

Effect of Tax Structure on Economic Growth in Nigeria: An Empirical Investigation (1999-2023)

Amalachukwu Chijindu Ananwude^{*1},
Ogochukwu Victoria Obi-Nwosu² and Felix Nwaolisa Echekeba³

¹Department of Banking and Finance, Nnamdi Azikiwe University, Awka, Anambra State, Nigeria.
E-mail: amalision41td@yahoo.com

²Department of Banking and Finance, Nnamdi Azikiwe University, Awka, Anambra State, Nigeria.

³Department of Banking and Finance, Nnamdi Azikiwe University, Awka, Anambra State, Nigeria.
Corresponding Author: Dr Amalachukwu Chijindu Ananwude

ARTICLE INFO

Received: 17 April 2025

Revised: 15 September 2025

Accepted: 28 September 2025

Online: 30 December 2025

To cite this paper:

Amalachukwu Chijindu Ananwude, Ogochukwu Victoria Obi-Nwosu and Felix Nwaolisa Echekeba (2025). Effect of Tax Structure on Economic Growth in Nigeria: An Empirical Investigation (1999-2023). *Journal of Global Economy, Trade and International Business*. 5(2), 97-118.

Abstract: This study looked at how Nigeria's tax structure has affected the country's economic growth. Revenue is unquestionably essential for the state to fulfill the social contract by providing for the citizens' basic needs. This study specifically assessed the effect of the petroleum profit tax, company income tax, value added tax, capital gain tax, and stamp duty on Nigeria's economic growth. Time series data from 1999 to 2023 were used in the study. The pertinent data were taken from Federal Inland Revenue Service (FIRS), Bureau of National Statistics (NBS), and Central Bank of Nigeria (CBN) publications. The Autoregressive Distributed Lag (ARDL) regression analysis approach was utilized. According to the study, petroleum profit tax and company income tax had a significant effect on Nigeria's economic growth throughout the study period; however stamp duty had an insignificant positive effect on economic growth in Nigeria. In the meantime, value added tax and capital gains tax significantly hampered Nigeria's economic growth during the study period. The study suggested, among other things, that the government should start a strategic effort to diversify the economy in order to boost economic growth and development, especially because petroleum-related sources of income are declining.

Keywords: Tax structure, economic growth, Nigeria.

JEL: C22, C82, H2, H24, H24

1. INTRODUCTION

Revenue is unquestionably essential for the state to fulfil the social contract by providing for the citizens' basic needs. While this goal is in the forefront, attention must also be paid to the foundations or essential principles that will help comprehend the barriers to economic growth, job creation, and industrial development. This is due to the fact that unidirectional special achievement

that solely generates cash for the state might contribute to de-industrialization and unemployment. Furthermore, it may cause disillusionment among both domestic and foreign investors, causing them to swiftly rebalance their overseas investments and migrate to nations with tax structures that support industrial development and strong investment returns. As admirable as this is, it has overshadowed the necessity of a tax structure that can be a true instrument for the establishment and growth of Nigerian industries. Therefore, it cannot be disputed that the Nigerian tax system must prioritize the goals of industrial development, economic expansion, and job creation. Therefore, as has been widely established in the literature, the goal of a tax system is to collect money from the groups of people and entities that can most effectively bear the tax burden, rather than just raising a specific quantity of money (Mankiw, Weinzierl & Yagan, 2009; Salanie, 2011). Essentially, the goal is to ensure a fair allocation of the tax burden, which is evidently impossible unless an attempt is made to track the occurrence of each tax.

It is well recognized that all levels of government need money to expand their economies, and the tax system is one way they do it. The term “tax” has been defined in numerous ways over the years, depending on various viewpoints. For example, taxes are forced contributions imposed on people or businesses by a local, regional, or federal government (Kagan, 2021). According to Khadijat and Kabi (2019), tax income is an influx of funds to a country’s or state’s government. According to Akanbi (2015), taxes should not be mistaken for other mandatory contributions that resemble them. Similar to this, Adigwe and Oyadonghan (2020) defined taxation as a type of levy that is applied to all citizens residing in a tax jurisdiction as well as non-residents conducting business there. Citizens have a civic and patriotic obligation to pay taxes, which also serve as a source of cash for the government, which it uses to fund the construction of infrastructure and socioeconomic facilities as well as to increase industrial productivity. When a tax is distinguished from a government service charge (such as paying a bridge toll), which is given directly to the individual, the requirement for the mandatory nature of taxes becomes more evident. On the other hand, although the majority of the definition of tax in earlier research has concentrated on mandatory payments to the government for the provision of common goods and services, little emphasis has been placed on the requirement that an individual must earn money or turn a profit from a business transaction in order to be obliged to pay taxes. Therefore, according to the author of this study, taxes are best described as a way for the government to raise money to fund its operations for the benefit of all citizens by requiring

that a specific percentage of an individual's or business's income or profit be given to the government. The Nigerian government uses five distinct tax structures to conduct tax-related services, and these are the only tax structures included in this study. Petroleum profit tax, company income tax, capital gains tax, stamp duty, and value-added tax are some of the tax structures.

Obaje (2012) noted that capital gains may arise in two instances. First, where the asset appreciates while still in the owner's hands, or maybe he realized gains on the asset when it is sold or disposed of. Capital gains tax accrues on an actual year basis. It pertains to all gains accruing to a taxpayer, either individual or corporate from the sale, lease, or other transfer of proprietary rights in a chargeable interest that is subject to capital gains tax (Ngu, 2020). Capital gains tax has the potential for optimum revenue yield in Nigeria, which can also lead to economic growth and development. Therefore, the main thrust of this research work is to determine the effect of capital gains tax on economic growth in Nigeria. One form of tax that has received recognition of recent in Nigeria is stamp duty. Stamp duty is considered a viable source of revenue by the federal government in Nigeria (Solomon, 2014). The accumulated stamp duty revenue is used in meeting recurrent expenditure. Tax occupied a unique position, because it is an important part of government policies. The ability of the government to generate revenue from this sector affects services offered by such a government (Ngu, 2020). The stamp duties Act requires that all written instruments, including instances where by property or interest in property is or are transferred or lease to any person, must be stamped. Generally, stamp duties are charged at the rate of 7.5% in Nigeria. Any written document that is not stamped is not allowed to be received in any judicial proceeding in Nigeria until the stamp duty and the resulting penalty for the non-payment of the stamp duty is paid (Adesanya, 2014). To this end, this study is set out to assess the effect value added tax, capital gains tax, company income tax, stamp duty tax, and petroleum profit tax on Nigeria's economic growth.

