the findings of this study, the following conclusions are reached:

1. The contribution of education tax to the development of the education sector is not having the desired effect. This may likely be as a result of the fact that funds from education tax are mismanagement or diverted by administrators.

2. Value added tax revenue as expected is not an important contributor to education development in Nigeria. This is in spite of the fact that the contribution of value added tax has a positive relationship with educational development.

3. On the whole, we conclude that if more revenue from various tax sources were channeled towards education development, the sector indicators are bound to improve significantly.

Recommendations

Based on the findings of the study, the following recommendations were made:

1. The proportion of value added tax revenue channeled towards education development should be increased as deficits in education development are very high.

2. It is also recommended that the education tax be increased from the present 2% to 5% in order to contribute more significantly to education development in Nigeria.

3. Finally, it is recommended that more stringent measures be put in place to forestall the problems of funds mismanagement in the education sector. This should include a value for money audit of how previously disbursed funds were utilized.

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