

**AN EXAMINATION OF CORPORATE TAX ON ECONOMIC GROWTH IN NIGERIA,
(2018 – 2022)**

By

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ABSTRACT

The study is titled “An examination of corporate tax on economic growth in Nigeria, 2018 - 2022” the specific objectives were to: ascertain whether company income tax has significant influence on gross domestic product in Nigeria; ascertain whether petroleum profit tax has significant influence on gross domestic product in Nigeria; determine whether value added tax has significant influence on gross domestic product in Nigeria. The ex-post facto research design was adopted for the study to analysis the secondary data covering 2018 to 2022. The sources of data for this study were obtained from the statistical bulletin from Central Bank of Nigeria and reports of Federal Inland Revenue Service (FIRS). The study employed regression model based on the classical linear regression model otherwise known as Ordinary Least Square (OLS) technique. The empirical findings revealed that: Company income tax,

Petroleum profit tax and, Value added tax has significant influence on gross domestic product in Nigeria since the significance value of (p-value) of $0.00 < 0.05$. This means that the model is statistical significant. in conclusion it therefore stated that overwhelming positive relationship between all the corporate tax sources including company income tax, petroleum profit tax and, value added tax on Nigeria has significant influence on economic growth. It therefore recommends that to increase rate of growth of petroleum profit tax, the government should tackle the challenges that surround the generating of the revenue through company income tax, petroleum profit tax and, value added tax of the corporate bodies.

Keywords : *Company Income Tax (CIT), Petroleum Profit tax (PPT), Value Added Tax (VAT) & Gross Domestic Product (GDP)*

INTRODUCTION

Background to the study

Tax is a compulsory levy or financial charge imposed on a taxpayer or upon his property by the government to provide security, social amenities and other amenities for the well-being of the society. The main purpose of taxation is to raise funds to defray the expenses incurred for the common interest of the country without reference to special benefit conferred. In simple terms, tax is a compulsory contribution levied by a sovereign power, on the incomes, profits, goods, services or properties of individuals and corporate persons, trusts and settlements. Such taxes when collected are used for carrying out governmental functions, such as maintenance of law and order, provision of infrastructure, health and education of the citizens, or as a fiscal tool for controlling the economy. Abiola and Asiweh, (2012) support tax as an instrument of social engineering which can be used to stimulate general or special economic growth. Structure among the various tax structures in Nigerian economy is company income tax. By virtue of section 8 (1) of the Companies Income Tax Act (CITA) 1990, taxes are payable as specified upon profits of any company accruing in, derived from, brought into, or received in Nigeria in respect of amongst others, any trade or business for whatever period of time the trade or business may have been carried out. As at date, companies' income tax is 30 per cent of assessable income.

According to Adebisi and Gbegi, (2013) deemed tax is primarily payable on profits at the companies income tax rate of 30 per cent. However, as foreign companies liable to such tax do not ordinarily operate in Nigeria, and thus account to the Federal Inland Revenue (FIRS) with full accounts, the FIRS is permitted by law to deem a position of the foreign company's turnover or gross income as profit.

Ever since Companies Income Tax Ordinance was enacted in 1939, the federal government of Nigeria has maintained exclusive jurisdiction over the taxation of companies. Companies Income Tax is a compulsory levy by government on the profits made by registered companies in Nigeria and it is a subset of an example of a direct tax because the incidence of payment and burden of tax are borne by the companies and cannot be transferred to a third party. The relevant tax authority charged with the responsibilities of assessing and collection of Company Income Tax (CIT) is the FIRS (Naomi & Sule, 2015).

Therefore the deemed income of the company will be 20 per cent of the turnover. Such deemed income so assessed will itself be liable to tax at the current companies tax rate of 30 per cent, which final assessment will amount to 6 per cent of total income. Effectively, the company will be assessed for income tax at 1 per cent of its turnover, as 5 per cent would have been withheld. Section 57 CITA 1990 mandates companies operating in the Nigerian Stock Exchange to file monthly returns with the Federal Inland Revenue not later than 7 days after the end of each calendar month (Osho, Omotayo, & Ayorinde, 2018).

