International Journal of Trend in Scientific Research and Development (IJTSRD)
Volume 6 Issue 1, November-December 2021 Available Online: www.ijtsrd.com e-ISSN: 2456 – 6470

Effect of Indirect Taxation on Economic Development of Nigeria

Ezu, Gideon Kasie PhD; Jeff-Anyeneh Sarah. E. PhD

Department of Banking and Finance, Nnamdi Azikiwe University, Awka, Nigeria

ABSTRACT

This study examined the effect of indirect taxation on economic development of Nigeria. The specific objectives were to; evaluate the effect of petroleum profit tax on the real gross domestic product of Nigeria, examine the impact of company income tax on the gross domestic product of Nigeria and determine the impact of value added tax on the real gross domestic product of Nigeria. The study adopted ex-post facto research design. The study made use of secondary data obtained from the Central Bank of Nigeria Statistical Bulletins for the relevant years. The hypotheses were tested using granger causality statistical tool. The following findings were made for this study: Petroleum profit tax has no significant effect on the gross domestic product of Nigeria. Company income tax has significant effect on the gross domestic product of Nigeria and value added tax have significant effect on the gross domestic product of Nigeria. The study concluded that; about 96% changes in the dependent variable are explained by the independent variable. The study recommends that Government should make available more non-interest loans available to farmers as a way of diversifying the economy from its over dependency in the oil sector, and that strict penalties should be meted to people who avoid and evade tax payments in order to minimize the incidence of tax evasion and tax avoidance.

***KEYWORDS:** taxation, revenue, industrialization, unemployment*

***How to cite this paper**:* Ezu, Gideon Kasie | Jeff-Anyeneh Sarah. E. "Effect of Indirect Taxation on Economic Development of Nigeria" Published in International Journal of Trend in Scientific Research and Development (ijtsrd), ISSN: 2456-6470, Volume-6 | Issue-1, December 2021, pp.417-425, URL: www.ijtsrd.com/papers/ijtsrd47781.pdf

Copyright © 2021 by author(s) and International Journal of Trend in Scientific Research and Development Journal. This is an Open Access article distributed under the terms of the Creative Commons Attribution License (CC BY 4.0) (http://creativecommons.org/licenses/by/4.0)

INTRODUCTION

The whole essence of tax revenue, according to Anwe (2014) is to generate revenue to advance the welfare of the people of a nation with focus on promoting economic growth and development of a country through the provision of basic amenities for improved public services via proper administrative system and structures. Tax revenue plays a crucial role in promoting economic activity, growth and development. Adereti, Sanni and Adesina (2011) state that through tax revenue, government ensures that resources are channeled towards important projects in the society, while giving succor to the weak.

The role of tax revenue in promoting economic activity and growth may not be felt if poorly administered. This calls for a need for proper examination of the relationship between revenue generated from taxes and the economy, to enable proper policy formulation and strategy towards its efficiency.

A country's tax system is a major determinant of other macroeconomic indexes, specifically, for both developed and developing economies; there exists a relationship between tax structure and the level of economic growth and development. Indeed, it has been argued that the level of economic growth has a very strong impact on a country's tax base and tax policy objectives vary with the stages of development. Similarly, the economic criteria by which a tax structure is to be judged and the relative importance of each tax source vary over time. For example, during the colonial era and immediately after the Nigeria's political independence in 1960, the sole objective of tax revenue was to raise revenue. Later on, emphasis shifted to the infant industries protection and income redistribution objectives. Many countries impose taxes at the national level, and a similar tax may be imposed at state or local levels.

1.1. Statement of the Problem

The impact of the Nigerian tax system on businesses has been a matter of increasing interest and concern to many persons. Tax policies and the structure of taxation in Nigeria is resulting to multiple taxation on businesses, forcing most businesses to run into losses

or collapse. Businesses make numerous decisions daily. Their inability to make the right decisions can result in their failure. Since taxation is a liability businesses have to incur, businesses are faced with the option of managing their tax liabilities in such a way their tax burden is reduced. Their inability to effectively manage taxation brings about negative effects on the financing, investment and dividend decisions of the business.

Multiple taxation and high tax rates are challenges facing businesses in Nigeria today. Tax liabilities pose two issues for a business. First each and every tax required of a business is just another business expense. An increase in tax has the same effect as would a raise in cost of goods. Ministries, departments, and agencies (MDAs) suffer from limitations in manpower, money, tools, and machineries to meet the ever increasing needs of individual taxpayers. As a matter of fact, the negative attitude of most tax collectors can be linked to poor remuneration and motivation. Also, it has been noted that that staff are not provided with regular training to keep them ahead of developments in tax related matters. This makes the administration of taxes in terms of coverage and assessment very weak. This necessitates the essence of the study on the effect of tax as a tool for economic growth in Nigeria.

