
THE FISCAL POLICY IMPLICATION OF NON-OIL TAX REVENUE EFFECT ON NIGERIAN ECONOMIC PERFORMANCE

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Abstract

The persistent dependent of Nigerian economy on public debt financing as a panacea to deficit budgetary circumstances and fiscal management had held her attention from adequate exploration in alternative sources of revenue in spite of the long-term implication of debt burden and overhang. Spurred by this scenario, the researchers examined the effect of non-oil tax revenue on economic performance in Nigeria for a period of 2002 to 2019. The study employed company income tax revenue and value added tax revenue as proxies for non-oil tax revenue while Real Gross Domestic Product (RGDP) was used to measure economic performance. Ex post facto research design was adopted for the study. Secondary data were obtained from National Bureau of Statistics (NBS), Central Bank of Nigeria (CBN) and Federal Inland Revenue Services (FIRS). The obtained data were analysed with a specified econometric model and ordinary least square linear regression was employed with the aid of E-views and Statistical Package for Social Sciences (SPSS) version 21 to estimate the residuals. Other diagnostic tests conducted were descriptive statistics of data to ascertain its normality, Stationarity and Co-integration tests by Autoregressive Distributive Lag (ARDL) to ascertain the long run relationship in the model. The results indicated that company income tax revenue has positive and significant effect on real gross domestic product in Nigeria. Similarly, value added tax revenue related positively and significantly with real gross domestic product in Nigeria. Therefore, it was concluded that non-oil tax revenue generated in Nigeria has statistical evidence to stimulate and enhance the economic performance in Nigeria. It was recommended that adequate administrative attention should be accorded the inflow of non-oil tax revenue in Nigeria because it stimulates the needed fiscal resources for governmental functions and attract positive multiplier effect on the economy. Also, the fiscal policy framework of non-oil tax administration should encompass statutory provisions, more incentives and enhanced institutional capacity to discourage tax evasion and avoidance among corporate entities as to properly tap the potentials in Non-oil tax.

Key words: Non-oil, economic performance, Revenue, Tax, Value Added.

INTRODUCTION

In all economies, the fundamental functions of the government swivels around fiscal, socio-political, socio-economic, monetary, legal and security of the populace which culminates in maintenance of law and order, civil coherence, defence against external aggression, protection of citizen live and properties, swift response to exogenous shocks by natural disasters, technological wave, international influence among other functions. Awa and Ibeanu (2020) asserted that the framework to generate the required resources for the obligation of providing social goods and services among emerging economies as Nigeria compels the resort to the trade-off between contracting and expanding the economic activities through the budgetary and expenditure functions under the instrument of fiscal and monetary policies. Akinleye, Olowookere and Fajuyagbe (2021) aptly submitted that the basic functions of government required huge financial resources which traditionally propel the use of taxation as a veritable fiscal policy instrument of raising the funds. The adduced rationale and necessity for pool of resources among citizens called taxation emanated from the need of government to aggregate funds to provide essential social amenities and infrastructural facilities for commendable economic performance.

According to Takumah (2014), the government of Nigeria had often restructured their fiscal policies, programmes and agenda with the predetermined goal to stimulate the economic performance towards prosperity. Such include adjusting the existing statutory provisions of oil and non-oil tax regime for effective and efficient administrative result. It encompasses enactment of new provision on aspect of taxes to encourage tax payers to recognize the need for voluntary compliance and discourage tax evasion. Onoja and Ibrahim (2020) explained that contemporarily, the twist of institutional, regulatory and administrative emphasis is focused at non-oil tax revenue which has untapped potentials to boost the Nigeria economic performance. Ideh (2019) pointed that this desirable economic outcome is conventionally measured in the perspective of the level of economic growth and development. Similarly, Awa and Ibeanu (2020) posited that economic growth could be evaluated in terms of Gross Domestic Product (GDP), which is the total amount of goods and services produced within a nation in a year. More specifically, Mamuda and Alhassan (2021), described GDP as the money value of goods and services produced in an economy during a period of time irrespective of the nationality of the people who produced the goods and services. But Dibia and Onwuchekwa (2019) reaffirmed that economic growth measured with gross domestic product (GDP) or real gross domestic product (RGDP) emphatically explains the levels in economic performance of a nation. It also portrays a sustained increase per capita national output or net national product over a long period of time. This implies that the rate of increase in total output must be greater than the rate of population growth. Feng and Eko (2014) stated that over the years scholarly work had given cursory attention to the regimes of various tax enactment, repeals and adjustment to encourage compliance in Nigeria between the periods 2002 to 2019. Some empirical reviews had also laid emphasis on both petroleum tax revenue and non-oil tax revenue in relation to Nigerian economy. Olatunji and Adebegite (2014) argued that the findings had generally been diverse in nature. Some reported positive, others negative or neutral. The report from National Bureau of Statistics and Central Bank of Nigeria on economic performance had often anchored on stiff volatility with large tilt toward poor scenarios. These observations confront the conventional essence of pool of tax revenue for stimulation of economic performance. Owing to these, Agunbiade and Idebi (2020) added that taxation yields very substantial revenue to government and it has a bearing on the Gross Domestic Product (GDP) which is the standard indicator for measuring the economic wellbeing of a nation but a prevailing factor in Nigerian peculiarity is its mono-

