ESUT Journal of Accountancy 63
ISSN: 2251-032X Volume 14, Issue 2, Pages 63 - 76: 2024
SELECTED GOVERNMENT LEVIES AND ECONOMIC DEVELOPMENT IN NIGERIA

Selected Government Levies and Economic Development in Nigeria

Ani, Thomas Maduabuchi [1]; Nwabuisi, Anthony Okorie [2]; Oketah, Felix Okechukwu [3]

[1] Department of Accounting,
Southwestern University, Nigeria (SUN)
[2 & 3] Department of Accountancy,
Enugu State University of Science and Technology, Agbani, Enugu State, Nigeria.

aniht55@gmail.com [1]; nwabuisi.okorie@esut.esut.edu.ng [2]; felix.oketah@esut.edu.ng [3]

Abstract

Research Objective: This study investigates the impact of government levies on Nigeria's economic development, focusing on consumption tax, corporate income tax, and other relevant indexes.

Methodology: An ex-post facto research design was employed, analysing seven indexes to determine their effects on Nigeria's Gross Domestic Product (GDP) and Human Development Index (HDI).

Findings: The study revealed that corporate income tax significantly and positively impacts GDP ($\beta = 0.711287$, $p < 0.05$) but has a non-significant negative effect on HDI ($\beta = -0.070596$, $p > 0.05$). Petroleum profit tax showed a positive yet non-significant impact on both GDP and HDI. Conversely, consumption tax negatively influences GDP ($\beta = -0.212366$, $p < 0.05$) and has a non-significant negative effect on HDI.

Conclusion: Government levies, particularly corporate income tax and consumption tax, play a critical role in shaping Nigeria's economic development. However, their effects on GDP and HDI vary significantly.

Recommendations: The study recommends increasing consumer tax rates, reinvesting tax revenues into GDP and HDI improvements, and allocating petroleum profit tax funds to public welfare programs to foster balanced economic development.

***Key words**: Economic Development, Company Income Tax, Government Levels, Human Index, Nigeria.*

1.0 INTRODUCTION

The heart of the country is its economy, and taxes are necessary to keep it running. Development in the economy is encouraged by government levies such as consumption tax, petroleum earnings, and corporation profits. Because of opposition and corruption, raising tax revenue for development initiatives has proven difficult (Akhor, 2016). The foundation of Nigeria's economy is its system of government taxes, and this article looks at how different

levies impact the country's economic growth. The government wants to improve the quality of life for the general people by promoting economic growth, public education, accessible housing, and infrastructural upgrades.

The process of creating wealth for the benefit of the community through the use of real estate, consumption, and sales taxes is known as economic development. It is not just about creating jobs; it is an investment in the economy and the quality of life for all citizens (League of California Cities, 2020). Ani (2022) claims that public schools, affordable housing initiatives, tax breaks, infrastructure, and educational advancements are all ways in which governments try to improve the quality of life for the general populace. A consistent process of economic progress brings about changes in social, political, educational, cultural, and economic norms (Mick, 2007 as referenced in Ani, 2022).

Statement of Problem

This study focuses on corporation income tax, consumption tax, and petroleum profit tax and looks at how these levies affect Nigeria's GDP and human development index. According to the report, Nigeria's GDP and human development index do not fairly represent the quality of life for its people. Government spending is adversely affected by low tax revenue collection, misappropriation of cash, corruption, and inadequate accounting records. Tax avoidance and evasion result in lower government revenue, lower spending, and lower economic activity. The researchers are interested in ascertaining how certain government levies affect Nigeria's economic growth.

Objectives of the Study

The general objective of the study is to determine the effect of selected government levies on economic development in Nigeria. The specific objectives are to:

i. Determine the extent to which company income tax has effect Nigeria's economic development;

ii. Ascertain the responsiveness of economic development to petroleum profit tax in Nigeria; and

iii Examine the effect of consumption tax on Nigeria's economic development.

Statement of the Hypotheses

In order to address the issue raised above, the following null hypotheses shall be tested:

i. Company income tax has not significantly affected economic development in Nigeria;

ii Petroleum profit tax does not significantly impacted economic development in Nigeria; and

iii. Consumption tax does not significantly affect economic development in Nigeria.