1.2. Objectives of the Study

The broad objective of this study is to examine the effect of indirect taxation on economic growth of Nigeria. The specific objectives are as follows:

1. To evaluate the effect of petroleum profit tax on the real gross domestic product of Nigeria.
2. To examine the impact of company income tax on the real gross domestic product of Nigeria.
3. To determine the impact of Value added Tax (VAT)on the real gross domestic product of Nigeria.

1.3. Research Hypotheses

HO_1: Petroleum profit tax does not have significant effect on the real gross domestic product of Nigeria.

HO_2: Company income tax does not have significant effect to the real gross domestic product of Nigeria.

HO_3: Value added Tax (VAT) does not have significant effect to the real gross domestic product of Nigeria.

2. REVIEW OF RELATED LITERATURE

Concept of Taxation

Taxation is the act of laying a tax, i.e., the process by which a local, state and central government, through its law-making body, raise revenue to defray the necessary expenses of the government. According to Anyanwu (2017), taxation can be defined as the compulsory transfer or payment (or occasionally of goods and services) from private individuals or groups to the government. The purpose and importance of taxation is to raise funds with which to promote the general welfare and protection of its citizens, and to enable it to finance its multifarious activities and to redistribute wealth and management of the economy (Jhingan 2014, Bhartia, 2019; Ola (2011) cited in Ogbonna and Ebimobowei,2012). Tax is that enforced proportional contributions from persons and property levied by the law-making body of the state for the support of the government and all private needs.Roja (2011) in his article titled The True Nature of Taxation narrated that nobody likes paying their taxes. However, as the adage about "death and taxes" conveys, there is a sense that taxes are as legitimate and as inevitable as death itself. Tax is a lawful and inevitablelevy imposed on a subject or upon his property by the government to provide security, social amenities and create conditions for the economicwell being of the society (Appah and Oyandonghan, 2011, Appah, 2014).

Forms of Taxes

Personal Income Tax: It is a tax levied on an individual earned income during a certain period of time usually a year. In Nigeria and other developing countries, personal income tax constitutes a little percentage of total government revenue. This form of taxes is usually known as PAYE (pay as you earn). In assessing personal income tax, certain allowances are granted in respects of family circumstances.

Company Income Tax: It is levied on the net profit of companies. One of the main advantages of a company tax is that, it is easier comparatively to collect. This is due to the fact that companies are clearly identifiable and they keep accurate accounts on which they are taxed. In Nigeria, where there is a federal system of government, allowances are granted for expenditure on the capital equipment for plant and machinery and initial expenditure on mines and plantations.

Companies Income Tax (CIT) is tax on the profits of incorporated entities in Nigeria (Wooldridge, 2006). It also includes the tax on the profits of non-resident companies carrying on business in Nigeria. The tax is paid by limited liability companies inclusive of the public limited liability companies. It is therefore commonly referred to as corporate tax.

CIT was created by the Companies Income Tax Act (CITA) 1979 and has its root from the Income Tax Management Act of 1961. It is one of the taxes administered and collected by the Federal Inland Revenue Service ('FIRS' or 'the Service'). The tax contributes significantly to the revenue profile of the

Service. In 2016, the revenue target for Companies Income Tax is N1.877 trillion representing approximately 40% of the total projected tax revenue of N4.957 trillion for the year.

Company income tax (occasionally called corporate tax) is a tax levied on the profit of all companies operating within Nigeria. In the 1980s, the tax rate was 45% of the companies' declared profits, but this has now been reduced to 30%.Supporting this, Adereti, et al (2011) and Umo (2012) argued that this tax is payable for each year of evaluation of the profits of any corporation at a rate of 30%.It is governed by Company Income Tax Act (CITA)1979 as amended. Put differently, Company Income Tax Act,1990 is the current enabling law that governs the collection of taxes on profits made by companies operating in Nigeria. It is relatively easy to collect as a result of government persistence on the submission of tax certificates in respect of any official responsibility from administration by corporations. This tends to promote obedience. However, the administration of companies' income tax in Nigeria does not measure up to appropriate standards. If good old tests of equity, certainty, convenience and administrative efficiency are applied, Nigeria will score low considering the following points: due to poor monitoring, people in the self-employed and unquoted private companies group evade tax.