2. LITERATURE REVIEW

Taxes are mandatory levies levied by the government on both private citizens and corporate entities, according to Adebao (2009). It is a payment in exchange for which the government does not provide a clear and definite "quid pro quo," and it is impossible to identify the indirect benefits that each individual taxpayer receives. According to Okwo (2011), taxes are mandatory payments made by individuals and business entities to the government in order to fund

government spending that enhances the welfare of taxpayers and benefits the general public as a whole. In order to accomplish some of the country's economic and social objectives, Okpe (2008) states that taxes are the transfer of funds and resources from the private sector to the public sector. These economic objectives may take the shape of more government basic services in the areas of capital development, transportation, public health, education, and facility provision. Taiwo, Illori, and Emenike (2019) emphasized the following tax principles: Section 24 of the Federal Republic of Nigeria's 1999 constitution, which imposes the duty on all Nigerian residents to honestly report their income to the proper and legal authorities and to pay their taxes on time, makes the levy mandatory. People, earnings, properties, and transactions must all be subject to taxes. The basis for the taxation is whatever it is levied on. The constitution, state laws, tax-related laws, levies, rates, and other enabling legislation should serve as the foundation for and support for taxes. Taxes must also be equal and fair to all taxpayers, among other fundamental requirements. Put another way, you pay more the more you make, and vice versa. It must be straightforward for taxpayers, easy to pay, economical, and certain. Furthermore, it must be cost-effective because the administrative expenses must not exceed the money generated. The tax that is assessed to the taxpayer must be neutral and determinable by the taxpayer.

Roser (2021) defines economic growth as an increase in the quantity and quality of economic goods and services that a society produces. According to some academics like Amadeo (2021), economic growth is the rise in the value of an economy's goods and services, which boosts corporate profits and suggests a trend of rising per capita and national income. Stock prices increase as a result, providing businesses with the money they need to expand and recruit more staff. An increase in a nation's gross domestic product, which is the total monetary worth of the goods and services generated by the nation over a given time period, is typically a sign of economic growth (Ogbodo & Arinze, 2023). Therefore, economic growth can be defined as the process by which a country's actual national and per capita income increases over a long period of time. According to Amadeo (2021), the increase in per capita income is the best measure of economic growth since it demonstrates the improvement in the standard of life for the general population, which should also be reflected in the increase in the production of goods and services.

The work's theoretical foundation is centred on the endogenous growth theory. In contrast to the neoclassical growth theory, the Endogenous Growth

Theory first appeared in the 1980s. According to the endogenous growth theory, internal factors rather than external ones are largely responsible for economic growth. According to the endogenous growth theory, economic progress is significantly influenced by investments in knowledge, innovation, and human capital. The idea also emphasizes how a knowledge-based economy will spur economic growth through positive externalities and spill over effects. The endogenous growth theory essentially maintains that policy actions determine an economy's long-term growth rate. Because it aims to explain the process of long-term economic development through endogenous forces including information technology, knowledge spill over, and human capital, endogenous growth theory is pertinent to this subject. Policies that support openness, competition, change, and innovation will spur growth, according to the endogenous growth theory. On the other hand, policies that restrict or slow change by favouring or defending specific established industries or businesses are likely to eventually slow growth to the detriment of the community. Sustained economic growth is a constant process of ongoing change that occurs everywhere. This idea served as the foundation for this study since it focused more on how the wealthiest countries' economic advancements during the Industrial Revolution would not have been possible without the drastic changes brought about by various tax laws and reforms. Economies will eventually veer off the road of economic progress if they stop changing. The wealthiest nations in the world are the ones that most merit the moniker "developing," not the poorest. If they want to continue to prosper, they must participate in the never-ending process of economic expansion.

Empirically, Nigeria's economy and taxes were studied by Ezekwere, Amahi, and Ugbah (2022). The Federal Inland Revenue report and the CBN statistical bulletin served as the sources of secondary data for this ex-post-facto study design. The impact of taxes on Nigeria was examined using multiple linear regressions, and the hypotheses were tested using analysis of variance (ANOVA). According to the analysis's findings, taxes significantly boost Nigeria's economy's expansion. Based on these findings, the study suggests that the government should implement more appropriate tax system policies to enable a high percentage of tax revenue collection, which will open up more opportunities for the government to participate in the nation's infrastructure development and growth.

Ihenyen and Ogbise (2022) looked on the connection between Nigeria's tax income and economic expansion. The Microsoft Excel program was utilized

to analyze the data using multiple linear regression analysis. Therefore, whereas customs excise and charges have a negative effect on Nigeria's economic growth, petroleum profit tax, corporate income tax, and value added tax have a favourable effect. Overall, there is a considerable correlation between tax revenue and Nigeria's economic growth. Ineffective tax administration is a sufficient loophole for tax evasion, taxpayer infractions are hurdles, and the utilization of generated tax money is a severe matter that demands special attention from policymakers. Income is lowered as a result. Specifically, the Tax Administration is only in charge of trustworthy individuals and qualified specialists, thus it is best to fully inform everyone about the significance of taxes.

Nwachukwu, Nwoha, and Inyama (2022) investigated how taxes affected Nigeria's economic expansion. The study specifically looks at how Nigeria's economic growth is impacted by value added tax. Examine the impact of the petroleum profit tax on Nigeria's economic expansion. Determine the impact of corporate income tax on Nigeria's economic expansion and assess the impact of personal income tax. An ex-post facto research design was used in the study. The Ordinary Least Square (OLS), Augmented Dicker Fuller Tests for Unit Roots, and descriptive statistics were among the econometric tools used to examine the data. Nigeria's gross domestic product is positively and significantly impacted by value added tax, petroleum profit tax, personal income tax, and corporation income tax, according to the study's findings. Therefore, the analysis comes to the conclusion that taxes have a positive impact on Nigeria's GDP. It follows that a robust tax system is necessary for economic expansion and development, which will boost job creation, reduce poverty, improve manpower and skill development capability, foster growth, and support Nigeria's industrial development.