product base experience on petroleum tax revenue that undermine the potentials of the non-oil tax revenue. Such include: Companies' income tax, value added tax, Capital gain tax, personal income tax, information technology tax, education tax etc. The assumed ideological and theoretical nexus between the taxation essences in economic performance had not been obvious in the economic affairs in Nigeria, this cultivated a gap in knowledge that this study filled.

Specific objectives of the Study are:

1. To determine whether Companies' income tax revenue affect real gross domestic product of Nigeria.
2. To ascertain if Value added tax revenue affect real gross domestic product of Nigeria.

The Null Hypotheses are:

H₀₁: Company Income Tax Revenue has no significant effect on Real Gross Domestic Product in Nigeria.

H₀₂: Value Added Tax Revenue has no significant effect on Real Gross Domestic Product of Nigeria.

LITERATURE REVIEW

Theoretical Framework: The study was anchored on certain relevant theories as discussed below:
Socio-political Theory: Socio-political theory advocates that a tax system should not be structured to serve individual interest, but should be used to cure the ills of the society as a whole such as income level disparity. Consequently, Ihenyen and Mieseigha (2014) argued that there are many ways in which government use taxation as an instrument of economic policy to achieve the socio-political objectives. These include; checking inequality of income, to protect young industries, to control the production and consumption of particular goods and services etc. which are of benefits to the entire society rather than the individuals. Similarly, Mamuda and Alhassan (2021) noted that a good tax system offers itself as one of the most effective means of mobilizing a nation's internal resources and it lends itself to creating an environment that is conducive to the development of economic growth. Based on the perspective of the theory, the researcher concludes that the objectives of government in revenue generation would be actualized if tax structures are established and implemented through socio-political theory ideals for economic prosperity.

Solow Growth Theory: Robert Solow in 1956 gave an insight into the cause of steady economic growth. This perspective of gradual growth in economic performance was illustrated with the behaviour of production function. For him, production output or economic performance is a function of these production inputs: Technological innovation, stock of capital and labour. Solow in Ayeni and Afolabi (2020) argues that about half economic growth cannot be accounted for by increase in capital and labour but attributable to unaccounted price of technological innovation. Consequently, the effective utilization of workforce, other relevant facilities provided by stock of capital and input of technological innovation would result in steady growth of economy. According to Mamuda and Alhassan (2021), Solow postulates a continuous production function linking output to the inputs of capital and labour which are sustainable. Torbira and Philmoore (2014) added in relation to model that a sustained increase in revenue generation and capital investment increases the growth rate of the economy.