Economic growth is the sustained increase in the country's gross domestic product (GDP) over a long period of time leading to an increase in per capita income (Ikeora, 2007). For this to be possible the rate of growth of GDP must be higher than the rate of population growth. Economic growth is a sustained increase in per capita national output or net national product over a long period of time. Economic growth occurs when a nation's production possibility frontier shifts outward (Gbeke, & Nkak, 2021). Economic growth of any nation depends on the amount of resources generated and under its control to finance its infrastructural need and meet its day to day expenditure. The resources needed is believed however to be generated from external and internal- through a structured tax system. Tax as a macroeconomic policy tool determines the level and pace of economic growth in nations of the world (Adeusi, Uniamikogbo, Erah & Aggreh, 2020). It is on this background that the research wants to examine of corporate tax on economic growth in Nigeria from 2017-2021.

Statement of the Problem

Over the years, revenue derive from taxes has been very low and no physical development has actually take place (Afubero & okoye, 2014). The incessant lamentation of the people of poor and inadequate infrastructure has been in the increase and the government has often complained of inadequate fund to attend to provisions of these amenities. The downward movements of Nigerian economy are traceable to inabilities of the government to achieve its potential tax capacity (Madugba, et al 2013).

Government use tax proceeds to render their traditional functions, such as the provision of public goods, maintenance of law and order, defense against external aggression, regulation of trade and business to ensure social and economic maintenance. However, it is evidenced that the role of taxation in promoting economic growth in Nigeria is not felt, primarily because of its poor administration. The major challenges facing tax administration in Nigeria include frontiers of professionalism, poor accountability, lack of awareness of the general public on the imperatives and benefits of taxation, corruption of tax officials, tax avoidance and evasion by taxing units, connivance of taxing officials with taxing population, high rate of tax and poor method of tax collection. Tax administration and individual agencies suffer from limitations in manpower, money, tools and machinery to meet the ever increasing challenges and difficulties. In fact, the negative attitude of most tax collectors toward taxpayers can be linked to poor remuneration, motivation and the problem of accuracy of tax statistics. In view of the challenges as identified above, this study sets to examine corporate tax on economic growth in Nigeria.

Objectives of the Study

The main objective of the study is an examination of corporate tax on economic growth in Nigeria while specific objectives are to:

1. Ascertain whether company income tax has significant influence on gross domestic product in Nigeria.
2. Ascertain whether petroleum profit tax has significant influence on gross domestic product in Nigeria.
3. Determine whether value added tax has significant influence on gross domestic product in Nigeria.

Research Questions

The following research questions were raised for the study.

1. What is influence of company income tax on gross domestic product in Nigeria?
2. What is influence of petroleum profit tax on gross domestic product in Nigeria?
3. What is influence of value added tax on gross domestic product in Nigeria?

Research Hypotheses

Based on the above research questions, the following null hypotheses were formulated for the study:

- H₀: Company income tax has no significant influence on gross domestic product in Nigeria.
- H₁: Company income tax has significant influence on gross domestic product in Nigeria.
- H₀: Petroleum profit tax has no significant influence on gross domestic product in Nigeria.
- H₂: Petroleum profit tax has significant influence on gross domestic product in Nigeria.
- H₀: Value added tax has no significant influence on gross domestic product in Nigeria.
- H₃: Value added tax has significant influence on gross domestic product in Nigeria.

Significance of the Study

The study is significant in its contribution to understanding corporate tax on economic growth in Nigeria. The findings from this study may be of immense value to tax agencies/authorities so as to ensure effective collect of taxes.

The government of Nigeria will find the outcome of this study useful in terms of utilization taxation as an economic tool for effective management of the economy.

The future researchers will equally gain immensely from this work because it will serve as a secondary data and help them to know areas that need further study so as to bridge the gap in taxation and Nigeria economy.