Iriabiji, Elhomun, and Kolawole (2022) investigated the petroleum profit tax's evaluation and its effect on Nigeria's economic expansion. The study's goal is to ascertain how the petroleum profit tax affects national income, gross domestic product, and per capita income. The investigation was conducted using an ex post facto design. The study uses a correlation matrix, descriptive analysis, and linear regression. The study's population consisted of the pertinent national economic statistics. According to the study's conclusions, PPT has little and detrimental effects on GDP, NI, and PCI (per capita income).

Ezekwesili and Ezejiofor (2022) determined how tax revenue affected Nigeria's economic growth. Particular goals include figuring out how tax revenue affects Nigeria's inflation rate and how tax revenue affects the country's interest rate. A study design known as Ex Post Facto was used. The Central Bank of

Nigeria (CBN), the Statistical Bulletin, and the National Bureau of Statistics' (NBS) Annual Abstract of Statistics were the sources of the data. With the help of E-view 9.0, regression analysis forecasts a variable's value depending on the value of another variable and shows how changes in one variable's value affect the values of the other variables. The results show that, at the 5% level of significance, tax revenue has no discernible impact on Nigeria's interest rate or inflation rate.

Egolum and Celestine (2021) looked into how Nigeria's economic development was affected by value-added tax between 1994 and 2018. Using a time series research approach, they developed two hypotheses and gathered data for their study from the Joint Tax Board bulletin, the Federal Inland Revenue bulletin, and the CBN statistical bulletin for the relevant time period. With the use of the statistical program E-Views 9.0, they tested their assumptions using the Pearson coefficient of correlation and basic regression analysis. Their findings showed that, at the 5% significant level, value added tax and economic development (as measured by GDP and total government revenue) has a positive and statistically significant association.

Nweze, Ogbodo, and Ezejiolor (2021) determine how tax revenue affects Nigeria's per capita income between 2000 and 2019. Time series data and an ex-post facto research design were used in this study. The Central Bank of Nigeria (CBN), Federal Inland Revenue Service (FIRS), World Bank Statistical Bulletin, Statistical Bulletin, and National Bureau of Statistics (NBS) Annual Abstract of Statistics were the sources of secondary data. The study variables were analyzed using descriptive statistics, and the hypothesis was tested using Ordinary Least Square (OLS) regression analysis. According to the report, tax revenue significantly raises Nigeria's per capita income.

Joseph and Omodero (2020) investigated the connection between Nigeria's economic growth and government income. They employed secondary data from 1981 to 2018 that was gathered from the Federal Inland Revenue Services (FIRS), National Bureau of Statistics, and CBN statistical bulletin, as well as exploratory and ex post facto research designs. They used the Ordinary Least Squares (OLS) regression approach to assess the link. Their findings demonstrated a moderately positive correlation between economic growth and federally received revenue as well as Value Added Tax (VAT). Their analysis also demonstrated that in order to have a more positive impact on the economy, the government must develop pertinent revenue policies that will increase government revenue.

Onoja and Ibrahim (2020) looked into the connection between tax revenue and economic growth in Nigeria. Petroleum Profit Tax, Value Added Tax, and Companies Income Tax were utilized as stand-ins for tax revenue, while GDP was used as a stand-in for economic growth in their secondary data collection. They used the Stata computer program to analyze their data. Their research showed that whereas value added tax and corporate income tax (non-oil tax revenue) have a substantial association with Nigeria's economic growth, petroleum profit tax (oil tax revenue) has a favourable but non-significant relationship with it.

Olaoye, Ogundipe, and Oluwadare (2019) examined how taxes affected Nigeria's economic growth between 2003 and 2017. They employed the Jarque-Bera Normality Test, the Eigen value Stability Condition Test, the Augmented Dickey-Fuller (ADF) unit root test, the Autoregressive Distributed Lag (ARDL) bounds test, and the Vector Error Correction Model (VECM). According to their findings, the long-term effects of companies' income tax, petroleum profit, and value added tax on Nigeria's economic development are -0.225 (p-value = 0.000), -0.0005 (p-value = 0.699), and 0.211 (p-value = 0.000), respectively.

Ideh (2019) used an ex-post facto research approach using secondary time series data from 2003 to 2017 that were obtained from pertinent records of the relevant authorities to investigate the relationship between tax revenue components and the economic development of the Nigerian economy. Value Added Tax, Petroleum Profit Tax, Personal Income Tax, Company Income Tax, and Custom and Excise Duties were the tax revenue components that were studied. Real GDP and the Human Development Index (HDI) were used to gauge economic development. Along with other essential statistical tools, the Autoregressive Distributed Lag approach was employed in the study to evaluate the data. The study's findings demonstrated that there are significant policy ramifications. The study specifically found that, although being a significant source of tax income, the petroleum profit tax had a negative correlation with indicators of economic development, such as real GDP and HDI.

Ironkwe and Gbarakoro (2019) used annual time series data from the Central Bank of Nigeria (CBN) Statistical Bulletin from 1990 to 2015 to examine the relationship between taxation and economic growth in Nigeria. They estimated the linear versions of corporate income tax (CIT), value added tax (VAT), and GDP using the ordinary least square (OLS) technique. Their findings demonstrated that, in the Nigerian context, the proposed relationship between

company profit tax, value added tax, and financial growth is unquestionably there.

Asaolu, Olabisi, Akinbode, and Alebiosu (2018) investigated the connection between Nigeria's economic growth and tax revenue. A descriptive and historical research design was employed in the study. They made use of secondary data from 1994 to 2015, which was gathered from a variety of Central Bank of Nigeria (CBN) annual reports and statistical bulletin releases. As to their findings, there was a substantial correlation between economic growth and VAT and CED ($p < 0.05$), while there was a negative correlation between CIT and economic growth ($P < 0.05$). Additionally, their findings demonstrated that PPT and economic growth were not significantly correlated. They concluded by saying that taxes continue to be a powerful socio-political and economic instrument for achieving economic prosperity and that their contribution to the development of the nation cannot be replaced.

Okeke, Mbonu, and Ndubuisi (2018) used data from the Central Bank of Nigeria, Office of the Federal Inland Revenue Service, and Annual Abstract of Statistics of the National Bureau of Statistics to investigate the connection between tax revenue and economic progress in Nigeria between 1994 and 2016. Their research was based on time series data. In their data analysis, they employed the following tests: Granger Causality, Multiple Linear Regression, Multicollinearity, Johansen Co-integration, Augmented Dickey Fuller, and Error Correction Model. Their study's conclusions showed that, at the 5% level of significance, tax revenue in Nigeria is statistically significantly correlated with labour force participation, infant mortality, and gross fixed capital formation, respectively.

