

TAXATION, TAX EVASION AND ECONOMIC GROWTH OF NIGERIA

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ABSTRACT

The research assesses the linkage between tax, tax evasion, and Nigerian economic growth. It specifically investigated how company income tax, petroleum profit tax, value added tax, and tax evasion would impact Nigerian per capita income. The research used secondary data sourced from the annual report of the Nigerian Federal Inland Revenue Services (FIRS) and Central Bank of Nigeria (CBN) statistical bulletin covering the period of 1990 and 2023. The data was estimated using the multiple regression technique. Unit root test revealed levels and first difference stationarity among all variables. The regression result reveals that company income tax, petroleum profit tax, and value added tax positively and significantly while tax evasion negatively and significantly impact per capita income. The study therefore, recommends that the Nigerian government should motivate companies to keep paying their company income tax so as to boost economic growth. This can be achieved by granting tax incentives to companies that frequently pay their taxes.

Keywords: Company Income Tax, Petroleum Profit Tax, Value Added Tax, Tax Evasion, Per Capita Income, Economic Growth.

1. Introduction

Government of most emerging economies like Nigeria prioritizes the populace's needs and supports all initiatives to see the populace growth. Among the Nigerian government's potential to solve economic, social, and environmental challenges, taxation help to achieve economic growth (Adeyemi, 2023). Economic growth heavily focuses on progress, equity, and ecological preservation principles. As a result, fiscal policy needs to be reviewed to better align with its goals. The capacity of taxes to provide funds for significant investments accounts for their significance in economic development (Okoh, et. al., 2025).

Taxation is vital in a nation's investment strategy. Government imposes taxes on individuals and properties to ensure that social services, security, and economic welfare prerequisites are met. The states use tax revenue to assume responsibility for several public duties, including transportation,

unemployment benefits, healthcare, and education (Omodero, et. al., 2021). All areas of growth, including infrastructure, social services, health, education, and environmental protection, are partly funded by government tax revenues. Governments can address citizen needs and establish the framework for sustainable growth by controlling the flow of income taxes (Omodero, et al, 2021). A country's domestic funds can be gotten most effectively utilizing its tax structure. The government uses tax income to fulfill its customary obligations, which include upholding social and economic fairness, policing trade and business, protecting the nation from external and internal aggression, and preserving law and order, reducing income inequality among the population, using the revenue as a fiscal weapon to steer the economy, and luring foreign investment into the economy (Mu, et. al., 2023).

Tax evasion is a major challenge faced by most developing countries, coupled with unending corruption cases in the nation, tax evasion is seen to be peculiar to Nigeria. The rate of tax evasion in developing countries is so worrisome and it is more disturbing that the government of the countries have not deemed it fit to look into the supposed ethical reasons provided by evaders (Okoh, et. al., 2025). Most countries tend to increase their tax rates or borrowings when their revenues cannot cover up for their expenditures anymore and this leads to increased debt and also affects the private sectors of their economy. Private individuals, organizations evade taxes by refusing to disclose their true financial statements due to the extremely high tax rate in the economy and the government not utilizing the tax revenue for the development of the economy, providing infrastructural facilities (Mukolu, et. al., 2021). It is the willful and deliberate act to violate laws and evade tax payment which is imposed by the law of tax jurisdiction (Usman, 2020). This has an adverse effect on the income of the government. Still, not only does Nigeria experience low tax-to-GDP fraction, but so do the other emerging nations. Thus, developing countries find it difficult to obtain sufficient funding for even the most basic necessities.

Although tax evasion is illegal, there are a number of justifications put forth to support it. These include high tax rates, joblessness, poverty, a lack of knowledge misconduct in public office, insufficient education for tax administrators, stealing of tax revenues, tax legislation loopholes, challenges comprehending complicated laws regarding taxes, an inefficient legal system, and the judiciary's failure to enforce significant legislation against taxpayers who fail to pay taxes (Mukolu, et. al., 2021). Non- oil tax revenue is a type of revenue that is generated from any other source other than oil and gas activities (Salami, et. al., 2021).