Finally, this work will enable students understand taxation and its effect on economic development. It will also help future researchers to know further area to research on.

Scope of Study

The study focuses on an examination of corporate tax on economic growth in Nigeria. The geographical area of the study is Nigeria. This topic was chosen to appraise corporate tax on economic growth in Nigeriacovering a period of 10 years (2018-2022).

Review of Related Literature

The related literature for the study is reviewed under: Conceptual review, Theoretical review, Empirical Review and review summary with identification of gap in literature to be filled.

Conceptual Review

Concept of Taxation

Taxation is a financial charge on income levied by the government on citizen, corporate entities, businesses or possessions that yield revenue. Similarly it is mean by the compulsory proportional donations from individuals and property possession, imposed by the Government by the virtue of its power for the funding of Government administration and general public necessities (FIRS, 2012). Being an ancient practice, taxation is a source of generating revenue by community or society that form a state to shoulder the public expenditure and improve economic, social and standard of living of the taxpayer's.

Taxes are imposed on individuals and corporate income directly or indirectly. Tax that are levied on personal or corporate income of taxpayers are known as direct tax while tax that are impose on sales of good (tangible) and services (intangible) or trade which involve profit/loss is term as indirect tax. Therefore, tax is a monetary liability placed upon persons or belongings maintains to support the government, thus, tax is not a deliberate payment or contribution but rather an enforced role, obtained pursuant by legislative authority and in any contribution imposed by government (Babatunde, Ibukun & Oyeyemi, 2017).

Taxation can be defined as the system of imposing a compulsory levy on all income, goods, services and properties of individuals, partnership, trustees, executorships and companies by the government (Khobai, Abel & Le Roux, 2016), Khumbuzile, and Hlalefang (2018) defined taxation as a compulsory payment made by individuals and organization to relevant Inland Revenue authorities at the federal, state or local government level.

Khumbuzile and Hlalefang, (2018) sees taxation as a levy imposed by the government against the income, profit or wealth of the individual, partnership, corporate organization. Ola (1999) defined taxation as compulsory levy imposed on a subject or upon his property by the government to provide security, social amenities and create conditions for the economic well-being of the society. A precise definition of taxation by Ojong, Anthony and Arikpo (2016) is that taxation is one of the sources of income for government, such income as used to finance or run public utilities and perform other social responsibilities. According to Adams (2001) taxation is the most important source of revenue for modern governments, typically accounting for ninety percent or more of their income.

Taxes are classified into direct and indirect. Okwara, and Amori, (2017) defined direct taxes as taxes levied on the income of individual, group of individuals, and business firms and are paid directly by the person or persons on which it is legally imposed by the tax authority. Direct taxes can be classified into Personal Income tax, Company Income tax, Capital Gain tax, Petroleum Profit tax, and Capital Transfer tax. Indirect taxes are taxes levied on expenditure that is, goods and services. These taxes are paid as part of payment for goods and services purchased by the ultimate users or consumers. The incidences of this

type of taxes are usually borne by the third party. Indirect taxes can be classified into the following: Import duties, Export duties and Value Added tax (Okwara, & Amori, 2017).

Taxation is perceived as a critical instrument for National Development and growth in most societies of the world. One of the significant records by which development and growth can be measured in any general public is the degree of wealth, which is made by economic workouts struggled in that society. Furthermore, one of the methods for formation of wealth for nationals is through significant employment, so that citizens have the capacity to earn income to cater for their needs and additionally support taxes to the Government as a portion of their commitment to National Development (Gurama & Muzainah, 2015).

Concept of Corporate Tax

Corporate taxation is an integral part of the tax system. It is indispensable as a powerful armory for revenue generation and management of the economy for development towards desired goals. According to Ogbonna and Ebimobewei (2012), the political, economic and social development of any country depends on the amount of revenue generated for the provision of infrastructure in the given country, and that a well-structured tax system would boost the development of such a country.