The fundamentals of Taxation

The basic ideology about sources of fund at government disposal is taxation. Tax is seen as a compulsory payment or levy imposed on income, profit, property, wealth, estate, goods and services of individuals and corporate bodies by the government for the sustenance of its expenditure on numerous activities. It is described as the process or machinery by which communities, individuals or group of persons are made to contribute in some agreed quantum for the purpose of the administration and development of the society. Olatunji and Adegbite (2014) portrayed taxation as a tool used by government in funding various aspects of economic growth. Similarly, Akinleye, *et al* (2021), Adegbie, Salawu and Ojutawu (2020) affirmed that government uses taxation as an instrument of economic and fiscal policy to achieve certain objectives, such as: to check inequality in income, to protect infant industries, to control the production and consumption of particular goods and services to encounter inflation and to stimulate recovery from a trade depression when unemployment is usually high. In corroboration, Edewusi and Ajayi (2019) explained that taxes assist government to perform allocation, distributional and stabilization functions. For allocation, taxes determine the pattern of production (i.e. what goods to produce, who to produce, the relationship between the private and public sectors and the points of social balance between the sectors). The distributional function is concerned with the distribution of income and wealth to ensure conformity with what society considers a fair or just a state of distribution. In stabilization function, taxes seek to attain high level of employment, a reasonable level of price stability, an appropriate rate of economic growth, with allowance for effects on trade and on the balance of payments. The nature of taxes allowed its elements to be classified and its structures are founded on certain principles. According to Okoli, *et al* (2014), taxes are categorized on the basis of variation in tax rates and tax system, such as: Progressive tax system in which higher tax burden is bore as income increases; Regressive tax system in which tax payable decreases as the tax payers' income increases. Proportional tax system allows a fixed percentage of tax so that tax payable is a proportion of payers' income.

In the fundamentals of taxation, Okwara and Amori (2017) submitted that the principles of taxation promote social justice as was outlined by canons as: Canon of equity, Canon of certainty, Canon of convenience and Canon of Economy. Jhingan (2014) posited that the initial canon is concerned with the cost of collecting the tax which should not be more than the amount taxed. Canon of simplicity means that the tax system should not be difficult for the tax payer to understand. Canon of productivity states that the tax should be productive in the sense that it should bring large revenue which should be adequate for government. From the foregoing, it is observable that taxes as the fundamental sources of government fund serve other functions despite economic improvement. The Nigerian government is encouraged by it to institute tax structures, establish tax systems, appoint tax administrators and formulate tax policies to actualize the goal set for desired taxes.

The Nigerian Tax system and Non-oil Taxes

A system is an organized set of objects, elements or components which are inter-related and inter dependent and have a common set of basic objectives such as productivity and satisfaction. The elements of any system are an environment, an input, a processing unit, an output and a feedback. Relating this to the tax system in Nigeria, it could be seen as an organised set of tax policies, laws, institutions and administration, government agencies taxable person and economic sectors which inter-relate and inter-depend in a bid to actualize predetermined objectives of generating tax revenue which basically are oil and non-oil taxes. According to Egbunike *et al* (2018), non-oil tax revenue in Nigerian tax system, comprises

company income tax, customs and excise duties, and independent revenue sources which consists of fees, licences, rent on government property and so on. Abomaye-Nimenibo *et al* (2018) identified non-oil taxes revenue as compromising companies income tax, personal income tax, capital gains tax, stamp duty, value added tax, custom and excise duties, amongst others.

Companies' income Tax Act (2007): According to Fasoranti (2013), the company income tax was introduced 1961 in Nigeria. It has been amended to current status as Companies' Income Tax Act, 2007. Ironkwe and Agu (2019) added that the taxation of companies will be based on the preceding year basis at 30% of taxable profits. Kizito (2013) noted that new tax policy has reduced the rate from 30% to 20%.

Value Added Tax Act (2007) (Sales Tax Decree of 1986): According to John and Sulieman (2014), Value Added Tax (VAT) is a consumption tax, levied at each stage of the consumption chain and borne by the final customer of the product or service. It was introduced in 1993, implemented in 1994 and amended in 2007 (Fasoranti, 2013).

Similarly, Kizito (2013) asserted that value added tax was introduced in Nigeria as a substitute for sales taxes and it is charged at a single rate of 5% on the supply of all taxable goods and services except those specifically excepted by the VAT Act. VAT is imposed on any person or individual, corporate body or organizations that consumes or buys any taxable product or service in Nigeria. It is not paid by users of products directly but it is rather collected by the seller when any taxable item or service is sold. The seller nets off VAT remits to FIRS through designated banks.