2.0 REVIEW OF RELATED LITERATURE

Concept of Company Income Tax (CIT)

A company is a separate legal entity governed by the Companies Act of 1990 and other laws, and it functions autonomously. Businesses in Nigeria that generate between =N=25 million and =N=100 million in income are subject to 20% and 30% tax rates under the Companies Income Tax Act (CITA) of 1990. The Finance Act of 2019 states that businesses with annual revenue of less than =N=25 million are not required to pay company income tax. But according to Ola (2004), the income tax management of Nigerian businesses falls short of acceptable standards, necessitating extensive revisions and a lack of strict control.

Ogbonna & Appah (2016) defined companies income tax as a tax imposed on the profit of companies (excluding profit from companies engaged in petroleum operations) accruing in, derived from, brought into or received in Nigeria in respect of any trade or business, rent, premium, dividends, interest, loyalties and any other source of annual profit. Chigbu & Njoku (2015) denote that company income tax is a tax on profit made by companies. Company income tax was introduced in Nigeria in1961 and administered by the Federal Inland Revenue Services. Since enactment, the law on CIT has passed through a series of amendments and the rate of CIT varies according to operation and size of turnover per annum.

Petroleum Profit Tax (PPT)

Because of the unique position that petroleum holds in the Nigerian economy, the petroleum profit tax is a significant source of income for the government. In order to generate money for the government, this tax, which is governed by the Petroleum Profit Tax Act (1959) as modified, is levied in Nigeria on the profits of oil-producing firms. It gives the government the chance to raise more funds in addition to the other sources of income that are required to pay for its urgent responsibilities. The purpose of the petroleum profit tax, to put it simply, is to raise money to improve the welfare of a nation's citizens, with a particular emphasis on fostering economic development and growth. This is done by ensuring that improved public services are provided and that proper administrative procedures are followed.

According to the definition provided by the Petroleum Profit Tax Act of 1959, petroleum operations in Nigeria include exploration, development, production, and sale. The petroleum profit tax, which is an obligation for corporations that dispose of chargeable oil and gas, is governed by the Act, which was amended in 2007. During an accounting period of one year, corporations involved in petroleum operations are subject to a tax on their profits or income. Taxes provide the government with revenue and are necessary to finance infrastructure development and economic progress.

A government tax levied indirectly on businesses operating in the petroleum industry's upstream sector is known as the Petroleum Profit Tax (PPT) (Bukar, Ali & Mamuda 2018 as referenced Alhassan, Musa & Mahmud, 2020). Leases, dividends, premiums, and profit-sharing clients engaged in prospecting, leasing, and oil exploration are the sources of

its income (Onaolapo, Fasina & Adegbite, 2013). PPT is a significant tax in Nigeria, accounting for 95% of foreign exchange earnings and 70% of total government revenue. For the first five years of operation, the tax rate is fixed at 67.5% (Onyemaechi, 2012).

Consumption Tax Income (CTI)

In Nigeria, value added tax, or VAT, was implemented in 1994 to replace sales tax. With the exception of basic foods, medical supplies, books, newspapers, rent, commercial vehicles, and community services, it was applied to 17 commodities and 24 services. The federal, state, and municipal governments each received a portion of the proceeds. Every level of the production and distribution chain is subject to the multistage consumption tax known as VAT (Bird, 2005). French economist Maurice Faure invented the value-added tax (VAT) in 1954, modelled after the German turnover tax.

VAT is a consumption tax that is levied on domestic consumption at every level of production and distribution, despite its nomenclature (Ebrill, Keen, Bodin, & Summers, 2001). Sellers must charge VAT on all sales and submit an input VAT credit claim. Nigeria now charges a basic VAT rate of 7.5%, up from 5% in 2020. Because of its small tax bases and expensive enforcement, direct taxation is less successful in underdeveloped countries.