In a study conducted by Festus and Samuel (2017) on company income tax and the Nigerian economy, they concluded that company income tax is a chief source of revenue but non-compliance with tax laws and regulations by tax payers is deep in the system because of weak control. There is the need for a general tax reform in the country's system of company income tax.

Petroleum Profit Tax

This is a tax imposed on the profit of oil producing companies in Nigeria. That is, the petroleum profit tax is subject to any occupant or resident company or anyone in charge of a nonresident company who are exploring petroleum or producing it. This also includes any liquidator, recipient, or agent of liquidator or recipient of any corporation carrying on petroleum operations in Nigeria. It is regulated by Petroleum Profit Tax Act (1959) as amended.

Akintoye and Tashie (2013) argued that petroleum profit tax is singled out because of the significance of oil in the Nigerian public revenue performance. It is the most significant tax in Nigeria in terms of its share of 95% of government revenue and 70% of total foreign exchange earnings. Therefore, it has become a significant source of revenue because of the extraordinary position which petroleum occupies in the Nigerian economy. The main problem or difficulty of this source of revenue is the variation resulting from price fluctuation of crude oil prices in the international market. The Petroleum Profit Tax Act (PPTA) is the tax law responsible for the governing of the taxation of companies engaged in petroleum operations (Adedeji and Oboh, 2017). The Act defines petroleum operations as "the winning or obtaining and transportation of petroleum or chargeable oil in Nigeria by or on behalf of a company for its own account by any drilling, mining, extracting or other like operations or process, not including refining at a refinery, in the course of a business carried by the company engaged in such operations, and all operations incidental there to and sale of or any disposal of chargeable oil by or on behalf of the company". The definition is applicable to the upstream sector of the petroleum industry; hence, only companies in the upstream sector are charged with petroleum profit tax (PPT).The importance of taxation on petroleum profits cannot be overemphasized as tax revenue derived from tax in petroleum profits contributes, largely, to the total tax revenue available to the Nigerian government.

Effect of Taxation on Economic Growth

It is evident that the taxes generated as revenue has not reached the level of income from oil sector despite the efforts of Nigerian government. Its implementation has been a bane due to lack of commitments to target objectives, leakages, wastages, endemic corruption and the vast unorganized informal sector. A comparative review of tax revenue as a percentage of Gross Domestic Product (GDP) of some African countries between the period 2009 and2012 indicate that Nigeria has the lowest tax revenue as a percentage to GDP (World Bank,2014).

Desai, Foley and Hines (2004), postulate that governments have at their disposal many tax instruments that can be used to finance their activities. These taxes include personal and corporate income taxes, sales taxes, value added taxes, capital gain taxes and numerous others. It is not uncommon for a country to impose all of these taxes simultaneously. In determining tax instruments to be used and the rates to be imposed, governments are typically influenced by their expectations of the effects of taxation on investment and economic activities; including Foreign Direct Investment (FDI). They stated that high corporate income tax rates are associated with low levels of FDI. Also, the high tax rate on company income tax is associated with reduced foreign direct investment by multinational organizations.

Appah (2014), investigated the impact of tax reforms on economic growth of Nigeria for the period 1994 – 2009.The study adopted petroleum profit tax, company income tax, value added tax, education tax, personal income tax and customs and excise duties (independent variables) and Gross Domestic Product (GDP) as the dependent variable. The Augmented Dickey-Fuller was used to examine the unit root test and the Johansen's Co-integration test and Error correction technique was also adopted to run the regression analysis. It was discovered that there is a positive relationship between tax revenue and economic growth of Nigeria. They argued that 54% variation in the dependent variable (GDP) is as a result of change in tax revenue and that there exists long run equilibrium relationship between GDP and the independent variables. The Augmented Dickey-Fuller test conducted on the variables showed that all the series were stationary at 1(1) and that the series were significant between 1 and 5 percent except for companies' income tax and customs and excise duties that were significant at 5percent.

TAXATION PRINCIPLES

Board Basing: Taxes should be spread over as wide as a possible section of the population, or sectors of the economy, to minimize the individual tax burden.

Compatibility: Taxes should be coordinated to ensure tax neutrality and overall good governance.

Convenience: Taxes should be enforced in a manner that facilitates voluntary compliance to the maximum extent possible. Bhartia (2014) noted that the time of payment, the manner of payment, the quality to be paid ought to all be clear and plain to the tax payer and every other person.

Earmarking: Tax revenue from a specific source should be dedicated to a specific purpose only when there is a direct cost – and- benefit link between the tax source and the expenditure, such as the use of motor fuel tax for road maintenance and also education tax for buying educational materials. However, what we are experiencing today in Nigeria is fiscal indiscipline, corruption and misappropriation of funds.