In pursuing economic development, the nexus between tax policy and its impacts on economic, social, and environmental conditions represents a complex and unexplored area. In spite of the relevance of tax on a nation's development plans, there is still lack of in-depth knowledge on the methods by which

diverse tax policies impact all economic development areas. The study thus investigated the linkage between tax plus and economic development. Existing research cannot elucidate the precise mechanisms via which tax reform can accomplish these significant societal objectives. Therefore, the research provides an understanding of how the socio-economic environment influences the outcome of Nigerian tax policies. There is no doubt that for the government, tax evasion has been a major challenge. Tax evasion has brought about a huge difference in the actual and budgeted revenue of government. This has made it hard for government to fulfill all obligations like building social infrastructures plus making the country more conducive for the citizens to live in. Another problem associated with tax evasion in Nigeria is the negative impact it has on honest taxpayers in the country. Tax evaders tend to discourage the honest taxpayers from paying taxes because they are left to shoulder a larger portion of tax liabilities than they should. Tax evasion corrodes public confidence in government's ability to ensure equal resource allocation and compromises the general efficacy and fairness of the tax system. The main objective of this study is to examine tax revenue and its impact on the Nigerian economic growth. Therefore, the research questions which forms the null hypotheses for this study are highlighted below:

1. To what extent has company income tax impacted Nigeria's economic growth?
2. To what length has petroleum profit tax impacted Nigeria's economic growth?
3. To what degree has value added tax impacted Nigeria's economic growth?
4. To what level has tax evasion impacted Nigeria's economic growth?

The study is particularly focused on the Nigerian tax system. The items used are petroleum profit tax, company income tax, and value added tax. In addition, this study would also examine tax evasion and see how the four variables would impact Nigeria's economic growth for 24 years (1990 to 2023). In line with Nigeria's efforts to balance social fairness, economic development, and environmental integrity, sustainability has emerged as a critical objective. Within the intricate context of sustainability, taxes stand out as a fundamental and adaptable instrument capable of fostering social progress, shaping financial systems, and contributing significantly to the realization of development.

2 Literature Review

In the past times, nations such as India, China, Egypt, Mesopotamia, Syria, Greece, and Rome were known as developing countries in the World then. But by During the 17th century, the majority of the world's well-known countries demonstrated comparable degrees of growth, adopting similar labor-intensive methods and producing similar types of goods (Basheer, et. al., 2019). Thereafter European countries experienced rapid economic growth which led to the Industrial Revolution. Most of these countries were colonized by the Europeans, which lead to the decline of the economy (Basheer, et. al.,

2019). Many of the colonies attained political independence between the 1940s and 1950s when several economic damages such as World War II, with a deficiency in modern production mode production which leads to labour exploitation and marred traditional production techniques. Later on, countries started to build on all these defaults to stabilize their economic activities. The above is a brief history of Economic Development over time.

Accumulating wealth and diversifying the economy can lead to the improvement of a country's well-being and quality of life which is known as economic development (Akintola, et. al., 2022). Economic development is mainly a function of infrastructural improvements viz-a-viz, the social, political, and institutional elements that impact the evolution of such an economy. Economic growth comprises of measurement of changes in three areas (Akintola, et al, 2022), which are: Government should create objectives/targets to meet the criteria that stabilize prices with the employment rate for sustainable economic growth; programs that will aid infrastructure and services; Job creation and efforts in areas like business development, real estate, and technology transfer. Tax is a key source of revenue for governments and are levied on income, goods and services, property, and various other financial transactions. Taxes are levied in almost every country of the world, primarily to raise revenue for government expenditures, although they serve other purposes as well.

Government Policies and Taxation

Economic development is attained via the use of instruments and tactics by central bank known as monetary policy, which controls the interest rates, money supply, and credit availability. In order to promote economic growth, they are usually meant to keep an eye on inflation, maintain employment levels, and manage long-term interest rates. Establishing regulations that would promote expansion contain inflation, and boost corporate profitability is the primary goal.

Low corporation tax received by businesses has been connected to high interest rates, high exchange rates, and money supply. Banks still lend money to customers today all around the world based on base rates established by central banks. The bank determines a number of parameters, such as profit margin and borrowing risk. Most loans have specified interest rates that are the result of discussions between the lender and the borrower. Banks attempt to adjust the interest rates they charge based on the risk and borrower's creditworthiness; the higher the interest rate, the less creditworthy the borrower (Isibor, 2022b).