The determinants influencing tax income in Ethiopia were identified by Neway, Kenenisa, and Woldemicael (2018) using secondary data and a multiple variable regression model with the OLS technique. The time series data set for the years 1999/00 through 2015/16 was subjected to the quantitative research approach. The information gathered from relevant bodies was analyzed and presented using both descriptive statistics and econometric methods. The results showed that while the share of tax revenue to GDP from the agriculture sector and the annual rate of inflation had a significant negative impact on tax revenue, the share of tax revenue to GDP from the industry sector, per capita income, and trade openness as indicated by the share of export and import to GDP had a significant positive impact.

Yahaya and Bakare (2018) assessed the impact of corporate income tax and petroleum profit tax on the expansion of the Nigerian economy. The model was estimated using the Fully Modified Least Square (FMOLS) Regression Technique over a 34-year period (1981-2014), and the Single Equation Co-integration Test and Augmented Dickey Fuller Unit Root Test were performed. With an Adjusted R² of 87.6%, it was discovered that the petroleum profit tax (PPT) and corporation income tax (CIT) significantly improve Nigeria's GDP, which in turn spurs growth in the country. The study indicated that PPT and CIT are key sources of revenue for the Nigerian economy and contribute to its growth. Based on these results, the study suggested that the government should invest in the provision of infrastructure facilities in order to transparently and prudently account for the money it receives from the petroleum profit tax. Additionally, FIRS should appropriately monitor business operations in order to maximize the collection of taxes that must be paid to the government as CIT. The government should wisely employ the money it receives from PPT and CIT to boost the economy.

Given that Nigeria's economy is typically characterized by low tax compliance and enforcement, Adeyemi and Disu (2018) examined current difficulties with corporate income tax policies in Nigeria. Given the clever ways corporate taxpayers sabotage the revenue-generating process by failing to pay what is owed to the government, it is undeniable that tax enforcement has emerged as a crucial component of tax administration. In order to increase the gross domestic product, the study examined current tax relief and incentive provisions that apply to corporate entities to encourage voluntary compliance. It also offered suggestions for improving the corporate income tax culture and the successful implementation of the voluntary assets and income declaration scheme (VAIDS).

Afolabi (2017) used secondary data from the Central Bank of Nigeria to investigate the effects of taxes, value added tax, petroleum profit tax, and company income tax on the expansion of the Nigerian economy. The study's goals were accomplished through the use of canonical co-integrating regression. The study's regression analysis showed that taxes and economic growth in Nigeria were positively correlated. According to the study's findings, taxes have a major impact on Nigeria's economic growth.

Onakoya and Afintinni's (2016) study looked at the connection between tax income and economic expansion in Nigeria from 1980 to 2013. They used the Augmented Dickey Fuller (ADF) approach to perform a number of

preliminary tests, such as trend analysis, descriptive statistics, and stationary testing. To ascertain whether there was a long-term link between the variables, they also employed the Engle-Granger Co-integration test. The long-term association and short-term dynamics between the variables were confirmed using the Vector Error correction model, and the robustness of their model was confirmed using two post-estimation diagnostic tests (autocorrelation and heteroscedasticity). Their research demonstrated that taxes and economic growth in Nigeria have a long-term (but not a short-term) link. Furthermore, at the 5% level of significance, their results indicated a strong positive link between petroleum profit tax, corporate income tax, and economic growth, but a negative correlation between customs excise taxes and economic growth. Nevertheless, the total impact of the tax elements on Nigeria's economic expansion is minimal.

3. METHODOLOGY

The effect of tax structure on economic growth in Nigeria was investigated using a time series ex post facto study design spanning 1999–2023. The pertinent information was gathered from Bureau of National Statistics, Federal Inland Revenue Service (FIRS), and Central Bank of Nigeria. Petroleum profit taxes, corporate income tax, value added tax, capital gain tax, and stamp duty tax are the independent variables (tax structure) in the data, while the gross domestic product growth rate is the dependent variable (economic growth). To accomplish its goal, this study used the Autoregressive Distributive Lag (ARDL) regression analysis technique.

The econometric model of the study was adopted and modified from the study of Amughoro (2021). The original model is stated as thus:

$$GDP_{it} = \alpha_0 + \beta_1 PIT_{it} + \beta_2 CIT_{it} + \beta_3 VAT_{it} + \epsilon_{it} \quad 3.1$$

Where:

GDP = Gross domestic product.

PIT = Personal income tax.

CIT = Company income tax.

VAT = Value added tax

The modified model for this study is stated as follows:

$$RGDP_{it} = \alpha_0 + \beta_1 PPT_{it} + \beta_2 CIT_{it} + \beta_3 VAT_{it} + \beta_4 CGT_{it} + \beta_5 SDT_{it} + \epsilon_{it} \quad 3.2$$

Where:

RGDP = Real gross domestic product growth

PPT = Petroleum profit tax

CIT = Company income tax

VAT = Value added tax

CGT = Capital gain tax

SDT = Stamp duty tax

μ_t = Error term

t = Time

i = lag(s) being considered:

$\beta_1 - \beta_5$ = Coefficient of the independent variables

β_0 = Coefficient of the constant

A priori expectation; $\beta_1, \beta_2, \beta_3, \beta_4, \beta_5 > 0$

4. ANALYSIS AND DISCUSSION OF FINDINGS

The data set's mean, median, maximum, standard deviation, skewness, kurtosis, Jarque-Bera, p-value, and number of observations were all captured by the descriptive properties of the data. According to Table 4.1's descriptive features of the data common sample, the mean values for RGDP, PPT, CIT, VAT, CGT, and SDT were 51081.48, 3329.804, 16051.64, 22.09913, 624.3365, and 15.98435, respectively. The sample data's medians for RGDP, PPT, CIT, VAT, CGT, and SDT are 54612.26, 3383.650, 933.5400, 16.80000, 580.6000, and 5.900000 respectively. 72393.67 and 22449.41 for RGDP, 5404.770 and 1157.810 for PPT, 347810.1 and 114.1900 for CIT, 99.40000 and 2.270000 for VAT, 2071.000 and 6.480000 for CGT, and 121.0000 and 1.310000 for SDT are the highest and lowest figures, respectively. For RGDP, PPT, CIT, VAT, CGT, and SDT, the standard deviations are 17561.39, 1344.341, 72324.97, 22.46607, 516.8847, and 33.28514, respectively. The positive values of the skewness statistic demonstrated that the standard deviation variables were positively skewed towards normality with the exception of RGDP and PPT. Because the p-values of the Jarque-Bera statistics have a 5% level of significance, the Jarque-Bera indicates that all of the variables are normally distributed.