Efficiency: Tax collection efforts should not cost an inordinately high percentage of tax revenue. This principle seems to be lacking in Nigerian tax system. World Bank Report says that for every N100 that business has to pay in taxes, they pay about N30 in compliance costs. According to the minister of finance Okonjo-Iweala, this is a waste of capital.

Equity: Taxes should equally burden all individuals or entities in similar economic circumstance. Equity Principle states that tax payer should pay the tax in proportion to his income (Ogbonna and Ebimobowei, 2012)

Neutrality: Taxes should not favour any one group or sector over another, and should not be designed to interfere with or influence individual decisions making.

Predictability: Collection of taxes should reinforce their inevitability and regularity.

Restricted Exemptions: Tax exemptions must only be for purposes (such as to encourage investment) and for a limited period.

Simplicity: Tax assessment and determination should be easy to understand by an average tax payer. On both equity and simplicity principles, Anyanfo (1996) "states that it is only when a tax is based on the tax payer's ability to pay can it be considered equitable or just". He argued that tax law should be transparent.

Appah, (2014); Jhingan (2014) and Bhartia (2014) pointed out that every tax should be economical for the state to collect and the taxpayer to pay. In Nigeria, paying tax and doing business is not cost-effective.

Tosun and Abizadech (2005) carried out a study on the impact of tax revenue on economic growth using modified stlouise model. The study Reveal that economic growth measured by GDP per capita has a significant effect on the tax mix of GDP per capita.

Arnold (2011) studied Long run relationship between economic growth and taxes in Canada, using St louise equation. The following findings were made for this study: Petroleum profit tax has significant effect on the gross domestic product of Nigeria.

Okafor (2012) carried a study on the Effect of taxation on economic growth in Nigeria. The study adopted Ordinary least square (OLS) regression analysis technique. The regression result indicated a very positive and significant relationship between the components of tax revenue and the growth of the Nigeria economy.

Adereti, Sanni and Adesina (2011) studied the Impact of Direct and Indirect Tax on the Nigerian Economic Growth in Nigeria, using Simple regression analysis and descriptive statistical method. The findings showed a positive and significant correlation exists between VAT Revenue and GDP. Both economic variables fluctuated greatly over the period though VAT Revenue was more stable. No causality exists between the GDP and VAT Revenue, but a lag period of two years exists.

Akwe (2014) carried out study on the impact of tax revenue on the Nigerian economy. The study adopted co-integration and granger-causality test analysis. The

result from the test shows that there exists a positive impact of Non-oil Tax Revenue on economic Growth in Nigeria.

Onaolapo, Aworemi, and Ajala (2013) studied The impact of VAT on the economic growth of Nigeria. The Error Correction Mechanism and Cointegration technique was adopted as methodology of the study. The findings showed that Value Added Tax has statistically significant effect on revenue generation in Nigeria.

Ogbonna and Ebimobowei (2012) studied the impact of Non-oil tax Revenue on Economic Growth from 1993 to 2012 in Nigeria, using Tests of Breusch-Godfrey Serial Correlation LM, White Heteroskedasticity, Ramsey RESET, JarqueBera, Johansen Co-integration and Granger Causality. The results show that there exists a long run equilibrium relationship between economic growth and petroleum profit tax. It was also found that petroleum profit tax does granger cause gross domestic product of Nigeria.

Worlu and Emeka (2012) carried out a study on the effect of tax revenue on economic growth of Nigeria. The study used 3-stage least squares method of econometrics. The results showed that tax revenue stimulates economic growth through infrastructural development. Meanwhile, tax revenue has no self-governing effect on growth through the development of infrastructural and foreign direct investment.

Saheed, Abarshi and Ejide (2014) examined Non-oil revenue and its effect on economic growth using Granger casuality test. The result showed that a strong positive association existed between domestic consumption, petroleum profit tax, government policy and economic growth.

Jones, Ihendinihu and Nwaiwu (2015) examined the Impact of taxes on economic growth in Nigeria. The OLS econometrics method and the Error Correction Method was adopted for the study. The result showed that total revenue has long and short run equilibrating relationship with economic growth in Nigeria.

3. METHODOLOGY

3.1. Research Design

This study seeks to apply ex-post facto research design to study the effect of tax revenue on economic growth in Nigeria. The use of mathematical and statistical techniques including models. Quantitative research mainly explores objective relationships among variables in a particular study. Using quantitative research methodology for this is clearly in line with Cooper and Schandler (2011) who explained that the approach allows for the use of numerical facts and model specification. Also, the ex-post facto research design will be adopted because the study will involve the use of data on variables which the researcher cannot change or manipulate (Onwumere, 2019).