A corporation must have turned a profit before corporate tax may be collected from it. A company's profitability is a metric that shows how profitable it is and how well it is performing. With the use of profitability ratios, businesses may assess how profitable they are over time in relation to their sales,

assets, operational expenses, and shareholder equity (Isibor, 2022b). When monetary policy is controlled to benefit businesses, this increases their profitability, which raises corporation tax. For instance, higher interest rates can increase businesses' cost of capital, which discourages investment and reduces the level of economic activity; encouraging business expansion and investment. These shifts in investment behavior can have an immediate impact on corporate profitability and, as a result, corporate tax revenues for the government. Lower interest rates and accommodating monetary policy measures promote economic activity, which raises taxable revenue and business profit. This is known as expansionary monetary policy. However, the increase in economic policy that follows can also result in increase in corporation tax receipts (Okonkwo, et. al., 2019).

Contractionary Monetary Policy: restricting credit availability and interest rates may result in decrease in company profit, investment, and corporate tax receipt. In general, a flexible monetary policy promotes economic expansion, which in turn boosts business activity and may result in larger profits. This improves tax base and possible collections while restrictive monetary policy can impede economic expansion and have an effect on tax receipts and company profits.

Fiscal Policy Measures

Isibor (2022b) stated that fiscal policy means adjustments in government tax and spending. Government expenditures are presently playing very critical role in aggregate money flows which must be controlled to prevent inflation. In times of war, exceptionally huge government expenses (funded by freshly created money due to bank lending to government) marked economic downturn. If government's tax revenues increase, less income of individuals and companies will remain for spending or saving purposes. The magnitude and consequential attributes of higher tax differs based on tax type, still, any tax rise would lower spendable earnings of the country's residents. Therefore, tax increase is anti-inflationary, which will have double consequences supposing government expenses reduced as well (Isibor, 2022b). To a certain extent, governmental tax earnings and expenditures spontaneously react to recession and inflation within a nation, in manners which likely curb highs and lows economically.

Reduced government expenditures and higher earnings yield favourable anti-inflationary outcomes. Such reflexive impacts are insufficient to stave off inflation since their operation solely happens during inflation is occurring. Moreover, by executive resolve of the President, governmental spending could be raised during recession or reduced in times of inflation (Isibor, 2022b). To overcome extreme inflation using fiscal policies, monetary authorities must slash allocations for government expenditures (with exception to wartime) and increase tax rates or charge new taxes.

Theoretical Review

This study employed various theoretical frameworks, including benefit received theory, ability to pay, and socio-political theory.

Benefit Received Theory

It was formulated by Johan Wicksell (1851-1926) and Erik Lindahl (1891-1960) and the principle of the theory is that taxes are used to address tax efficiencies (Chigbu, et. al., 2012). The theory opined that taxes are only necessary to fund public goods expenditures when a political will to pay for benefits is demonstrated (Chigbu, et. al., 2012). This theory operates under the assumption of a reciprocal arrangement between taxpayers and government. According to theory, government offers specific products, and expenses associated with these are distributed using benefits received. However, this theory disregards the potential utilization of tax policy to foster economic growth or stabilization (Mukolu, et. al., 2021).

According to Mukolu, et. al. (2021), the benefits-received theory and the cost-of-service theory are closely analogous. The concept highlights the significant role of quasi-commercial interactions between the government and its citizens. This implied that citizens had no right to any gains from government and that if they did, they would have to foot the bill. This theory can be applied to promote sustainable development in Nigeria by ensuring equitable distribution of tax burden, investing in public goods and services, encouraging compliance and trust, and addressing inequality and poverty. Tax policies should be established so that those with higher incomes or corporations benefiting from government services contribute their fair share. By aligning taxation with providing essential services like infrastructure development, healthcare, plus environmental conservation, taxpayers would view a direct nexus between contributions plus the benefits they would get.

Ability-to-Pay Theory

The theory was introduced by Arthur Cecil Pigou in 1950 and according to this tax theory, taxes should be based on the progressive tax approach (Basheer, et. al., 2019). The idea of equity originated with Adam Smith. His stance is that taxes should be paid in an equal amount, which implies that taxes are due in proportion to income earned. The theory aimed to promote sustainable development in Nigeria by ensuring equitable wealth distribution, mobilizing resources for development, stimulating consumer spending, and fostering social stability. By implementing progressive taxation policies that consider individuals' ability to pay, Nigeria can create a more inclusive environment for economic growth and employment generation, thereby advancing towards sustainable development. This approach reduces

income inequality, promotes inclusivity, and funds essential infrastructure projects, education, healthcare, and social welfare programs. Additionally, it stimulates consumer spending, driving economic activity and fostering social stability. Overall, the theory is a crucial tool for Nigeria's sustainable development.