Economic performance in Nigeria: According to Chete, Adeoto, Adeyinka and Ogundele (2012), the Nigerian economy experienced diverse levels of economic performance as was indicated by real gross domestic product. National Bureau of Statistics (2019) reported that during the early 1980s the real GDP grew by 6.2percent with the inception of structural adjustment programme, real GDP growth level stocked at 4percent in 1988-1997. At the inception of the millennium, in 2000-2004 the growth rate dropped to 3.0percent. However, stimulating effort of the government moved it to 6.27percent, 7.57percent, and 7.38percent in year 2009, 2010 and 2011 respectively. In 2015, the real GDP dropped to 2.47percent and -0.36percent in 2016. In 2017 it rose to 1.92percent, 2.38 in 2018 and 2.01percent in 2019. Syder and Isagua(2021) aptly put thatthe economic performance of any nation is shown by the outcome on gross domestic product, real gross domestic product and other indicators. It is cultivatedfromthemanagement functions of government portrayed in a process of planning and controlling the economic affairs towards growth indicators. It involves exercising allocation, distribution and stabilization functions within the prescribed fiscal policy framework to manage, control and direct the affairs of the economy towards economic prosperity. Ejiba and Omolade (2016) submitted that government tried to manage the Nigerian economy by fiscal policies of contractions and expansions of macroeconomic activities. The government stimulates economic growth with expansive fiscal policies such as more expenditure, cut down on taxes etc. Conversely, it contract economic growth by reducing expenditure, increasing taxes etc. Jimmy (2014) aptly suggested that the government utilizes the framework of fiscal policy, monetary policy and other policies in the management of the economy. The fiscal policy instruments are budgetary expenditures, taxation and borrowing capacity to exert expansionary and contractionary effects on the economy. Expansionary fiscal policy occurs whengovernment spending is increased or taxes are decrease or combination of both to enhance the amount of money among economic units for increased demand for goods and services. Conversely in contractionary periods,

government reduces spending and increase taxes to manage the economy. This involves influence on money supply and its credit interest rate in the economy with a view to influencing the overall economic aggregates in output, employment and prices. Onakoya and Ogunade (2017) added that the policy instruments are discount and interest rates, cash reserve ratio, open market operation etc. Other economic policies used for managing the economy include: income policy, exchange rate policy, direct control, institutional changes. It is pertinent to underline that there are certain identifiable functions as: Allocation, distribution and stabilization. Allocation function: focuses on the available resources in the economy to ensure that certain goods and services are provided in desired quantities. Distribution function aims at equity and fairness in the distribution of society income and resources without lopsidedness. Stabilization function considered the inherent tendencies for economic activities to fluctuate resulting in either inflation, unemployment or both. Through efficient management of the economy, these problems and their implication can be minimized. These managerial functions of the government are directed towards achieving the stated macroeconomic objectives such as: economic growth and development, price stability, full employment, external balance of payment equilibrium etc. However, in this study, economic performance is measured with real gross domestic product.

Empirical Review

Likita, *et al* (2018) studied the impact of non-oil tax revenue on economic growth in Nigeria for the period 1981 to 2016. Secondary data were collected and regression model was used to determine the relationship between the variables. The findings showed that there exists a long run relationship between the variables. Specifically, company income tax related negatively with gross domestic product. Also, custom and excise duty were statistically insignificant. Therefore it was recommended that government should make effort to diversify the economy away from oil. Mamuda and Alhassan (2021) evaluated the impact of tax revenue on economic growth of Nigeria. The exploration design and multiple regressions were adopted for the study. Secondary data were obtained from Central Bank of Nigeria (CBN). The result revealed a positive relationship between tax revenue and economic growth in Nigeria. The study recommended that revenue raised from the general public should be properly utilized in order to boost the Nigerian economic growth. Onoja and Ibrahim (2020) assessed the relationship between tax revenue and Nigerian economic growth from 2003 to 2017. An explanatory research was employed for the study. Secondary data were collected and analysed. The results showed that non-oil aspect of tax revenue such as company income tax and value added tax had significant relationship with Nigerian economic growth.