3.2. Sources of Data

This research made use of purely secondary data. For the purpose of this study, data was accumulated for the following variables; petroleum profit, company income tax and Value added Tax (VAT) which were used to proxy tax revenue, while gross domestic product, was used to proxy economic growth. Clearly, all these constitute secondary data. These data were sourced from the Central Bank of Nigeria (CBN) publications, and National Bureau of Statistics (NBS) annual publications.

Model Specification

The specification of the model involves the determination of the dependent and independent variables that are included in the model. It expresses the mathematical relationship that exists between the dependent and the independent or explanatory variables. Following a detailed review of previous studies and improving upon the theory, the study adapted a model from previous study conducted by Akaa and Eya, (2017). This is expressed as below:

GDP= b0 + b1PIT t-1 + b2CIT t-1 + b3PPT t-1 + b4VAT t-1 + U t…………….. (1)

Where
GDP = Gross Domestic Product
PIT = Personal Income Tax
CIT = Companies Income Tax
PPT = Petroleum Profit Tax
VAT = Value Added Tax

Ut = Error (stochastic) term that covers other sources.

For the purpose of this study however, the researcher adopted three variables of non tax revenue as the independent variables and also retained real GDP as the dependent variable. The new model is shown below as:

Model

GDP= b0 + b1VAT t-1 + b2CIT t-1 + b3PPT t-1 + U t…………….. (2)

4. DATA PRESENTATION

Table 4.1: Gross domestic product, Petroleum Profit Tax, Company Profit Tax, Value Added Tax from 2000 -2020

YEAR	GDP	VAT	PPT	CPT
2000	23,688.28	1,508.41	20,128.90	94,300.0
2001	25,267.54	2,015.42	23,844.50	101,000.0
2002	28,957.71	4,251.52	24,085.80	110,100.0
2003	31,709.45	4,585.93	33,189.30	116,300.0
2004	35,020.55	4,935.26	57,990.20	134,600.0
2005	37,474.95	6,032.33	31,450.80	134,600.0
2006	39,995.50	7,513.30	20,827.20	193,100.0
2007	42,922.41	8,551.98	24,770.50	263,300.0
2008	46,012.52	10,100.33	20,730.60	382,300.0
2009	49,856.10	11,625.44	28,078.80	328,600.0
2010	54,612.26	13,048.89	41,329.19	545,700.0
2011	57,511.04	14,037.83	35,020.55	875,300.0
2012	59,929.89	15,816.00	37,474.95	89,700.0
2013	63,218.72	16,816.55	39,995.50	99,700.0
2014	67,152.79	18,018.61	42,922.41	207,400.0
2015	69,023.93	19,636.97	46,012.52	432,300.0
2016	67,931,2	21,523.51	49,856.10	489,200.0
2017	68,490,98	23,952.55	54,612.26	389,500.0
2018	69,799,941	27,371.30	57,511.04	479,200.0
2019	71,386,287	26,153.95	56,243.25	513,261.0
2020	74,489,201	27,334.45	57,666.67	584,677.0

SOURCE: Compiled from data obtained from Central Bank of Nigeria Statistical Bulletin 2020

4.1. Test of hypothesis

Restatement of Hypothesis one

HO_1: Petroleum profit tax does not have significant effect on the real gross domestic product of Nigeria.
HI_1: Petroleum profit tax has significant effect on the real gross domestic product of Nigeria.

Table 4.2a: Granger Causality for Petroleum Tax and Gross Domestic Product

Null Hypothesis:	Obs	F-Statistic	Prob.	Remarks
PPT does not Granger Cause GDP	30	0.04086	0.9600	No Causality
GDP does not Granger Cause PPT		0.12240	0.8853	No Causality

Source: Computer analysis using E-views 9.0.

The P-value of 0.9600 for the F-statistic in Table 4.2a is greater than 0.05 and against the hypothesis decision criteria. To this effect, the null hypothesis that Petroleum profit tax has no significant effect on gross domestic product would not be accepted.

Restatement of Hypothesis Two

HO_2: Company income tax does not have significant effect to the real gross domestic product of Nigeria.
HI_2: Company income tax has significant effect to the real gross domestic product of Nigeria.