Additionally, Gillis (1989b) asserts that VAT is an essential aspect of international tax systems, especially in less developed nations. The efficient provision of infrastructure and effective revenue are the results of implementing VAT. It addresses double taxing of manufacturers, widens the tax base, and stops cascade consequences. A multi-point tax system, value-added taxation (VAT) is only payable when goods or services are enhanced. Refunds of input taxes are given to manufacturers, which lowers their running and manufacturing costs.

Benefit Received Theory

The study makes use of the benefit-received hypothesis, which contends that in order to maintain Nigeria's economic progress, taxpayers and the government should have an interdependent relationship. According to the argument, people who gain the most from government services ought to pay the highest taxes, in proportion to the benefits they receive from government-funded goods and services.

Knut-Wicksell created this theory in 1896, Erik-Lindahl improved it in 1919, and Paul-Samuelson reiterated it a year later (Richard & Peggy, 1973; Bernd, 2000). According to the theory, people tend to pay more taxes when they believe that government initiatives, such as building infrastructure and stimulating the economy, are adequately benefiting them and would enhance their quality of life. However, due to limited access, certain residents might not be assessed or quantified to state-provided services. The benefit theory of taxation emphasises the concepts of equality in taxation and cumulative justice to support taxpayers' payment of taxes. However, because there are no scientific ways to quantify the monetary value of government services, this idea has been challenged for being unrealistically practical.

ISSN: 2251-032X Volume 14, Issue 2, Pages 63 - 76: 2024

In spite of this, the idea is nonetheless helpful to tax managers, legislators, and the government when assessing the advantages of taxing and providing necessary social and economic infrastructure.

Empirical Review

According to Sebastian and Philipp (2021) impact of corporate taxes on economic growth reaches ambiguous conclusions: corporate tax cuts increase, reduce, or do not significantly affect growth. We apply meta-regression methods to a novel dataset with 441 estimates from 42 primary studies. There is evidence for publication selectivity in favour of reporting growth-enhancing effects of corporate tax cuts. Correcting for this bias, we cannot reject the hypothesis of a zero effect of corporate taxes on growth. Several factors influence reported estimates, including researcher choices concerning the measurement of growth and corporate taxes, and controlling for other budgetary components.

Furthermore, George-Anokwuru and Ezaal, (2021) focused on the impact of company income tax on unemployment in Nigeria from 1980 to 2019. The data for this study were sourced from the statistical bulletin of Nigeria's apex bank. The Augmented Dickey-Fuller (ADF) unit root test and Ordinary Least Squares (OLS) methods were used as the main analytical tools. The ADF unit test result revealed stationarity of the variables at order zero which satisfied the requirement to employ the OLS method. The OLS regression result revealed that corporate income tax has a positive and significant relationship with the unemployment rate in Nigeria. Prime lending rate has a negative and significant relationship with the unemployment rate in Nigeria. Inflation rate has a negative and insignificant relationship with the unemployment rate in Nigeria. The study therefore concluded that tax revenue from company income has not been efficiently and effectively used to provide infrastructural facilities and social amenities that will help the different sectors of the economy to function very well thereby reducing unemployment in the country. Based on the results, the study suggested that the government should ensure that revenue from corporate income tax and other sources are efficiently and effectively used to provide infrastructural facilities and social services that will help the different sectors of the economy to function very well, in doing so unemployment will be reduced. The management, administration and implementation of corporate income tax should be done in such a way that it will not hinder investment and employment in the economy. At the same time, ensure accountability and transparency from government officials on the management of revenue derived from company income tax.

However, Akadakpo and Akogo (2022), examined the impact of company income tax on corporate performance. The study used data from twelve (12) listed firms on the Nigerian Stock Exchange, of which data for the study was collected from the annual reports of the companies, and regression analysis was used as a technique for data analysis using SPSS 2020. The data span across ten (10) years from the period of 2011-2020. Findings from the study revealed that Company income tax (CIT) has a positive and significant effect on

ISSN: 2251-032X Volume 14, Issue 2, Pages 63 - 76: 2024

profit after tax (PAT) and returns on equity (ROE). Change in shareholders' funds (CSHF) has a negative yet significant effect on ROE, while CIT has a significant and positive effect on shareholders' earnings. Following the results from the research analysis, the study recommended that the fiscal policy adopted in Nigeria should consider the circumstances surrounding the activities of companies located in the Country and the special role they play in the pursuit of the economic growth of the nation. Tax incentives and positive tax reforms that could reduce the burden and liability of tax on companies in Nigeria should be incorporated in the fiscal policy to encourage their business activities and growing concerns.