Adeniran and Uguru (2020) empirically analysed the granger causality effect of taxation on economic growth in Nigeria. An Ordinary Least Square (OLS) model was employed for the study. Various model validity checks such as: Coefficient of Determination (R²), Multiple Correlation Coefficient (r), Durbin-Watson, Akaike Information Criterion (AIC), Bayesian Information Criterion (BIC) and F-Statistic. The results showed that there are no two way granger-causality effects between the variables under study. The effects of the tax revenue variable have not had a granger cause effect on economic growth of Nigeria. It was concluded and recommended that company income tax collections should be further encouraged and developed to bring more goods and services under the tax net. Anyaduba and Efonayi (2020) explored the impact of tax revenue on economic growth using adjusted and unadjusted GDP for economic growth from 1984-2018. Secondary data were obtained and ex post facto as well as longitudinal research design was employed for the study. The result showed that value added tax had negative influence on economic growth when GDP was unadjusted for inflation and a positive influence on economic growth when GDP was

adjusted for inflation. Company income tax had a negative influence on economic growth when GDP was adjusted and a positive influence when GDP was unadjusted for inflation. Therefore, it was recommended that tax authorities should ensure that tax leakages are blocked and appropriate measures taken to curb corruption among tax officials. Agunbiade and Idebi (2020) assessed the relationship between tax revenue and economic growth in Nigeria over 1981-2019 periods, with special focus on companies income tax, value added tax and Petroleum profit tax. Secondary data were obtained from National Bureau of Statistics (NBS). Granger Causality test, Co-integration and error correction tests were used for analysis to ascertain the nature and strength of relationship between gross domestic product and the tax element in the study. It was recommended that in order to expand tax revenue, there should be a broad base tax strategy focusing on all key areas.

Egbunike, *et al* (2018) investigated the effect of tax revenue on economic growth in Nigeria and Ghana. The study employed multiple regressions as tools of analysis. The results showed that tax revenue impact positively on the gross domestic product of Nigeria and Ghana confirming prior studies. Therefore, it was recommended among others that adequate measure to ensure that revenue generated from the tax is effectively utilised to grow and develop the economy. Odhiambo and Olushola (2018) examined the relationship between taxation and economic growth in Nigeria. Ordinary Least Square estimation technique was employed for the study. Empirical results revealed that taxation has significant impact on real GDP growth rate. However, the proportion of tax contribution to the growth rate falls short of the optimal level in terms of the volume of economic activities and value of total output. It was recommended that the government should institute an appropriate tax system with emphasis on broadening the tax base.

Okoli, *et al* (2014), studied taxation and economic growth in Nigeria; a Granger causality approach. Secondary data were collected from the Central Bank of Nigeria (CBN) Statistical Bulletin from 1994-2012 and analysed using the Granger causality approach. The result revealed that a significant positive relationship exist between taxation and economic growth in Nigeria. Again, Feng and Eko (2014), investigated the relationship between tax revenue and economic growth of Hebei province, Indonesia based on the multiplier effect. Secondary data were collected for a period of 34 years (1978-2011). The data were analysed by the simple and amended tax multiplier effect theory as well as the polynomial distributed lag model. The results showed a negative impact of increase of tax revenue on economic growth. The researcher suggests that tax cuts would create more positive effects on the economy of Hebei province.

Similarly, Okafor (2012) carried out a study on the impact of income tax revenue on the economic growth of Nigeria. Secondary data were collected for a period: 1981-2007. The ordinary least square (OLS) regression analysis was done. The results suggest a very positive and significant relationship between the variables.

Okwata and Amori (2017) examined the impact of tax revenue and economic growth in Nigeria for the period of 1994 to 2015. Secondary data were obtained from Central Bank of Nigeria. Ordinary Least Square (OLS) with the aid of Statistical Package for Social Science was adopted to analyse the data. The results showed that non-oil tax revenue has significant impact on gross domestic product. But value added tax has negative and insignificant relationship with gross domestic product. It was recommended that government should diversify the revenue from oil based.

METHODOLOGY

The study employed the ex post facto design which has a framework to capture past economic event and business transaction to explain the behavioural effect of the variables under study. Secondary data were captured from Federal Inland Revenue Services records, Central Bank of Nigeria (CBN) and National Bureau of Statistics (NBS) for the period 2002 to 2019. The data were analysed with a triangulation of methods involving Autoregressive Distributed Lag (ARDL) Bound and Multiple regression techniques apart from the diagnostic test of stationarity, descriptive statistics, and the design of a suitable econometric model.