Empirical Review

Akintola, et. al. (2022) studied influence of tax earnings on economy using ARDL. The study found that VAT, CIT, PPT, and customs and excise charges significantly impacts Nigeria's GDP. Government should invest in the development of infrastructure to achieve a long-term objective. The study should have examined tax evasion as a variable. Ezekwesili, et. al. (2022) examined how tax income affected economic expansion. The study employed GMM model and found that tax has no effect on GDP. The study suggested that the federal government must enhance public financial management and promote transparency. The research failed to examine tax evasion. Ogbodo, et. al. (2021) studied the effect of tax on economic development, the used OLS Technique and the study, all tax offices in Nigeria must implement technology to maximize the positive relationship between CIT and GDP. The study should have examined per capita income as development variable. Egolum, et. al. (2021) investigated how economic development has been impacted by value-added taxes. It was found that there was a statistically positive significant nexus between value-added tax and GDP. Other forms of taxes like CIT should have been examined. Oyeoma, et. al. (2021) assessed tax as a weapon for economic progress with ARDL Bounds Testing model. VAT has a negative impact on GDP, but PPT, CED, plus CIT have positive effects. To achieve intended outcome, the study suggested that FIRS and JTB work with the government to implement suitable VAT remittance policies and minimize bureaucracy and bottlenecks associated with VAT administration. Tax evasion is a concept the study should have examined also. Yaro, et. al. (2021) assessed the linkage between economic growth and taxation by using simple percentile. Expansion of the Nigerian economy and the non-oil revenue profit tax had a positive significance relationship. The study should have examined tax evasion and used ARDL to analyse its data. Solanke, et. al. (2020) employed ARDL Bound test to investigated impacts of tax revenue on economic growth, the findings of the research improve knowledge of CIT and support economic expansion. Government must notify the people to ensure taxes are accounted for correctly. The data year should have been increased to 2020 to cover for the research current year. Olushola, et. al. (2020) used multiple regression to determined how tax income impacts economic growth. There was positive correlation between tax and economic growth. It is in line with the writings of several academics who argue that taxes are determined by how well they are managed. The study should have used ARDL to buttress its findings. Adegbile, et. al. (2020) assessed the effect of non-oil taxes on economic growth and development. The study employed

simple regression and found that, non-oil taxes majorly impact Nigeria's economic development and growth. However, the study should have examined oil tax also especially petroleum profit tax. Adeusi, et. al. (2020) studied effects of non-oil earnings on economic development with multiple regression. CIT plus PIT have significant negative effect on GDP, whereas VAT tax and customs and excise taxes have a more pronounced positive effect. The study concluded that government must be implementing simple, transparent tax laws, and addressing implementation issues. The study should have used per capita income to measure development. Ewa, et. al. (2020) investigated the effect of tax revenue on Nigerian economic development. The used simple logit regression and found that, significant effects of taxes on company earnings and VAT on GDP but little impact on Nigerian oil companies due to production ceiling restrictions, global price shocks, and apathy towards tax payments. The study failed to investigate petroleum profit tax. Bruno, et. al. (2019) analysed tax revenue and the economy and found that, CIT and PIT impacted Nigeria's GDP. The government should address the issue of multiple taxations since it deters entrepreneurial ventures in Nigeria. The study failed to examine PPT and VAT. Edewusi, et. al. (2019) assessed the linkage between economic growth and tax with help of two-stage least squares. VAT, CIT, and PPT affected the level of national output in the short and long term. The study failed to examine tax evasion. Olaoye, et. al. (2019) reviewed on tax revenue and Nigerian economic development. Taxation has a significant effect on Nigeria's economic development. The study failed to examine tax evasion. Okonkwo, et. al. (2019) evaluated economic development from 1996 to 2017 in relation to government tax revenue. It employed observation technique and found that, Nigeria's economic development had not been significantly affected by tax. The government should encourage tax staff training and enforce tax laws to increase tax collection rates. The study should have used regression for its analysis. Muhammad, et. al. (2019) investigated how Petroleum profit Tax affects the Nigerian economy. The OLS regression revealed that, there was substantial effect between total revenue generated plus petroleum profit tax, but no vital correlation between petroleum profit tax and GDP. The study stated that government should explore other measures that will boost gross domestic product. The study should have investigated other tax forms like CIT. Manukaji (2018) employed multivariate logit model to examined the impact tax income on economic development. VAT, PIT, PPT, and CIT had notable impact on GDP. The study should have used per capita income to measure economic development.