Alhassan, Musa, and Mahmud (2020) impact analysis of petroleum profit tax and economic growth in Nigeria with a view of investigating the potential impacts of the revenues from petroleum profit tax on the growth of Nigerian economy on the basis of time series data for the variables such as economic growth proxies by real gross domestic product, petroleum profit tax, non-oil tax revenue and governance proxies by government accountability specified in the estimated models. Upon verifying the stationarity properties of the series of the variables, the study employed Co-integration and fully modified ordinary least squares as the techniques of analysis to reveals: the existence long-run relationship between petroleum profit tax and economic growth in Nigeria; petroleum profit tax impact positively on economic growth at a statistical significant level; governance impact positively on economic growth in Nigeria; while non-oil tax revenue impact negatively on economic growth in Nigeria. The study therefore recommends that: Reviewing the current administration of PPTA in Nigeria to reflect the international standard on the petroleum profit tax Act; According priority to non-oil sector so as to improve government earnings from other non-oil sectors; Deliberate investment of revenue from PPT to develop other non-oil sectors and; Full entrenchment of good governance in the administration of tax system in Nigeria.

Therefore, Sowole, and Adekoyejo (2019) investigated the effectiveness of the VAT system in Nigeria to evaluate its influence on economic development. Meta-analytic results from research on VAT administration in Nigeria assert the importance of an effective tax administration system to assist the Nigerian government diversify its revenue stream. Finding the nexus between effective VAT administration and economic development is the crux of this paper which adopted two constructs to investigate the subject matter (FCR and GDP). The justification stems from the seemingly dearth of nexus in research on the influence of VAT on development and how this tax tool can help the government actualize its departure from a single revenue stream (crude oil). Simple linear regression was employed to analyse data which shows a positive relationship between VAT, FCR and GDP.

Bingilar, and Preye (2020) examined the impact of value added Tax on Economic Growth in Nigeria. Particularly, it is an investigation of value added tax variables (input tax and output tax) and their significant Influence on Economic growth in Nigeria. The study adopted a longitudinal research design. Secondary time series panel data were collected for the period 2009 to 2018 from the statistical Bulletin of the Central Bank of Nigeria (CBN). The data

were analysed using coefficient of determination (R^2), t-test, F-test and Durbin Watson statistics. The dependent variable economic growth was a proxy with gross domestic products (GDP), which was regressed as a function of input Tax and output Tax (independent variables).Two hypotheses were formulated and tested. The results of the analysis shared that both input tax and output tax have positive and significant impact on economic growth. The result shows that VAT contributes significantly to the total tax revenue of the government and by extension the economic growth of Nigeria. VAT revenue growth had a consistent increase though it was not that explosive. To boost tax revenue, VAT should be sustained and boosted. Based on the findings, the study recommended that government should block every Value Added Tax revenue leakage, sensitising the managers of companies operating in Nigeria on the need to remit the VAT revenue collected, proper training of the Federal Inland Revenue staff in charge of VAT revenue collection and finally, putting in place measures to effectively utilise generated VAT revenue for infrastructure and economic development.

Orisadare and Fasoye (2022) examined the effect of VAT on economic growth in Nigeria between 1994 and 2020 using consumer price index (CPI) as a threshold. A technique of Threshold Vector Autoregressive (TVAR) was employed and the results reveal that a VAT above the 10 percent threshold value endangers the economy while a VAT below the 7.59 percent threshold value does not harm the economy; rather, it improves people's well-being. It is therefore recommended that the Nigerian economy should maintain the lower VAT threshold to cushion the effect of ever rising CPI on the citizens.