Table 4.2b: Granger Causality for Company Tax and Gross Domestic Product

Null Hypothesis:	Obs	F-Statistic	Prob.	Remarks
CPT does not Granger Cause GDP	30	0.00083	0.0059	Causality
GDP does not Granger Cause CPT		0.71379	0.4140	No Causality

Source: Computer analysis using E-views 9.0

The P-value of 0.0059 for the F-statistic in Table 4.2b is less than 0.05 which showed that company profit tax has casual effect on gross domestic product, while the second table of P-value of 0.4140 is greater than 0.05 Significant value, which shows that GDP has no corresponding casual effect on company profit tax. This shows that there is one-way causality between the variables. In the light of this, the null hypothesis that company profit tax has significant effect on gross domestic product is accepted while the null hypothesis is rejected.

Restatement of Hypothesis Three

HO_3: Value added Tax (VAT) does not have significant effect to the real gross domestic product of Nigeria.
HI_3: Value added Tax (VAT)has significant effect to the real gross domestic product of Nigeria.

Table 4.2c: Granger Causality for Value Added Tax and Gross Domestic Product

Null Hypothesis:	Obs	F-Statistic	Prob.	Remarks
EDB does not Granger Cause EXR	30	0.31771	0.0307	Causality
EXR does not Granger Cause EDB		0.02622	0.0042	Causality

Source: Computer analysis using E-views 9.0

The P-value of 0.0307 for the F-statistic in Table 4.2c is less than 0.05 and against the hypothesis decision criteria. This shows that value added tax has causal effect on gross domestic product. Also, the P-value of 0.0042 is also less than 0.05 significance values, hence it showed that gross domestic product also significantly affect value added tax in Nigeria. The result shows a two-way causal effect between the variables of the study. Consequently, the null hypothesis that value added tax has no significant effect on gross domestic product would not be rejected. And we conclude that value added tax has a significant effect on gross domestic product

Discussion of Findings

The result of the findings showed that petroleum profit tax does not significantly affect the growth of real gross domestic product in Nigeria. This finding is astonishing, given the over dependency on oil sector for revenue generation in Nigeria. The finding negates the apriori expectation of the study which showed a significant effect of petroleum profit tax on gross domestic product. The finding also disagrees with the finding of Adaramola, and Ayeni-Agbaje (2016) which also found a significant effect of petroleum profit tax on gross domestic product.

The second result showed that company profit tax has significant effect on Gross domestic product for the period under study. This finding is a confirmation of the pre-expectation of the study which stated a significant effect of company profit tax on gross domestic product. The finding also confirms the finding of the conducted by Cornelius, Ogar and Oka (2016) which also found a significant effect of company profit tax on gross domestic product.

Conclusion

The role of tax in developing a nation's economy has been described as irreplaceable. Some economic analyst suggested that taxation remains a strong socio-political and economic tool for economic growth and national prosperity, but. Though, the issue of tax leakages is a global concern which Nigerian situation cannot be exempted as a result of the scale of corruption practices in Nigeria. Taxation is one of the most reliable sources of income which contribute to economic development. From the findings, the study therefore concludes that tax revenues have significant impact on Nigerian economic growth for the period under review.

Recommendations

1. Government should provide infrastructure facilities like good road, railway, constant light etc in order to minimize cost for companies and enable companies grow.
2. Strict penalties should be meted to people who avoid and evade tax payments in order to minimize the incidence of tax evasion and tax avoidance.
3. Government should make efficient use of tax revenue. Tax revenue collected should be efficiently used and not wasted or channeled into private pocket.

REFERENCES

[1] Abdulrasheed, R. (2010). *Income Tax Law and Practice in Nigeria*. Heinemann Educational Books (Nig) Plc, Ibadan.

[2] Adaramola, and Ayeni-Agbaje (2015). Taxation and Economic Growth.*National Tax Journal* 49.4: 617 – 642.

[3] Adebao, G. (2019). The Problems of tax planning and administration in Nigeria: The Federaland State Governments experience. *International Journal of Labor and Organizational Psychology,* 4(1),1-14.

[4] Adedeji, E. &Oboh, J. (2017).Taxation and economic growth.*National Tax Journal, 49* (4), 617-642.

[5] Adegbie, B. &Faskile, N (2011). Boosting revenue generation by state governments in Nigeria: The Tax Consultants option revisited. *European journal of social science*, 8(4), 532 – 539.

[6] Adereti, J.U.B, (2016). Challenges of Tax Authorities Tax Payers in the Management of Tax

[7] Adereti, M. Sanni, E. &Adesine, M. (2011). Impact of petroleum profits tax on economic development of Nigeria. *British journal of*

economic finance and management sciences, 5(2), 60 70.