3 Research Design

The study used an ex-post facto design to attain its stated objective. Ex-post facto design looks at how a subject matter is examined based on available secondary data. It makes inference and decisions based on the estimation of the sourced data. It also describes the relationship among variables whether significant

or not and whether positive or negative. The choice of ex-post factor design was made because of variables under investigation could only be explained by secondary data. The secondary data was employed and extracted from the FIRS annual report and the CBN statistical bulletin, 2023. The dataset sourced were analyzed using the multiple regression technique and other estimations like the unit root test.

Model Specification

The study adopted the model of Omodero, et. al. (2021) and its implicit format was:

$PCI_t = f(CIT, PPT, VAT, TEV)$ and modified as follows:

$$PCI_t = f(CIT_t, PPT_t, VAT_t, EVA_t) \dots \dots \dots eqn (1)$$

Where: PCI_t = Per capita income in time t

CIT_t = Company income tax in time t; PPT_t = Petroleum profit tax in time t

VAT_t = Value added tax in time t; EVA_t = Tax Evasion in time t

$$LPCI_t = \alpha_0 + \beta_1 LCIT_t + \beta_2 LPPT_t + \beta_3 LVAT_t + \beta_4 LEVA_t + \mu_t \dots \dots \dots eqn (2)$$

Per capita income (PCI) data was measured by the ratio of gross national income to total population. CIT, PPT, and VAT data were gotten from the FIRS annual report. Tax evasion was measured by the amount the government lose to tax evaders yearly and was extracted from the annual report of the FIRS also.

4 Data Analyses and Discussion of Findings

The section showed the data estimation coupled with interpreting the result. Descriptive analysis was done to reveal the characteristics of all variables. The multiple regression technique was done to test for impact of the subject matter.

Descriptive Statistics

It explained the trait of per capita income (PCI), company income tax (CIT), and petroleum profit tax (PPT), value added tax (VAT), and tax evasion (EVA).

Mean and median are central tendency measurements and from table 4.1, PPT had highest mean and median values of 3601160 and 2236700 respectively. Also, PPT had the highest maximum value of 2872895 while EVA had the minimum figure of 0.009800. The standard deviation measured the variations in a dataset. From table 4.1 PPT had the highest figure of 2941264 while END had the lowest value of 6.582749. The skewness measured the data distribution from the mean and must be between 0

and 1 to show a normal distribution of the dataset. Therefore, all the variables, from the result in table 4.1 were normally distributed with skewness values from 0 and 1. Kurtosis shows the flatness or peakness of the dataset around the mean. A Kurtosis of 3 or exceeds 3 shows a normal distribution. From the table 4.1, the kurtosis of all the variables were 3 and above respectively to prove that all the variables were normally distributed.

Table 4.1: Summary Statistics

	LPCI	CIT	PPT	VAT	EVA
Mean	1680284	1106463	3601160	1829370	13.53928
Median	1092717	102125.1	2236700	113828.2	10.64821
Maximum	1763724	164936.8	2872895	2034162	16.46901
Minimum	15.51223	0.016900	14.55489	16.87788	0.009800
Std. Dev.	1164651	906589.9	2941264	1172032	6.582749
Skewness	-0.407389	0.513500	1.276202	0.345763	1.438255
Kurtosis	2.859188	2.536658	7.915943	3.339627	4.839015
Jarque-Bera	2.456646	1.586769	56.11359	0.741945	20.94783
Probability	0.092783	0.052311	0.000000	0.090063	0.000000
Sum	504.0851	3.493900	10.83480	548.8109	530.6328
Sum Sq. Dev.	12.81124	0.125936	4.938009	15.04707	13.53276
Observations	34	34	34	34	34

Source: Authors compilation utilising E-views 9 (2025)

Unit Root Test

The study used the Augmented Dickey-Fuller to check for data stationarity. The null hypothesis revealed no unit root. The ADF test statistics must be higher than the 5% test critical value to reveal the stationarity at either levels or first difference. Table 2 shows that all variables were stationary at first difference for the null hypothesis to be rejected

Table 1: Augmented Dickey-Fuller Unit Root Test

Variable	ADF @ 1 st Difference	5% Critical value	Order of Integration
LPCI	-5.255711	-3.759743	I(1)
LPPT	-3.948636	-3.690814	I(1)
LCIT	-5.654949	-3.759743	I(1)
LVAT	-8.464289	-3.759743	I(1)
LEVA	-6.826091	-3.759743	I(1)