Egolum, and Celestine (2021) ascertained the effect of Value Added Tax on Economic Development in Nigeria from 1994-2018. Two hypotheses were formulated in line with the objective of the study. Time series research design was adopted and the data for the study were obtained from CBN statistical bulletin, Federal Inland Revenue bulletin and Joint tax board bulletin for the period under study. Pearson coefficient of correlation and simple regression analysis were applied for the test of the hypotheses formulated with aid of EViews 9.0 statistical software. Findings showed that Value Added Tax has a positive and statistically significant relationship with economic development (proxy by Gross Domestic Product and Total Government Revenue) at 5% significance level. Based on these findings, the study recommends among others that the Government should therefore put in place measures to enhance productivity so as to increase the contribution of VAT to economic growth and development in Nigeria.

Cole, Aroyewun, Soetan and Akintola (2021) investigated the relationship between Value Added Tax (VAT) and economic growth in Nigeria from 2004 to 2018. Secondary data obtained from both the Central Bank of Nigeria statistical bulletin and National Bureau of Statistics (NBS) were used for the study, while regression analysis was used to analyse the data obtained. The results showed a positive and significant relationship between value added tax and economic growth in Nigeria. The study recommends that value added tax (VAT)

should be sustained and all identified loopholes should be covered for VAT revenue to continue to contribute more significantly to economic growth in Nigeria.

3.0 METHOD OF STUDY

Ex-post facto design was adopted for the study. It uses annual time series data gathered from the CBN Statistical Bulletin, 2016 and World Bank macrotrends, 2022 and the Federal Inland Revenue Services Gazette for period of 1996 through 2021 fiscal years, secondary data were obtained from the CBN Statistical Bulletin, World Bank macrotrends, and the Federal Inland Revenue Services Gazette. The method of analysis used in this study to determine the effect among the variables is descriptive; coefficients, multiple linear and multivariate regression analysis were applied where the company income tax (CIT), consumption tax (CT), petroleum profit tax (PPT), are the relevant variables. The gross domestic product (GDP) and Human development index (HDI) are the dependent variables.

Model specification

Multiple linear regression analysis was model applied which states that the dependent variable Y is a function of the independent variables, X. mathematically, $Y = f(xi)$. Such that

$GDP_1 = \beta_0 + \beta_1 CIT + \beta_2 PPT + \beta_3 CT + e_t$…….……..…….. (1)

$HDI_2 = \beta_0 + \beta_1 CIT_1 + \beta_2 PPT_2 + \beta_3 CT_3 + e_t$ ……... (2)

$Log(GDP)_1 = \beta_0 + \beta_1 Log(CIT)_1 + \beta_2 Log(PPT)_2 + \beta_3 Log(CT)_3 + e_t$

$Log(HDI)_2 = \beta_0 + \beta_1 Log(CIT)_1 + \beta_2 Log(PPT)_2 + \beta_3 Log(CT)_3 + e_t$

β_0 = intercept which is the value of Y and X values are zero

$LogGDP_1 LogHDI_2$ = (Growth domestic product and Human development index) measure economic development in Nigeria, representing dependent variables (y).

$LogCIT_1$ = Firm income tax represents the independent variable (x)

$LogPPT_2$ = petroleum profit tax represents the independent variable (x)

$LogCT_3$ = Consumption tax represents the independent variable (x)

e_t (error term) measures the probability of statistical error encountered

Decision Rule:

Reject the null hypothesis, If the *P*-value is less than the significance level ($\alpha = 0.05$

Priori Expectation

It is expected that revenue derived from the administration of government levies by the federal government of Nigeria should have a positive and significant effect on the economic development of the country. The theoretical (a priori) expectations about the signs of the coefficients are as follows: $\beta o > o$, $\beta 1 > o$, $\beta 3 > o$, $\beta 4 > o$. It is expected that the sign of the

coefficients of CIT, PPT, CT, should be positive. This is because; an increase in the amount of CIT, PPT, CT will lead to an increase in GDP, and HDI, other factors being equal.