[8] Akaa, G. and Eya, G (2017). The relevance of accounting and auditing Standards in corporate financial reporting in Nigeria: Emphasis on compliance. *The Nigerian Accountant,* 39 (4), 45-53.

[9] Akintoye, M.S. &Tashie, S. (2013). Economic growth and tax components: an analysis oftax change in OECD. *Applied Economics, 37* (19), 2251-2263.

[10] Akwe, H. L. (2014). Modern economics analytical study of microeconomics, macroeconomics, money and banking, public finance. *International Economics and Economics of Growth and Development*, 32(9), 21-36.

[11] Angahar, E. and Alfred, S. (2012). The Problems of Tax Planning and Administration in Nigeria: The Federal and State Governments Experience. *International Journal Lab. Organization Pscyhol.*4(1-2), 1-14

[12] Anyanfo, W.T (1996). *Public Finance and taxation*. Jocume Publishers,Benin.

[13] Anyanwu, J.C., (2017). *Nigerian Public Finance*. Joanne Educational Publishers, Onitsha.

[14] Appah, E. J. and Oyandogban, W. (2011).The challenges of tax mobilization and management in the Nigerian economy. *Journal of business administration management*, 6(2),128 – 136.

[15] Ariwodola, E, (2014). *Principles and Practice of Nigerian Taxation*. Ezevin Mint Printers and Publishers, Port Harcourt.

[16] Arnold, J.M. (2011). Tax Policy for economic recovery and growth. *Economic journal*, 121(5), 59-80.

[17] Arnold, J.M., (2011). Tax policy for economic recovery and growth. Illinois: Richard Irwin Inc.

[18] Asterious, E and Hall, M. (2010).The Challenges of Tax Mobilization and Management in the Nigerian Economy. *Journal of Business Administration Management*, 6(2), 128 – 136.

[19] Atkinson, J. (2015). *Taxation and economic development in India*. New York: Fredrick A. PraegerInc.

[20] Bhartia, J. O. (2014). Partnership taxation in Nigeria. *ICAN Student Journal, 9(2),* 15 - 17.

[21] Chigbu, E.E, (2014). An empirical study in the casualty between economic growth and taxation in Nigeria. *Current Research journal of economic theory.* 4(2), 29 – 38.

[22] Chude, Y, & Chude, R.H. (2015).Tax structure and Economic Growth. *Journal of public economics,* 89(3): 1027 – 1043.

[23] Cooper, K. and Schandler, E. (2011).Quality of Financial Reporting: Evidence from the listed Saudi nonfinancial Companies", *The International Journal of Accounting*, 38, 41–69.

[24] Cornelius, H, Ogar, S and Oka, G. (2016). Tax Revenue and Economic Growth: An Empirical Analysis for Nigeria. *Journal of World Applied Sciences*, 10(11)

[25] Dandago, K. I., &Alabede, J. O. (2018).*Taxation and tax administration in Nigeria*. Kano:Triumph Publishing Company Limited.

[26] Desai, R, Foley, F and Hines, N (2004) Taxation and Development. *Journal of Economic Literature*, 31(2), 762 – 830.

[27] Dwivedi, D.N. (2014). *Managerial Economics. 6th Edition*, Vikas Publishing House PVT Ltd, New Delhi

[28] Ekine, O., (2011). Public Finance in a Developing Economy: The Nigerian Case. Department of Banking and Finance, University of Nigeria, Enugu Campus. Enugu.

[29] Emekekwue, J.C. (2016).*Monetary Economics: Theory, Policy and Institutions*. Hybrid Publishers, Onitsha

[30] Emmanuel, M and Charles, O. (2015). Boosting Revenue Generation by State Governments in

[31] Erik-Lindhal, M.Z. (1919). The role of accounting in the East Asian financial crisis: lessons learned? *Transnational Corporations,* 7(3), 1-52.

[32] Eyisi, K., Oleka, K. and Bassey, R. (2015). Empirical evidence on the depth of corporate information disclosure in developing countries: The case of Jordan, *International Journal of Commerce and Management,* 12 (3 & 4), 122-155.

[33] Guajarati, B, Porter, D. and Gunasekar, U (2012). The determinants of voluntary financial disclosure by Swiss listed companies. *European Accounting Review,* 4 (2), 261-280.

[34] Harro-Domar, W, (1923).*Economic growth in less developed countries*. Quartzin Publishers, New Orleans.

[35] Ihedinihu, T. J and Nwaiwu, M. (2015). The Impact of Tax Accounting on Economic Development of Nigeria: Collection and Remittance Perspective. *Scholarly Journal of Business Administration,* 4 (3) 60-66.