Model Specification:

$$RGDP = f(CITR, VATR) \dots \dots \dots \text{equ.1}$$

The functional equation was rewritten in econometric equation as:

$$RGDP = b_0 + b_1CITR + b_2VATR + e \dots \dots \dots \text{equ.2}$$

Where:

RGDP = Real Gross Domestic Product

b_0 = Constant

b_1 = coefficient

e = stochastic error term

CITR = company income tax revenue

VATR = value added tax revenue

RESULT AND DISCUSSION

Table.1: Descriptive statistic of the GDP, CITR and VATR

	RGDP	CITR	VATR
Mean	72368454	29563981	31185025
Median	1.41E+08	50994272	17540165
Maximum	2.19E+08	78364664	47572520
Minimum	-3.37E+08	6028466.	1621020.
Std. Dev.	1.66E+08	38189495	13864735
Skewness	-1.771123	0.211005	0.6697v87
Kurtosis	5.213127	1.988450	2.517617
Jarque-Bera	7.268933	0.500552	0.844647
Probability	0.026398	0.878586	0.855522
Sum	8.24E+08	3.96E+08	2.12E+08
Sum Sq. Dev.	2.47E+17	7.15E+15	1.73E+15
Observations	19	19	19

Table 1 indicates that company income tax revenue and value added tax revenue are normally distributed as Jarque-Bera probability is higher than 5% level of significant, but not gross domestic product as Jarque-Bera Probability is less than 0.05. Therefore, the need for unit root test.

Table 2: Unit Root Test of RGDP, CITR and VATR by (0.05 level of Sig.)

Coefficients	Comments
CITR _t : prob= 0.8980 CITR _{t-1} : prob = 0.0173	I(1) 1(0)
VATR _t : prob= 0.3061 VATR _{t-2} : prob= 0.0072	I(1) 1(0)
GDP _t : prob= 0.1285 GDP _{t-1} : prob= 0.0017	I(1) 1(0)

Table 2 revealed that all variables except value added tax revenue are stationary at first difference (i.e. CITR_{t-1}=0.0173, GDP_{t-1}=0.0017 are less than 0.05 at t-1.) while value added tax revenue is stationary at second difference (i.e. VATR_{t-2}=0.0072 is less than 0.05 at t-2.). This necessitated the co-integration test for long run relationship in the specified model using Autoregressive distributive Lag (ARDL).

Table 3 Autoregressive Distributive Lag Bound Co-integration

F-Bounds Test		Null Hypothesis: No levels relationship		
Test Statistic	Value	Signif.	I(0)	I(1)
			Asymptotic: n=1000	
F-statistic	40.43012	10%	2.72	3.77
K	3	5%	3.23	4.35
		2.5%	3.69	4.89
		1%	4.29	5.61

Table 3 showed that there is a long run relationship in the specified model. Since the F-statistics value of 40.43012 is greater than the 5% I(0) and I(1) values. This implied that a long run relationship exist between RGDP and VATR as well as CITR.

TEST OF HYPOTHESES

H0₁: Company income tax revenue has no significant impact on real gross domestic product in Nigeria.

$$RGDP = b_0 + b_1CITR + e$$

Variables Entered/Removed^a

Mode	Variables Entered	Variables Removed	Method
1	CITR ^b	.	Enter

a. Dependent Variable: RGDP

b. All requested variables entered.

Model	R	R Square	Adjusted R Square	Durbin-Watson			
				R Square Change	F Change	df1	
1	.775 ^a	.601	.577	.601	25.595	1	1.785

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	4530512242 93.069	1	45305122429 3.069	25.595	.000 ^b
	Residual	3009138573 31.761	17	17700815137 .162		
	Total	7539650816 24.830	18			

a. Dependent Variable: RGDP

b. Predictors: (Constant), CITR

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	344096.922	43990.079		7.822	.000
	CITR	1.933	.382	.775	5.059	.000

a. Dependent Variable: RGDP

Residuals Statistics^a

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	350683.9688	863596.7500	504361.2389	158649.02288	19
Residual	-229345.60938	234323.51563	.00000	129295.92615	19
Std. Predicted Value	-.969	2.264	.000	1.000	19
Std. Residual	-1.724	1.761	.000	.972	19

a. Dependent Variable: RGDP

Result Interpretation: From the empirical results, the coefficient of the explanatory variable indicated .933. This implies that the change in real gross domestic product is explained by a unit change in company income tax revenue to the tune of (.933). Also, the t-statistic indicated a positive and significance relationship between the RGDP and CITR at a .059 value. This showed a statistically significant evidence not to reject the hypothesis. Besides, the R-square indicated that the .601 (60%) growth changes in RGDP are traceable to change in company income tax revenue while 40% of the changes can be attributed to the stochastic error term. This was further justified in F-Statistic ratio of 25.59.