Data Analysis

GDP_1 $HDI_2 = \beta_o + \beta_1 CIT + \beta_2 PPT + \beta_3 CT$

Table: 4.1

Descriptive Statistics on Economic Development and Government Levies

	LOGGDP	LOGINHDI	LOGCIT	LOGPPT	LOGCT
Mean	4.518038	0.478462	5.510615	5.050269	4.102000
Median	4.617000	0.462000	5.676500	5.265500	4.292000
Maximum	5.275000	0.540000	6.400000	6.505000	5.440000
Minimum	3.577000	0.360000	4.342000	3.063000	2.851000
Std. Dev.	0.556625	0.043760	0.667981	1.178692	0.969123
Skewness	-0.330412	-0.361694	-0.315042	-0.496352	-0.124374
Kurtosis	1.795338	3.062402	1.584694	1.820613	1.381186
Jarque-Bera	2.045226	0.571115	2.600107	2.574449	2.905970
Probability	0.359654	0.751595	0.272517	0.276036	0.233871

Source: *Author's Computation Using E-VIEW 8.0 Statistical Software, 2022*

Interpretation

Table 4.1. shows the descriptive statistics for the variables of the study, gross domestic product (LOGGDP) and human development index (LOGHDI), company income tax (LOGCIT), petroleum profit tax (LOGPPT) and consumption tax (LOGCT) have mean value of 4.518038, 0.478462, 5.510615, 5.050269, 4.102000 While median values are 4.617000, 0.462000, 5.676500, 5.265500, 4.292000. The standard deviations are 0.556625, 0.043760, 0.667981, 1.178692 and 0.969123. Which all volatile over time, whereas, Jarque=Bera Statistics, a crucial statistical technique for testing data distribution, reveals that all are normally distributed since >0.05. The significant values of the variables are all non-significant at a 5% level of significance. Skewness coefficient for gross domestic product, human development index, company income tax, PPT and ct are -0.330412, -0.361694, -0.315042, -0.496352, and -0.124374 are all negative skew while Kurtosis revealed, gross domestic product, human development index, company income tax, PPT and ct with 1.795338, 3.062402, 1.584694, 1.820613, 1.381186 all other variables are flatness except HDI which exhibits high degree of peakedness with 3.062402 > 3

Table 4.2 Summary of Multivariate Regression Analysis showing the effect of DCIT, DPPT, DCT, on DGDP and HDI

Dependent Variable	Parameter	B	T	F	Sig
LogHDI	Intercept	0.384	2.703	7.306	0.014
LogCIT		0.028	2.897	8.394	0.009
LogPPT		0.004	0.462	0.214	0.649
LogCT		-0.035	-2.759	7.613	0.012
LogGDP	Intercept	1.005	.969	0.940	.344
LogCIT		.711	10.085	101.712	.000
LogPPT		.050	.804	0.646	.431
LogCT		-.212	-2.278	5.190	.034

R Squared = .665 (Adjusted R Squared = .581)$_a$

R Squared = .890 (Adjusted R Squared = .862)$_b$

Source: *Author's Computation Using SPSS 20 Statistical Software, 2022*

Interpretation

The Multivariate Regression Result in Table 4.2 indicates that the company income tax has a positive significant effect on human development index and gross domestic product as proxies for economic development in Nigeria. The extent of influence employed on company income tax is significant and positive. The adjusted R^2 is 0.581 and 0.862 respectively, this reveals that about 58% and 86% of variations in company income tax could be explained by human development index and gross domestic product while 0.41% and 0.13% could be explained by other factors.

Decision Rule

The P-Value of 0.009 and 0 .000 for human development index and gross domestic product is lower than the p-value of 0.05; H_0 is therefore rejected and accepts the alternate hypothesis. The study concluded that the company income tax has a significant but positive effect on the economic development of sectors in Nigeria.

As proxies for economic progress in Nigeria, the gross domestic product and the human development index are unaffected by the petroleum profit tax, according to the multivariate regression result in Table 4.2. The amount of influence used to affect the petroleum profit tax is negligible and beneficial. According to the adjusted R^2 values of 0.581 and 0.862, respectively, the gross domestic product and the human development index can account for around 58% and 86% of changes in company income tax, whereas other factors can account for 0.41% and 0.13% of the variation.

Decision Rule:

H_0 is consequently accepted and the alternative hypothesis is rejected because the P-Values of 0.649 and 0.431 for the human development index and gross domestic product, respectively, are higher than the p-value of 0.05.The study concluded that the petroleum profit tax has an insignificant but positive effect on the economic development of sectors in Nigeria.