Table 1: Data Descriptive Features

	<i>RGDP</i>	<i>PPT</i>	<i>CIT</i>	<i>VAT</i>	<i>CGT</i>	<i>SDT</i>
Mean	51081.48	3329.804	16051.64	22.09913	624.3365	15.98435
Median	54612.26	3383.650	933.5400	16.80000	580.6000	5.900000
Maximum	72393.67	5404.770	347810.1	99.40000	2071.000	121.0000
Minimum	22449.41	1157.810	114.1900	2.270000	6.480000	1.310000
Std. Dev.	17561.39	1344.341	72324.97	22.46607	516.8847	33.28514
Skewness	-0.290094	-0.108459	4.476370	1.901028	1.021298	2.845920
Kurtosis	1.589682	1.746350	21.04063	7.043109	3.872406	9.283546
Jarque-Bera	10.22871	14.55124	388.7152	29.51892	7.727739	68.88500
Probability	0.000126	0.000417	0.000000	0.000000	0.044056	0.000000
Sum	1174874.	76585.50	369187.8	508.2800	14359.74	367.6400
Sum Sq. Dev.	6.78E+09	39759541	1.15E+11	11103.94	5877736.	24373.81
Observations	23	23	23	23	23	23

Source: E-views 12.0 version data output.

The study applied the Augmented Dickey-Fuller (ADF) test for check of stationarity. The test for stationarity was performed at level and first difference and in one set: intercept. The result at level form in Table 2 shows that it is only valued added tax that achieved stationarity, while other variables have no unit root. We are not amazed on this output, because the majority of time series data are not always stationary at level form. However, in Table 3, all of the variables are stationary at first difference.

Table 2: Result of ADF Test at Level Form

<i>Variables</i>	<i>ADF Statistic</i>	<i>P-value</i>	<i>Critical Value @ 1%</i>	<i>Critical Value @ 5%</i>	<i>Order of Integration</i>
RGDP	-1.901642	0.3255	-3.769597	-3.004861	Not Integrated
PPT	-0.809043	0.7967	-3.769597	-3.004861	Not Integrated
CIT	0.326736	0.9743	-3.769597	-3.004861	Not Integrated
VAT	-3.759669	0.0102	-3.769597	-3.004861	Integrated @ 1(0)
CGT	1.607649	0.9990	-3.769597	-3.004861	Not Integrated
SDT	1.844420	0.9995	-3.769597	-3.004861	Not Integrated

Source: E-views 12.0 version data output

Note: The optimal lag for ADF test is selected based on the Akaike Info Criteria (AIC), p-values are in parentheses where (*) & (**) denote significance at 1% and 5% respectively.

Table 3: Result of ADF Test at First Difference

<i>Variables</i>	<i>ADF Statistic</i>	<i>P-value</i>	<i>Critical Value @ 1%</i>	<i>Critical Value @ 5%</i>	<i>Order of Integration</i>
RGDP	-4.312236	0.0040	-3.857386	-3.040391	Integrated @ 1(2)
PPT	-4.404631	0.0026	-3.788030	-3.012363	Integrated @ 1(1)
CIT	-4.385481	0.0039	-3.788030	-3.012363	Integrated @ 1(1)
VAT	-7.235417	0.0000	-3.788030	-3.012363	Integrated @ 1(1)
CGT	-2.956239	0.0500	-3.808546	-3.020686	Integrated @ 1(2)
SDT	-3.316413	0.0304	-3.788030	-3.012363	Integrated @ 1(1)

Source: E-views 12.0 version data output

Note: The optimal lag for ADF test is selected based on the Akaike Info Criteria (AIC), p-values are in parentheses where (*) & (**) denote significance at 1% and 5% respectively.

We found that the variables have mixed order of integration thus the application of the long run relationship using the Autoregressive Distributive Lag (ARDL). Table 4 provides specifics of the ARDL long-term relationship's outcome. According to the ARDL results, there is no long run relationship between tax structure and economic growth in Nigeria. This claim is supported by the fact that, at a 5% significance level, the f-statistic value of 2.363376 is smaller than the upper and lower bound tests of 3.79 and 2.62, respectively.

Table 4: ARDL Bound Test

<i>T-Test</i>	<i>5% Critical Value Bound</i>		<i>Remark</i>
<i>F-Statistic</i>	<i>Lower Bound</i>	<i>Upper Bound</i>	
2.363376	2.62	3.79	Null Hypothesis Accepted

Source: E-views 12.0 version data output

The short run relationship in Table 5 unveils that there is a positive relationship between petroleum profit tax (significant), company income tax (significant), stamp duty (insignificant), and economic growth in Nigeria, while a statistical negative relationship exist between value added tax, capital gain tax, and economic growth. When tax structure: petroleum profit tax, company income tax, value added tax, capital gain tax, and stamp duty are held at the same magnitude, the real gross domestic product in Nigeria would depreciate by N9,567.197 billion though insignificant in direction. A percentage increase

in petroleum profit tax (significant), company income tax (significant), and stamp duty (insignificant) lead to 156.62%, 2.28%, and 351.67% appreciation in real gross domestic product. On the contrary, a unit rise in value added tax and capital gain tax significantly depreciate real gross domestic product by 3,871.61% and 756.90% respectively. An analysis of the adjusted R-square shows that variations in tax structure: petroleum profit tax, company income tax, value added tax, capital gain tax, and stamp duty accounted for about 99.76% of changes in economic growth. This is statistically significant according to the f-statistic (1472) and p-value (0.00). The estimated model does not contain any autocorrelation, as indicated by the Durbin Watson coefficient of 2.0.