A corporate tax is a tax on the profits of a corporation. The taxes are paid on a company's taxable income, which includes revenue minus cost of goods sold (COGS), general and administrative (G&A) expenses, selling and marketing, research and development, depreciation, and other operating costs (Kagan, 2022). Corporate taxes can be lowered by various deductions, government subsidies, and tax loopholes, and so the effective corporate tax rate, the rate a corporation actually pays, is usually lower than the statutory rate; the stated rate before any deductions. Corporate tax, therefore presents itself as one of the viable ways of raising revenue for development. Corporate taxation also creates other incentives for economic development of a nation. This is achieved through a legal framework designed to stimulate investment and development in particular sectors of the economy (Ierkwagh & Tija, 2020).

Corporate tax is one of the surest ways of mobilizing revenue for economic development. Corporate taxation therefore forms an integral part of the machinery for revenue mobilisation. Corporate taxation for this purpose would therefore mean Companies Income Tax (CIT) and Petroleum Profits Tax (PPT). Corporate bodies also pay Capital Gains Tax, Value Added Tax (VAT), Stamp Duties and Customs and Excise Duties. For development purposes, corporate taxation can be appreciated basically from two

major perspectives. These are revenue generation and economic management approaches (Ierkwagh & Tija, 2020).

Revenue generation

Revenue obilization is the key to sustainable development. It is important for the provision of infrastructural development in the areas of good roads, quality education, power supply, and most importantly, investment in the production of goods and services. The United Nations (2005) has shown that in achieving the Millennium Development Goals (MDGs), low income countries (LICs) have the responsibility to increase their domestic revenues by about 4 percent of Gross Domestic Product (GDP). According to the report, this is necessary due to the fact that infrastructural development demands a lot of resources and funding. In essence, revenue generation in low income countries is extremely low and there is need for improvement if those countries are to achieve any meaningful development.

In Nigeria, revenue generation has not been very impressive due to the weak and administrative nature of the tax system. In the face of this, tax avoidance and evasion schemes prevail resulting to extremely low revenue yields. Corporate taxation in particular, has not in recent years formed a significant percentage of the gross revenue collections in the country (Ierkwagh & Tija, 2020).

Economic Management

Over the years, governments have been consistent in the use of tax incentives to stimulate both local and foreign investment in particular sectors of the economy. These may take the following forms:

Tax Exemptions

Tax exemption otherwise called tax holiday may come inform of outright or partial exemption of income from tax. Tax exemption simply means a period of exemption from the payment of taxes imposed by the government. The exemption may be in favour of an industry, region or type of investment. This form of tax incentive is the most predominant form of incentive used in fiscal strategies aimed at stimulating investment, be it local or foreign.

Currently, the types of income exempted include profits in respect of goods exported, interest on deposits in Nigeria by non-residents and income earned from abroad repatriated to Nigeria. The driving force towards the use of tax exemption among the developing countries is that it stimulates investments

by making available to companies within the exemption period tax free income. It is therefore a direct subsidy to the cost of

production of pioneer companies. The usual argument against tax exemption is that it grants disproportionate benefits to firms which enjoy a higher rate of profit, since the greater the profits, the greater is the saving out of the postponement of tax payments, thereby discriminating against the need and the profit-less companies.

Company Income Tax

One of the major functions of any government especially developing countries such as Nigeria is the provision of infrastructural services such as electricity, pipe-borne water, hospitals, schools, good roads and as well as ensure a rise in per capita income, poverty alleviation to mention a few. For these services to be adequately provided, the government should have enough revenue to finance them. The task of financing these enormous responsibilities is one of the major problems facing the government. Based on the limited resources of government, there is a need to carry the citizens (governed) along hence the imposition of tax on all taxable individuals and companies to augment government financial position (Nwachukwu, Nwoha & Inyama, 2022).