The multivariate regression result in Table 4.2 shows that the consumption tax has an impact on the gross domestic product and the human development index as indicators of economic development in Nigeria. The influence utilised to change the consumption tax is little and advantageous. The gross domestic product and the human development index, with adjusted R^2 values of 0.581 and 0.862, respectively, can explain around 58% and 86% of changes in consumption tax, while other factors can explain 0.41% and 0.13% of the variation.

Making a decision:

H_0 is subsequently rejected and the alternative hypothesis is accepted because the P-Values of 0.012 and 0.034 for the human development index and gross domestic product, respectively, are less than the p-value of 0.05. According to the study's findings, the consumption tax has a small but beneficial impact on Nigeria's economic development.

Discussion of Findings

Result One:

The coefficient and significant value of the gross domestic product were 0.711287 and 0.0000, respectively, while those of the human development index were -0.070596 and 0.6399. Gross domestic product of t-statistics (10.08526) is above two (2) indicating significant as PV = 0.0000 which fell below the test significance level of 0.05. Human development index is showing the opposite result. This information is also available from regression tables above. As a result, we claim that the company income tax has had a beneficial and considerable impact on Nigeria's economic progress while it does on the human development index.

According to (Anisere-Hameed, 2021), corporation income tax has a major impact on Nigeria's economic growth. This analysis supports that finding. Disagree with Ibrahim's conclusion that, from 2011 to 2015, company income tax did not significantly and favourably contribute to Nigeria's economic development.

Result Two:

According to the estimates, the petroleum profit tax has a positive (0.050014) but not statistically significant impact on GDP (0.4310). The coefficient of determination for R^2 is 0.862089. In table 12 above, the findings show that the impact of the petroleum profit tax on HDI is both negative (-0.11540) and insignificant (0.1222). R^2 has a 0.581072 coefficient of determination. Consequently, the tax on petroleum profits has a positive and non significant

impact on Nigeria's economic development ($p > 0.05$). HDI has positive and non-significant effects. This contradicts the research of (Alhassan, Musa, and Mahmud, 2020)

Result Three:

According to the estimates, the consumption tax has a negative (-0.212366) and statistically significant influence on GDP (0.0338). The coefficient of determination for R^2 is 0.862089. In tables above, the findings show that the impact of the consumption tax on HDI is both negative (-0.049532) and non-significant (0.8213). R^2 has a 0.581072 coefficient of determination. This research's findings concur with those of (Bingilar & Preye, 2020; Egolum & Celestine, 2021)

4.0 CONCLUSION AND RECOMMENDATIONS

According to findings of the study, the researcher concluded that company income tax and consumption tax have a positive effect on the gross domestic product but others do not. The result of findings implies that the levies generated by the government do not invest on the gross domestic product and human development index. That causes low development in the country's economy. By implication it would have been the higher the revenue generated the higher the economic development but reverse is the case.

In line with the findings of the study, the researcher recommends that; government should reinvest the funds generated from levies to gross domestic product and human development index; secondly, Money from petroleum profit tax (PPT) should be properly directed to projects that advance the welfare of the populace and finally there is needs to be increased from 7.5% to 10% to significantly and positively impact Nigeria's economic development.

This study has contributed to the knowledge by filling a time gap through the extension of this study to 2021. This gap is very important in view of current happenings in the economy (Government efforts to come out of economic recession and implementation of various tax policies). The study also employed more variables which were modelled to get the true picture of tax revenue in the Nigeria economy and also investigated the deficiency in the findings of previous researchers on the impact of tax revenue on Nigerian economic growth.

This study contributes towards a better understanding of the effect of government levies on economic development. It has contributed to solving the problem of disagreement among other researchers. Model specification on multivariate regression used in this study is another contribution to the study.

References

Akadakpo, B. A. & Akogo, O. U. (2022). Impact of company income tax on corporate profitability in Nigeria. *Indian Journal of Finance and Banking*, 9 (1)

Akhor, S. O. (2016). Impact of tax revenue on economic growth in Nigeria (An unpublished M.Sc. thesis). Department of Accounting, University of Benin, Nigeria.