Table 5: ARDL Short-Run Regression

<i>Variable</i>	<i>Coefficient</i>	<i>Std. Error</i>	<i>t-Statistic</i>	<i>Prob.</i>
RGDP(-1)	1.239430	0.113742	10.89685	0.0000
PPT	1.566171	0.853070	1.835923	0.0463
CIT	0.022836	0.005529	4.130057	0.0009
VAT	-38.71610	9.706628	-3.988625	0.0012
CGT	-7.569001	3.066459	-2.468320	0.0261
SDT	3.516754	17.36787	0.202486	0.8423
C	-9567.197	7114.598	-1.344728	0.1987
R-squared	0.998305	Mean dependent var		52382.94
Adjusted R-squared	0.997627	S.D. dependent var		16801.07
S.E. of regression	818.4959	Akaike info criterion		16.50619
Sum squared resid	10049034	Schwarz criterion	16.85334	
Log likelihood	-174.5680	Hannan-Quinn criter.		16.58796
F-statistic	1472.217	Durbin-Watson stat		2.078130
Prob (F-statistic)	0.000000			

Source: E-views 12.0 version data output

Reminiscence to the diagnostic test in time-series investigations in Table 6, serial correlation happens when the mistakes related to a particular time period persist throughout subsequent time periods. Serial correlation has an impact on the ARDL estimator's efficiency but has no effect on its objectivity or consistency. The ARDL estimations of the standard errors will be less than the actual standard errors when there is positive serial correlation. Consequently, it will be concluded that the estimates of the parameters are more accurate than they actually are. The LM Test results for serial correlation show a p-value

of 0.7234, which is not statistically significant at the 5% level; as a result, the model does not contain serial correlation. Secondly, because heteroscedasticity increases the variances of the coefficient estimates, which the least squares estimators are unable to detect, the presence of heteroscedasticity tends to result in p-values that are suboptimal. According to the regression's outcome, the White's test yielded a probability value of 0.3971. Due to high p-values that are statistically insignificant at the 5% level, this result shows that the assumption of homoscedasticity has not been broken. Finally, the Ramsey Reset Specification test which essence is detecting misspecification in a regression model was conducted. It was revealed that the functional form of the model was correctly specified and no variable was deliberately omitted in the regression model as the p-value of 0.3689 is insignificant at a 5% significance level.

Table 6: Diagnostic Tests

<i>Model Estimated</i>	<i>Serial Correlation LM Test</i>	<i>F-statistic</i>	<i>Prob.</i>
RGDP ← PPT+CIT+VAT+CGT+SDT		0.437760	0.6547
	Heteroskedasticity Test		
RGDP ← PPT+CIT+VAT+CGT+SDT		0.541651	0.7688
	Ramsey Reset Specification		
RGDP ← PPT+CIT+VAT+CGT+SDT		1.047463	0.3235

Source: E-views 12.0 version data output

The relative contributions of petroleum profit tax, company income tax, value added tax, capital gain tax, and stamp duty to real gross domestic product were evaluated using the variance decomposition. Value added tax has a bigger effect on changes in real gross domestic product, as Table 7 shows. Company income tax comes in second, followed by capital gain tax and petroleum profit tax, with stamp duty tax coming in last. However, the volatility in the actual gross domestic product was better explained by variations in the real gross domestic product itself.

Table 7: Variance Decomposition of RGDP

<i>Period</i>	<i>S.E.</i>	<i>RGDP</i>	<i>PPT</i>	<i>CIT</i>	<i>VAT</i>	<i>CGT</i>	<i>SDT</i>
1	895.6146	100.0000	0.000000	0.000000	0.000000	0.000000	0.000000
2	1791.787	80.83426	0.020635	1.751575	13.37166	3.882694	0.139174
3	9024.046	3.561386	2.359160	13.75940	70.90932	6.116442	3.294287

4	15905.12	1.159972	20.90565	14.33423	59.42736	1.969609	2.203183
5	148922.8	3.825907	0.357071	10.47887	74.71715	7.639308	2.981695
6	269806.9	1.531773	19.60694	11.53453	62.40875	2.328817	2.589195
7	2214913.	3.844698	0.427138	10.61181	74.83305	7.315406	2.967904
8	4369822.	1.070673	15.98981	11.91782	66.21060	2.056530	2.754570
9	32815181	3.582675	0.542913	10.77608	75.14656	6.963067	2.988706
10	70684571	0.772171	13.12035	12.17051	69.03205	2.043138	2.861781

Source: E-views 12.0 version data output

Table 8: Impulse Response Function of RGDP

Period	RGDP	PPT	CIT	VAT	CGT	SDT
1	895.6146	0.000000	0.000000	0.000000	0.000000	0.000000
2	1339.051	25.73879	-237.1378	-655.2077	353.0636	66.84434
3	-552.2444	1385.815	3338.939	7570.639	-2203.673	-1636.515
4	-185.0890	-7138.941	-5005.692	-9622.433	-41.82179	1700.236
5	-29078.77	5128.901	47830.32	128142.2	-41100.64	-25606.77
6	-16326.56	-119137.8	-77927.16	-169882.8	1017.351	34979.19
7	-433012.4	81741.61	715682.6	1904143.	-597651.2	-379098.7
8	-125832.8	-1741366.	-1324821.	-2995322.	183900.3	616760.9
9	-6194763.	1671220.	10666067	28223432	-8636441.	-5626498.
10	22322.44	-25488955	-22181872	-51379461	5205828.	10526155

Source: E-views 12.0 version data output

The real gross domestic product variance resulting from a unit change in petroleum profit tax, corporate income tax, value added tax, capital gain tax, and stamp duty was determined using the impulse response function technique. Table 8 displays the findings. Real gross domestic product was found to be negatively impacted in the medium and long term by any shock to the petroleum profit tax, company income tax, and valued added tax (see periods 6 and 10). On the other hand, real gross domestic product benefits from any shock to capital gains tax and stamp duty over the medium and long terms (see periods 6 and 10).