The current enabling law that governs the collection of taxes on profits made by companies operating in Nigeria excluding companies engaged in Petroleum exploration activities is Companies Income Tax Act, 1990. This tax is payable for each year of assessment (based on actual year) of the profits of any company at a rate of 30 per cent. According to Ola, (2004), companies' income tax administration in Nigeria does not measure up to appropriate standards. He further said that company income tax is a major source of revenue in Nigeria but non compliance with laws and regulations by tax payers is deep in the system because of weak control. There is the need for a general tax reforms in the Nigerian company income tax system.

Ogbonna and Appah (2016) defined companies income tax as a tax imposed on the profit of companies (excluding profit from companies engaged in petroleum operations) accruing in, derived from, brought into or received in Nigeria in respect of any trade or business, rent, premium, dividends, interest, royalties and any other source of annual profit. Chigbu and Njoku (2015) denote that company income

tax is a tax on profit made by companies. Company income tax is introduced in Nigeria in 1961 and administered by the Federal Inland Revenue Services. Since enactment, the law on CIT has passed through series of amendment and the rate of CIT varies according to operation and size of turnover per annum.

Company Income tax is chargeable on the income of all companies operating in the country except those specifically exempted under the Act. There is some emphasis in the Act on the distinction between Nigerian and non-Nigerian companies. A Nigerian company is defined as one incorporated under the Companies and Allied Matters Act, or any enactment replaced by that Act. The total profits of such company are assessable to Nigerian tax irrespective of whether or not all the profit have been derived from, brought into or received in Nigeria (Doki & Abubakar, 2015). A foreign company (non-Nigerian company) is defined as any company or corporation established by or under any law in force in any territory or country outside Nigeria, that is a company that is not incorporated under the Companies and Allied Matter Act. The profits of a non-Nigerian company shall be subject to Nigerian tax only to the extent to which such profits are attributable to the company's operations in Nigeria subject to provisions in the respective double taxation agreements if any is available with the country where the foreign company is registered.

Company income tax is imposed on the income of all companies operating in the country except those specifically exempted under the Act. Companies are taxed at a rate of 30 per cent. The income tax is imposed on (Osho, Omotayo & Ayorinde, 2018);

1. The profits of Nigerian companies irrespective of whether or not they are brought into or relieved in Nigeria being Nigerian company incorporated under Companies and Allied Matters Act.
2. The profit of non-Nigeria companies operating in Nigeria. The Non-Nigerian companies are foreign companies as defined by section 54 of the Companies and Allied Matter Act as "any companies or corporation established by or under the law in force in any territory or country outside Nigeria" This means such company is not incorporated under the Companies and Allied Matters Act.
3. Dividend, interest or royalties due to non-Nigerian companies which are assessed at 10 per cent (withholding tax rate) on the net is payable to the respective companies.

On the tax chargeable, section 9 (1) of the Companies Income Tax Act 2007 provides that Subject to the provisions of this Act, the tax shall, for each year of assessment, be payable at the rate specified in subsection (1) of section 40 of this Act upon the profits of any company accruing in, derived from, brought into, or received in, Nigeria in respect of (Osho, Omotayo & Ayorinde, 2018):

- (a) Any trade or business for whatever period of time such trade or business may have been carried on;
- (b) Rent or any premium arising from a right granted to any other person for the use or occupation of any property; and where any payment on account of such a rent as is mentioned in this paragraph is made before the expiration of the period to which it relates and is included for the purposes of this paragraph in the profits of a company, then, so much of the payment as relates to any period beginning with the date on which the payment is made shall be treated for these purposes as accruing to the company proportionately from day to day over the last mentioned period or over the five years beginning with that date, whichever is the shorter;
- (c) Dividends, interests, royalties, discounts, charges or annuities;
- (d) Any source of annual profits or gains not falling within the preceding categories;
- (e) Any amount deemed to be income or profit under a provision of this Act or, with respect to any benefit arising from a pension or provident fund, of the Personal Income Tax Act;
- (f) Fees, dues and allowances (wherever paid) for services rendered;
- (g) Any amount of profits or gains arising from acquisition and disposal of short-term money instruments like Federal Government securities, treasury bills, treasury or savings certificates, debenture certificates or treasury bills, treasury or savings certificates, debenture certificates or treasury bonds.