Alhassan, M. A., Musa, S. I, & Mahmud, S. (2020). Impact analysis of petroleum profit tax and the economic growth in Nigeria: 1985-2019. *International Journal of Academic Accounting, Finance & Management Research* 4(10), 59-68

Ani, T. M. (2023). Selected government levies and economic development in Nigeria (An unpublished Ph.D. thesis). Department of Accounting, Enugu State University of Science and Technology Enugu, Nigeria.

Anyanwu, J. C. (1997). *Nigerian Public Finance*. Onitsha: Joanne Educational Publishers.

Azaiki M, & Shagari I (2007). Oil, gas and life in Nigeria. Ibadan: Y – Books, Education Publishers limited.

Bawa, S. & Mohammed, J.A. (2007). Natural resources abundance and profitability of oil and gas firms in Nigeria in Nigeria. Central. Bank Nigeria. *Economic Review*, 45(3).

Bingilar P. F. &Preye E. G. A. (2020). Impact of value added tax on economic growth in Nigeria evidence from 2009 – 2018. *Journal of Business and African Economy*, 6(1) www.iiardpub.org

Bird, R. (2005). Value-Added Taxes in developing and transitional countries: Lessons and Questions. Andrew Young School of Policy Studies, Georgia State University, *International Studies Program Working Paper.* 2005 June, 05.

Chigbu, E. E. & Njoku, C.O. (2015).Taxation and the Nigerian Economy (19942012).*Management Studies and Economic Systems (MSES),* 2 (2), 111-128.

Cole, A. A., Aroyewun, B. O., Soetan, T. A., & Akintola, A. F. (2021). Value added tax and economic growth in Nigeria 2004-2018. *American Journal of Multidisciplinary Research & Development* 03(12), 09-13

Ebrill, L., Keen, M., Bodin, J.-P., & Summers, V. (2001). *The Modern VAT*. Washington, D.C.: International Monetary Fund.

Egolum, P. U. & Celestine U. U. (2021). The effect of value added tax on economic development in Nigeria (1994-2018). *IOSR Journal of Humanities and Social Science* 26(5), 21-30, www.iosrjournals.org

George-Anokwuru, C. C. & Ezaal, O. (2021). Company income tax and unemployment in Nigeria. *South Asian Journal of Social Studies and Economics*, 9(2), 35-41.

Gillis, M. (1989b). Tax reform: Lessons from Postwar Experience in Developing Nations. In M. Gillis (Ed.), *Tax reform in developing countries* (493-521). Durham: Duke University Press.

James, K. (2015). *The Rise of the Value Added Tax*. New York: Cambridge University Press.

League of California Cities, (2020). What is economic development? Retrieved from https://caled.org/economic- development-basics/, 2022 June, 18.

Madugba, J. U., Ekwe, M. C. & Kalu, J. M. (2015). Corporate tax and revenue generation: Evidence from Nigeria. *Journal of Emerging Trends in Economics and Management Sciences,* 6(5), 333-339.

Odusola, A. (2006). *Tax policy reforms in Nigeria. World institute for Development, Economics and Research.* Retrieved from http/www.wide.unu.edu

Ogbonna, G. N, & Appah, E. (2016). Effect of Tax Administration and Revenue on Economic Growth in Nigeria. *Research Journal of Finance and Accounting.* 7(13).

Onaolapo, A.A., Fasina, H.T. & Adegbite, T.A. (2013). The analysis of the effect of petroleum profit tax on the Nigerian Economy. *Asian Journal of Humanities and Social Sciences,* 1(1), 1-12.

Onyemaechi J. O. (2012). Economic Implications of Petroleum Policies in Nigeria: An Overview.

Orisadare, M. A., & Fasoye, K., (2022). The effect of value-added tax on economic growth of Nigeria. *African Journal of Economic Review,* (AJER), 10(1), 158-169.

Sowole, O. E. & Adekoyejo, M. O. (2019). Influence of value added tax on economic development (The Nigeria Perspective). Journal of Accounting and Management (JAM), 9(3), 35-43