4.1. Discussion of Findings

Taxation as a tool for economic development has been the subject of numerous studies using a variety of methodologies in various nations. The Federal Inland Revenue Service is leading Nigeria's tax reform efforts, which aim to increase

revenue collection, encourage voluntary and willing compliance, and end the long-standing, vexing fear that exists between people and tax collectors. For the time period under investigation, this study provides evidence that the petroleum profit tax significantly boosts Nigeria's economic growth. Our results are consistent with those of Ezekwere, Amahi, and Ugbah (2022) and Ihenyen and Ogbise (2022), who examined the connection between Nigeria's petroleum profit tax and economic growth and came to the conclusion that there was a substantial positive correlation. Additionally, Nwachukwu, Nwoha, and Inyama (2022), Iriabiji, Elhomun, and Kolawole (2022), and Ezekwesili and Ezejiofor (2022) reported that the petroleum profit tax had a considerable positive impact on Nigeria's economic growth. However, we disagree with research by Joseph and Omodero (2020) and Nweze, Ogbodo, and Ezejiofor (2021), which showed no correlation between economic growth and the tax on petroleum profits. From a realistic perspective, this study specifically demonstrates how heavily the Nigerian economy depends on oil for growth. Additionally, the results indicate that during the study period, corporation income tax had a significant positive effect on Nigeria's economic growth. This result is thought to be in line with Alexander, Keyi, and Alfa (2019) who found a strong positive correlation between company income tax and growth of the Nigerian economy. The results, however, are in conflict with Onoja and Ibrahim's (2020) related study. Additionally, we discover that during the study period, Nigeria's economic growth was significantly hampered by capital gains tax. This result contrasts with that of Olaoye, Ogundipe, and Oluwadare (2019), who point out that developing nations like Nigeria have a greater probability of profiting from capital gains tax because of unavoidable price increases, business earnings, and share value, all of which are intended to advance the economy.

In line with our research, value added tax was found to have significantly hampered Nigeria's economic growth over the studied time. This finding is consistent with the ideas of Ideh (2019) who emphasize that meddling of economic policies for political aims can cause economic performance which will be different from predicted. This result, however, contradicts earlier research by Ironkwe and Gbarakoro (2019) and Asaolu, Olabisi, Akinbode, and Alebiosu (2018), which found that value added tax is not a substantial source of revenue. This result runs counter to earlier similar findings by Okeke, Mbonu, and Ndubuisi (2018), who noted that the implementation of VAT seems to be a crucial instrument for tax collection and revenue ratio growth. Additionally, the stamp duty variable's results indicate a substantial positive effect on Nigeria's economic growth. This result is not consistent with the assertion made by

Ezekwere, Amahi, and Ugbah (2022) that stamp duty continue to be a potent socio-political and economic instrument for economic growth and national well-being. Despite being a global concern, tax leakage issues appear to be widespread when compared to the incidence of corrupt practices. Since taxes are a significant source of funding for the government, their theoretical equity is largely lost if people are able to evade them by legal or illegal ways. As a result, tax evasion and avoidance significantly reduce the government's ability to promote economic growth. The findings contradict those of Joseph and Omodero (2020) and Nweze, Ogbodo, and Ezejiofor (2021), but they are consistent with those of Nwachukwu, Nwoha, and Inyama (2022), Iriabiji, Elhomun, and Kolawole (2022), and Ezekwesili and Ezejiofor (2022).

5. CONCLUSION AND POLICY IMPLICATIONS

Nigeria receives two forms of tax revenue: non-oil tax revenue and oil tax revenue. Oil tax revenues are the money collected from taxes on the profits and income of Nigerian companies that produce oil. These consist of petroleum profit tax and royalties from economic rent related to oil exploitation. In contrast, non-oil tax income originates from sources other than activities related to oil. Among these are stamp duty, value-added tax, company income tax, personal income tax, capital gain tax, and excise and customs taxes. Over the years, the Nigerian government's primary source of funding has been oil revenue. The government has contributed more than half of its annual revenue, up to 85%, in order to ignore non-oil. The amount of government programs has fluctuated due to the unpredictable nature of oil revenue, notwithstanding its size. Therefore, this research finds that although increased petroleum profit tax revenue promotes economic growth, during the study period, Nigeria's economic growth was surprisingly hampered by increased capital gain tax revenue, value added tax revenue, stamp duty tax revenue, and business income tax revenue.

To close the gaps in tax evasion and avoidance, the Federal Inland Revenue Service (FIRS), which is in charge of collecting taxes owed to the Nigerian federal government, should completely restructure its tax administration apparatus. This action will significantly enhance Nigeria's corporate income tax administration performance. Because of the value added tax variable's results, the authors suggest not only reducing tax rates but also implementing a shift to creative development strategies that will support more robust and steady economic growth. Innovations are now crucial to preserving economic affordability, improving living standards, and promoting societal well-being.

Therefore, an efficient national legislation and framework for supporting commercial activity should be given top priority by the Nigerian government in order to guarantee successful creative development. The application of tax rate reductions – a strategy to attract investors or economic activity will raise disposable income, which will raise the capital gains tax. The government should fortify public institutions and make large investments that can be utilized as a source of domestic income from a variety of commercial endeavors in order to increase stamp duty revenue.

References

- Adebaio, K. (2009), “Perceived Relationship between Exchange Rate and Economic Growth in Nigeria, 1970-2010”, *American Journal of Humanities and Social Sciences*, 11 (3), 116-12.
- Adesanya, H. (2014), “Stamp Duties in Nigeria”. Retrieved from: <https://adesanyapartners.com/blog/stamp-duties-tax-in-nigeria/>
- Adeyemi A. A. and Disu, S. (2018), “Contemporary Issues in Corporate Income Tax in Nigeria - A Review of Precept and Practice”, *European Journal of Accounting, Auditing and Finance Research*, 6 (4), 59-78.
- Adigwe, P. D. and Oyadonghan, J. K. (2020), “Taxation as a Stimulus for Economic Growth in Nigeria”, *Research Journal of Finance and Accounting*, 11 (2), 70-76.
- Afolabi, H. O (2017), “Effects of Taxation on Economic Growth in Nigeria”, *Osogbo Journal of Management*, 2 (3), 37–46.
- Akanbi, M. M. (2018), “Law of Taxation”, National Open University of Nigeria course book Law 433. Retrieved from: <https://nou.edu.ng/coursewarecontent/LAW%20433%20OF%20TAXATION%20I%20sec.pdf>
- Amadeo, K. (2021), “What is Economic Growth? The Balance” Retrieved: <https://www.thebalancemoney.com/what-is-economic-growth-3306014>
- Amughor, O. A. (2021), “Effect of Taxation on Economic Growth in Nigeria: A Time Series Analysis between 1981-2019”, *Journal of Contemporary Issues in Accounting*, 1 (1), 101-115.
- Asaolu T., O., Olabisi J, Akinbode S. O. and Alebiosu O. N., (2018), “Tax Revenue and Economic Growth in Nigeria”, *Scholedge International Journal of Management & Development*, 5 (7) 72-85.
- Atems, B. (2015), “Another look at Tax Policy and State Economic Growth: The Long and Short Run”. Retrieved from ssrn.com
- Egolum P. U. and Ugonabo C. U. (2021), “The Effect of Value Added Tax on Economic Development in Nigeria (1994-2018)”, *Journal of Humanities and Social Science*, 26 (5), 21-30.