Source: Author's computation using E-views 9 (2025)

Multiple Regression Result

From table 3, the coefficient figures showed the type of relationship whether positive or negative that was between LPCI and LCIT, LPPT, LVAT, and LEVA. Hence, from the coefficient figures, LCIT, LPPT, and LVAT moved in the same direction as LPCI with values of 0.000189, 0.000388, and 1.451963 respectively. This also means that a unit increase in LCIT would cause LPCI to increase by 0.000189 (0.01%). Also, a unit increase in LPPT would cause LPCI to increase by 0.000388 (0.03%). Finally, when LVAT increases by one unit, LPCI increases by 1.451963 (145%). However, LEVA moved in the opposite direction with LPCI with value of -0.408928 respectively. Hence, a unit increase in LEVA would cause a decrease in LPCI by -0.408928 (40%). Also, table 4.3 showed the significance of each independent variable to test the hypotheses. Using the 5% significant level (lower than 0.05), the probability figures of LCIT, LPPT, LVAT, and LEVA were all significant with probability values of 0.0284, 0.0207, 0.0014, and 0.0000 respectively.

In summary, LCIT, LPPT, and LVAT were positively significant in impacting LPCI while LEVA was negatively significant in impacting LPCI. The R-squared measured the goodness of fit of the model and had a value of 0.61. This indicated that LCIT, LPPT, LVAT, and LEVA explain 61% of variations in LPCI. The remaining 39% were factors that affect LPCI but not in the study scope. After adjusting for degree of freedom, the adjusted R-squared was approximately 0.53 (53%). The F-statistics measured the combined significance of LCIT, LPPT, LVAT, and LEVA on LPCI. From the probability result of

0.003407 which was significant at 5% significant level, it shows that all the independent variables jointly and significantly impact LPCI. Finally, the durbin-watson test was used to show the presence or absence of autocorrelation in the model. Autocorrelation means that all or some of the independent variables are related this makes the regression result spurious. The value of the durbin-watson variable must be estimated at 2 to ensure that there is no autocorrelation in the model. The durbin-watson value of 1.72 was approximately 2 to show that there was no autocorrelation in the model.

Table 2: Multiple Regression Result

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.611737	0.378663	-1.615518	0.1107
LCIT	0.000189	8.44E-05	2.238114	0.0284
LPPT	0.000388	0.000164	2.366837	0.0207
LVAT	1.451963	0.435193	3.336364	0.0014
LEVA	-0.408928	0.045321	-9.022961	0.0000
$R^2 = 0.61$	Adjusted $R^2 = 0.53$	F-Statistics = 14.78453	Prob (F-statistic) = 0.003407	Durbin-Watson Test = 1.72

Source: Author's Computation using E-views 9 (2025)

Discussion of Result

Company income tax was positively significant in impacting the Nigerian economic development that was measured by per capita income. This means that both variables move in the same direction whether upward or downward. Edewusi, et. al. (2019) believed that only company income tax had a significant and favorable impact on the Nigerian economy. This was because funds from the tax were utilized to repair any damage done to the environment like flooding and oil plus chemical spillage. This would assist the companies in carrying out their operations with ease and this would in turn improve the per capita income of the company workers. Value added tax was also seen to be significant because as the final consumers bear the burden, adequate funds are made available to the government for infrastructural development, public capital expenditures, and enhance of local production can easily be funded. All these would boost the per capita income of the population through increased earnings. This means that both variables move in the same direction whether upward or downward. Egolum, et. al. (2021) opined that value added tax was a necessity to enhance government revenue in the short run and boost economic development in the long run. This was in line with the positive relationship between both variables as

VAT boosts government revenue which when put to use would assist Nigeria in sustaining its economic development. Also, the government revenue when put to use would enhance infrastructural deficit and this would in turn push up local production, jack up employment rate, and increase per capita income of the Nigerian populace. Petroleum profit tax was also significant positively due to the fact that the tax earns the Nigerian government its highest revenue. Hence, the government would have adequate earnings to carry out fiscal federalism which is the government carrying out capital expenditures in all states of the federation without leaving any state out (Isibor, et. al., 2023). It is one of the key tax variables that boost industrial growth in Nigeria. Huge earnings from the tax would be employed to build industries in Nigeria, boost employment rate, and above all, improve the populace's per capita income. This means that both variables move in the same direction whether upward or downward. Ewa, et. al. (2020) stated that petroleum profit tax was needed to cater for government expenditures on infrastructure that would benefit all the populace and provide the enabling environment for business growth. All these would improve the per capita income geared towards economic development in the long run.