To this end, the government have always enacted various tax laws and reformed existing ones to stand the taste of time. They include Income Tax Management Act (ITMA), Companies Income Tax Decree (CIID), Joint Tax Board (JIB). All these are aimed at ensuring adherence to tax payment and discouraging tax evasion and avoidance.

Petroleum Profit Tax

Petroleum Profit Tax in Nigeria Petroleum taxation is the instrument of choice for sharing wealth between host governments and international oil companies. It is a direct tax, levied annually on net profit

of a petroleum tax payer, who is carrying on the business of petroleum exploration and production (Evans & Hunt, 2011). Petroleum taxation has some particular features as a result of oil industry's unique characteristics: the huge central contribution of revenue to the economy, the volatility of oil prices, the large operating and development costs, the high uncertainty associated with petroleum geology, the specific characteristics of individual oilfields, and the possibility of re-investment.

The cost of petroleum projects tend to be incurred up-front and the time lags between the discoveries of oil or gas reserves to the time of first production can be significant. This adds to the challenge of designing and implementing appropriate petroleum tax system aimed at achieving a balance between both government and industry interest (Evans & Hunt, 2011). A variety of tax instruments have been used to capture the economic rent from oil activity over the years namely; gross royalty, brown tax, resource rent tax (RRT) and income tax.

Royalty is an output- based tax because it is levied on the unit or value of production, whereas the other three instruments are profit based or cash flow taxes, because they are imposed on net profit or operating income after capital investment (Saheed, Abarshi & Ejide, 2014). One of the sources of revenue to the government is petroleum income as available statistic shows that the Nigeria has proven oil reserves of 36 billion barrels, condensate of 4 billion barrels, proven gas reserves of 187 trillion cubic feet and the present average daily production of oil is put at 2.6 million bbl/b (Agbogun, 2004; Egbogah, 2006; EIA, 2015).

Petroleum Profit Tax has been defined as a legislation which imposes tax upon profits from the mining of petroleum in Nigeria and provides for the assessment and collection thereof and for the purposes connected therewith (Attamah, 2004). Accounting for income from oil and gas producing activities differ in many respects from financial accounting (Gallun & Stevenson, 1986). Odusola (2006) defined petroleum profit tax as a tax applicable to upstream operations in the oil industry. It is particularly related to rents, royalties, margins and profit sharing elements associated with oil mining, prospecting and exploration leases. Attamah (2004) asserted that Petroleum Profit Tax is the most important tax in Nigeria in terms of its share of total revenue contributing 95 and 70 percent of foreign exchange earnings and government revenue respectively.

Value Added Tax (VAT)

Value added tax (VAT) is simply called the Goods and Services Tax (GST). It is a consumption tax payable on the goods and services consumed by any person, business organizations or individuals (Clement, Osaro, Igbinosa, Raphael and Oghogho, 2019). VAT can also be defined as a tax on spending/consumption which is levied at every stage of transaction but eventually borne by the final consumer of such goods and services (Ugwa and Embuka, 2012). The concept of VAT in Nigeria is traceable to the Dr. Sylvester Ugoh-led study group on Indirect Taxation in November, 1991.

Thereafter, a committee was set up by the then Military government under the chairmanship of Mr. Emmanuel Ijewere to conduct extensive research and make recommendations. Value Added Tax (VAT) was finally introduced by the Federal Government of Nigeria and was provided for by the Value Added Tax Decree 102 of 1993. It became effective in 1994 as a replacement of the Sales Tax which had been in operation under Federal Government Legislated Decree No.7 of 1986 but administered by the States and the Federal Capital Territory (Ugwa & Embuka, 2012). Before the introduction of VAT in Nigerian economy, the Federal Government has been working relentlessly on how to revamp the moribund Nigeria economy.