[36] Iwene, K. (2015). *Fiscal Federalism in Nigeria*. Grent AP Express Publishers Limited, Nsukka

[37] Jhingan, H.L. (2014).*Public finance*. New Delhi: Vikas Publishing House PVT Ltd.

[38] Jones, R, Ihedinihu, J and Nwaiwu, G (2015). Determinants of taxation in a developing economic: the Nigerian Experience. *International Journal of Administration,* 23(7), 213-256.

[39] Knut-Wicksell, W.M. (1896). *Extension of information in accounting reports*. Hybrid Publication, London.

[40] Kotler, H.L (2015). *Public Finance*. Ragnar Publishing House PVT Ltd. New Delhi.

[41] Lawrence, B. D., (2015). *Managing the tax reform process in Nigeria*. Enugu: Abic Books and Equipment.

[42] Lekan, E. and Sunday, A. (2006).The relationship between company income tax and Nigeria's economic development for the period 1981 – 2007, *Global Journal of Management and Business Research*. 11(96), 1-5.

[43] Madugba, L. &Joseph, S. O. (2016).*Taxation principles and practice in Nigeria*. Ibadan: SiliconPublishers.

[44] Musgrave, E andMusgrave, M. (2006). Taxation and economic growth. *National tax journal*, 49 (4), 617 – 642.

[45] Nightingale, W. (2000).Tax revenue and economic growth of West African Countries, *An European Review*, 10 (7), 4-8.

[46] Nwadialor, H, and Ekezie, M (2014).Role of Taxation in economic development. *Journal of Economics,* 25(4), 239-300.

[47] Nwadialor, V and Afintini, B.C. (2016).Fine tuning corporate reporting task for accountants, *The Certified National Accountants,* 9 (2), 40-55.

[48] Nwezeaku, J.K. (2012).The challenges of tax mobilization and management in the Nigerian economy. Business Administration Management journal, 6(42), 243-401.

[49] Nzotta, S.M. (2017). Tax evasion problems in Nigeria: A critique. *Nigeria Account, 40* (2),40-43.

[50] Odusola, A. (2009). Tax policy reforms in Nigeria. Economics research Journal, 23(7), 23-39.

[51] Ogbonna, C. &Ebimobowei, E. (2012). Effect of tax policy on firm's performance in Nigeria: A study of Quoted banks. *Journal of social sciences and finance*, 2(3), 239-301.

[52] Ogbonna, C and Appah, M (2012).The role of indirect tax on economic growth of Nigeria. *Journal of Business administration,* 23(4), 28-34.

[53] Ogundele, J.C. (2019). *Nigerian public finance*. Onitsha: Joanne Educational Publishers.

[54] Okafor, A. M.O, (2012). *Public Finance in a Developing Economy: The Nigerian Case*. Department of Banking and Finance, University of Nigeria, Enugu Campus Enugu

[55] Okpe, E. (2018). *Principles and practice of Nigerian taxation*. Port-Harcourt: Ezevin MintPrinters and Publishers.

[56] Okwo, J.M. (2011). Tax Policy for Economic Recovery and Growth. *The Economic Journal, 121* (550), 59-80.

[57] Ola, J.U.B. (2011). Challenges of tax authorities, tax payers in the management of taxreform processes. *Nigeria Account,* 42(3), 36-42.

[58] Onakoya, L and Afintinni, A. (2016). Impact of Tax Reforms and Economic Growth of Nigeria: A Time Series Analysis. *Current Research Journal of Social Sciences*. 4(1) , 62 – 68.

[59] Onalapo, I. Aworemi, K. and Ajala, U. W. (2013). Relationship of Value Added Tax and Economic Growth in Nigeria, *Academy of Management Journal,* 33 (9), 663-691.

[60] Onwumere, S. (2019).The impact of corporate attributes on the extent of mandatory disclosure and reporting by listed companies in Zimbabwe. *The International Journal of Accounting,* 33 (5), 605-631.

[61] Osiegbu, G. N., &Nnamdi, A. (2019). Impact of tax reforms and economic growth ofNigeria: A time series analysis. *Current Research Journal of Social Sciences, 4* (1), 62-68.

[62] Reform Processes. *Nigerian Account Journal*, 42(2), 36 – 42.

[63] Roja, A. A. (2011). The impact of tax revenue on Nigerian economy: A case study offederal board of inland revenue (FBIS). *Journal of Policy and Development Studies,* 9(1), 109-121.