Finally, tax evasion was significant in impacting per capita income. This means that as people evade taxes, it would hamper economic development as the government would have lesser funds to carry out infrastructural development. This led to the negative relationship between evasion and economic development. This means that both variables move in opposite directions. The finding was corroborated by Ofoegbu, et. al. (2022) who stated that tax evasion can substantially impede economic development by diminishing government revenue.

5 Summary and Recommendations

The study found that company income tax, petroleum profit tax, and value added tax all positively and significantly impact Nigeria's economic development that was measured by per capita income. However, tax evasion was negatively significant in impacting the same per capita income. The study reached conclusion that the significance of taxation in enhancing a sustained Nigerian economic development cannot be overemphasized. Value added tax boosts government earnings that are spent on infrastructural development. Firms gain from such infrastructures and utilise them to lower production costs, which then enhances productivity and boost the per capita income of the company workers and the populace. Petroleum profit tax gives the government the major tax receipt and funds used for huge capital expenditures and also control elements that affect the business environment like flooding and oil spillage. Therefore, the study recommends that Nigerian government should continue to motivate companies to keep paying their company income tax so as to boost economic development. They can do this by granting tax incentives to companies that frequently pay their tax. Also, government should increase the tax compliance and monitoring level of the petroleum profit tax since the tax makes up a large percentage

of the government tax revenue. The VAT percentage at the current 7.5% should be maintained, despite the fact that the 7.5% is a burden to the taxpayers of VAT, as any upward review might be a burden to pay by the taxpayers and it would hamper the standard of living in the short run and economic development in the long run and give tax holidays to firms that merit it so as to avoid tax evasion.

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Data

YEAR	LPCI	LPPT	LVAT	LCIT	LEVA
1990	3.612883	1.247391	0.427176	0.653478	1.483261
1991	3.658547	1.333816	0.647133	0.771029	1.453728
1992	3.809463	1.427508	0.690584	0.936284	1.691973
1993	3.963557	1.583253	0.742871	0.975533	1.746011
1994	4.224611	1.623249	0.845098	1.079181	1.879446
1995	4.457216	1.633468	1.322219	1.342423	1.952182
1996	4.566155	1.886491	1.491362	1.363612	1.993159
1997	4.58919	1.838849	1.531479	1.444045	2.060243
1998	4.614676	1.832509	1.556303	1.522444	2.173258
1999	4.660884	2.214844	1.672098	1.664642	2.224936
2000	4.759592	2.524396	1.763428	1.726727	2.463992

2001	4.81474	2.609701	1.962369	1.841359	2.581098
2002	4.948203	2.351023	2.03583	1.949878	2.68492
2003	5.007918	2.641474	2.134814	2.059942	2.693151
2004	5.122308	2.943791	2.212986	2.116608	3.140789
2005	5.216374	3.131041	2.284882	2.23096	3.373285
2006	5.323163	3.130173	2.366796	2.392169	2.94025
2007	5.368904	3.053846	2.494989	2.521661	3.051424
2008	5.418628	3.314057	2.603902	2.623869	3.217731
2009	5.443324	2.972856	2.682513	2.77465	3.492638
2010	5.530592	3.170368	2.751965	2.818557	3.553209
2011	5.581565	3.487222	2.818987	2.815875	3.584861
2012	5.628805	3.505329	2.851598	2.914113	3.694322
2013	5.66618	3.42592	2.904544	2.98383	3.841596
2014	5.701131	3.389865	2.904696	3.06948	2.755173
2015	5.713727	3.110576	2.884984	3.103448	2.919227
2016	5.735347	3.063637	2.918135	2.970132	3.342854
2017	5.773645	3.181981	2.987822	3.084597	3.536326
2018	5.813367	3.392271	3.044555	3.127212	3.60294
2019	5.855131	3.32516	3.07554	3.205393	3.647281
2020	5.869485	3.180984	3.185024	3.10564	3.699657
2021	5.916502	3.302861	3.316568	3.242539	3.715363
2022	5.966602	3.624179	3.400711	3.423082	3.75208
2023	5.994218	3.842698	3.672584	3.589042	3.846474

Source: FIRS and CBN Annual Reports (Various Issues)