H0₂: Value added tax revenue has no significant impact on the real gross domestic product of Nigeria.

$$RGDP = b_0 + b_1VATR + e \dots\dots\dots 2$$

Variables Entered/Removed^a

Mode	Variables Entered	Variables Removed	Method
1	VATR ^b	.	Enter

a. Dependent Variable: RGDP

b. All requested variables entered.

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson	F Change
					R Square Change	
1	.968 ^a	.937	.933	53042.52654	.937	250.980

a. Predictors: (Constant), VATR

b. Dependent Variable: RGDP

ANOVA^a

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	7061354180 63.417	1	70613541806 3.417	250.980	.000 ^b
1 Residual	4782966356 1.413	17	2813509621. 260		
Total	7539650816 24.830	18			

a. Dependent Variable: RGDP

b. Predictors: (Constant), VATR

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	311310.406	17221.257		18.077	.000
	VATR	.871	.055	.968	15.842	.000

a. Dependent Variable: RGDP

Residuals Statistics^a

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	313279.2813	929805.062 5	504361.238 9	198065.0030 9	19
Residual	- 47983.21875	95518.3359 4	.00000	51548.07010	19
Std. Predicted Value	-.965	2.148	.000	1.000	19
Std. Residual	-.905	1.801	.000	.972	19

a. Dependent Variable: RGDP

Result Interpretation: From the above result, the coefficient of the model indicated .871 which statistically suggested that there is a positive relationship between value added tax revenue and real gross domestic product. It implied that the change in RGDP is explained in a unit change of the value added tax revenue. Similarly, the t-statistic showed .842 which implied that there is a positive and significant relationship between value added tax revenue and the real gross domestic product. Hence it is a statistical evidence not to reject the null hypothesis. The R-square test also showed a result that justified the others at .937 (93%). This means 93% changes in gross domestic product can be explained in change in value added tax revenue. 7% of the changes are traceable to stochastic error term. The F-statistic ratio further justified the results as discussed by 250.980.

SUMMARY, CONCLUSION AND FISCAL POLICY RECOMMENDATION

The first hypothetical test indicated a positive and significance relationship between the company income tax revenue and real gross domestic product. This empirical result is

consistent with the finding of Yahaya and Yusuf (2019) who established a positive and significant relationship between company income tax revenue and gross domestic product in Nigeria. Also, the result conforms to the findings of Likita *et al* (2018) and Egbunike *et al* (2018) that assessed the implication of tax revenue on economic growth in Nigeria. The direction of argument is in agreement with the view of Odhiambo and Olushola (2018) who studied taxation and economic growth in Nigeria but it does not agree with the results of Olatunji and Adegbite (2014) and Anyaduba and Efionayi(2020) that concluded that value added tax and company income tax have no impact on economic growth. The next hypothetical test showed a positive and significant relationship between value added tax revenue and real gross domestic product. The finding is in consonance with the findings of Onoja and Ibrahim (2020) who examined value added tax and economic growth in Nigeria. It is also in congruence with the conclusions of Okwata and Amori (2017), Egbunike *et al* (2018) and Okoli *et al* (2014). However, it does not agree with the results of Olatunji and Adegbite (2014) and Anyaduba and Efionayi (2020) who considered otherwise. We concluded that non-oil tax revenue possesses huge revenue capacity and adequate potentials to drive the economic performance to prosperity. This is predicated on the platform that regulatory adjustment would stimulate the volume of compliance on it. It is therefore recommended that the fiscal policy framework of non-oil tax administration should encompass statutory provisions, more incentives and enhanced institutional capacity to discourage tax evasion and avoidance among corporate entities as to properly tap the potentials in Non-oil tax.

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