- Ezekwere, U. Amahi, F. U. and Ugbah, A. A. (2022), "Taxation and Nigerian Economy". Proceedings of the 7th Annual International Academic Conference on Accounting and Finance Disruptive Technology: Accounting Practices, Financial and Sustainability Reporting. Rivers State University of Science and Technology University of Port Harcourt.
- Ezekwesili, T. P. and Ezejiofor, R. A. (2022), "Tax Revenue and Economic Growth: A Study of Nigerian Economy", *International Journal of Research in Education and Sustainable Development*, 2 (3), 25-35.
- Ihenyen, C. J. and Ogbise, T. A. S. (2022), "Effect of Tax Revenue Generation on Economic Growth in Nigeria", *International Journal of Business and Management Review*, 10(2).44-53.
- Iriabiji, U. E., Elhomun, D. E. and Kolawole, B. A. (2022), "Petroleum Profit Tax: It's Impact on the Economic Growth of Nigeria", *African Scholars Journal of Business Development and Management Research*, 26 (7), 50-63.
- Ideh, A. O. (2019), "Tax Revenue and Economic Development of the Nigerian Economy", *Nigerian Journal of Management Sciences*, 7 (1), 222-231.
- Ironkwe U. I. and Gbarakoro N. O. S. (2019), "Tax Contribution and Economic Growth in Nigeria", *International Journal of Advanced Academic Research Accounting Practice*, 5 (4), 70-85.
- Joseph F. I. and Omodero C. O. (2020), "The Nexus between Government Revenue and Economic Growth in Nigeri", *Sciend Riga Technical University, Economics and Business*, 34, 35-45.
- Kagan, J. (2021), "Tax Avoidance Vs Tax Evasion". Retrieved from: https://www.investopedia.com/terms/t/tax_avoidance.asp
- Khadijat, A. Y. and Kabir, Y. (2019), "Impact of Non-Oil Tax Revenue on Economic Growth in Nigeria", *Journal of Accounting and Management*, 9 (2), 56-69.
- Mankiw, N. G., Weinzierl, M. and Yagan, D. (2019), "Optimal Taxation in Theory and Practice", *Journal of Economic Perspectives*, 23 (4), 147-74.
- Ngu S. K. (2020), "Effects of Capital Gains Tax on Total Tax Revenue and Economic Growth in Nigeria", *International Journal of Advanced Academic Research Social and Management Sciences*, 6 (4), 107-118.
- Nweze, C. L., Ogbodo, O. C. and Ezejiofor, R. A. (2021), "Effect of Tax Revenue on Per Capital Income of Nigeria", *International Journal of Research*, 8 (11), 99-113.
- Neway, G., Kenenisa, L.D. and Woldemicael, S. (2018). Determinants of Tax Revenue in Ethiopia. *Economics*, 6 (1), 58-64.
- Nwachukwu, R. C., Nwoha, C. and Inyama, O. (2022), "Effect of Taxation on Economic Growth in Nigeria", *International Journal of Innovative Finance and Economics Research*, 10 (4), 179-193.

- Obaje, E.E. (2012), "Capital Gains Tax in Nigeria", *Canadian Social Science*, 8 (3), 87-93.
- Ogbodo, C. Y. and Arinze, C. V. (2023), "Effect of Tax Composition on Economic Growth in Nigeria", *Scholarly Journal of Management Sciences Research*, 2 (2), 13-22.
- Okeke, M. N., Mbonu, C.M. and Ndubuisi, A.N. (2018), "Tax Revenue and Economic Development in Nigeria: A Disaggregated Analysis", *International Journal of Academic Research in Accounting, Finance and Management Sciences*, 8 (2), 178-199.
- Okpe, I. I., Duru, A. N. and Stella, E. (20147), "Effect of Tax Revenue on Economic Growth in Nigeria", *IDOSR Journal of Arts and Management*, 2 (3), 85-103.
- Okwo, I. (2011), Challenges of tax authorities in the management of tax reform processes, Africana Fep Publishers Ltd, Enugu.
- Olaoye, C. O., Ogundipe, A. A. and Oluwadare, O. E. (2019), "Tax Revenue and Economic Development in Nigeria", *Advances in Social Sciences Research Journal*, 6 (9), 312-321.
- Omodero, C. O. (2020), "Taxation Income, Graft and Informal Sector Operations in Nigeria in Relation to other African countries", *International Journal of Financial Research*, 11 (2), 163-172.
- Onoja E. E. and Ibrahim A. S. (2020), "Tax Revenue and Nigeria Economic Growth", *European Journal of Social Sciences*, 3 (1), 25-36.
- Onokoya A. B. and Afintinni O. I. (2018), "Taxation and Economic Growth in Nigeria", *Asian Journal of Economic Modelling*, 96, 2313 – 2884.
- Roser, M. (2021), "What is Economic Growth and Why is it so Important? Our World in Data. Retrieved from [ssrn.com](https://www.ssrn.com)
- Salanie, B. (2011), *The Economics of Taxation*, MIT Press, Cambridge, USA.
- Solomon, O. (2014), "A Critical Review of the Impact of Indirect Taxation on Consumption in Nigeria". Retrieved from www.independent.academia.edu.
- Taiwo, A., Ilori, A. and Emenike, E. (2019), "Historical Perspective of Tax Laws in Nigeria: From the Inception of Colonial Rule to 2019", *European Journal of Scientific Research*, 154 (3), 312-327.
- Yahaya, K.A. and Bakare, T.O. (2018), "Effect of Petroleum Profit Tax and Companies Income Tax on Economic Growth in Nigeria", *Journal of Public Administration, Finance and Law*, 1 (3), 100-121.