To this effect, several economic measures were introduced and among them include the Second-Tier Foreign Exchange Market (SFEM), Value Added Tax (VAT) is one of the most popular taxes around the world. In sub-Saharan Africa for example, VAT has been introduced in Benin republic, Cote d'Ivoire, Guinea, Kenya, Madagascar, Mauritius, Niger republic, Senegal, Togo and Nigeria. Evidence has shown in these countries that VAT has been an important contributor to total government revenue (Ajakaiye 2000). Shalizi & Squire (1988) found that VAT accounted for about 30% of total tax revenue in Cote d'Ivoire, Kenya and Senegal in 1982. Tait (1989) showed that VAT has been in effect in Ecuador and Mexico since at least (1973) and by 1983 accounted for 12.35% and 19.71% of total government revenues in those countries respectively. Indonesia introduced VAT in 1983 and by 1988, the ratio of revenue GDP has raised to 4.5% (Bogetic & Hassan 1993).

Economic Growth

Economic growth is defined by Antwi, Mills, and Zhao, (2013), as the process that brings about increase in the real per capita income of a country over a long period of time. Also, Barro and Martin, (1992)

defined economic growth as a steady process by which the productive capacity of the economy is increased over time to bring about rising levels of national output and income. Sabir, and Tahir, (2012), defined Economic Growth as the increasing capacity of the economy to satisfy the wants of goods and services of the members of society. This means that where there is economic growth, factors of production increase and aimed to increase production of goods and services for the satisfaction of human wants.

Economic growth is measured by the amounts of goods and services produced in a country. That is why Sabir, and Tahir (2012) referred to it as the increase of per capita gross domestic product (GDP) or other measures of aggregate income typically reported as the annual rate of change in real GDP. Thus the GDP can be used as a good measure for economic growth and development of the country.

Economic growth means an increase in the capacity of an economy to produce goods and services, compared from one period of time to another. Economic growth is a process by which a nation wealth increases over time. The most widely used measures of economic growth is the rate of growth in a country's total output of goods and services gauged by the gross domestic product (GDP). Economic growth can also be referred to as the increase of gross domestic product (GDP) or other measures of aggregate income, typically reported as the annual rate of change in the real GDP.

Gross Domestic Products (GDP)

Gross Domestic Product (GDP) is a monetary **measure** of the market value of all the **final goods** and services produced in a period of **time**, often annually or quarterly. "An aggregate measure of production equal to the sum of the **gross values added** of all resident and institutional units engaged in production (plus any taxes, and minus any subsidies, on products not included in the value of their outputs)" (OECD, 2014). An **IMF** publication states that "GDP measures the monetary value of final goods and services—that are bought by the final user—produced in a country in a given period of time (say a quarter or a year)" (Callen, 2016).

According to Dawson (2006), total GDP can also be broken down into the contribution of each industry or sector of the economy. The ratio of GDP to the total population of the region is the per capita GDP and the same is called Mean Standard of Living. GDP is considered the "world's most powerful statistical indicator of national development and progress" (Lepenies, 2016).

Therefore, the best way to measure a country's economy is through gross domestic product. It is the total value of everything produced by all the people and companies in the country. It does not matter if they are citizens or foreign-owned companies. If they are located within the country's boundaries, the government counts their production as GDP. The only exception is the shadow or black economy. The components of Gross Domestic Products (GDP) include Personal Consumption Expenditures (PCE) plus Business Investment (BI) plus Government Spending (GS) plus (Exports minus Imports).

Theoretical Review

This study is anchored on the following theories:

Ability-to-Pay theory

Ability to pay theory propounded by Pigou (1920) is the most popular and commonly accepted principle of equity or justice in taxation is that citizens of a country should pay taxes to the government in accordance with their ability to pay. Rather than the benefits principle, the “ability-to-pay principle” generally dominates modern equity discussions. Under the ability to pay principle, one with higher incomes should pay more taxes than one with lower incomes. It appears very reasonable and just that taxes should be levied on the basis of the taxable capacity of an individual. The fact is that when this theory is

put in practice, one difficulty actually begins. The trouble arises with the definition of ability to pay. The economists are not unanimous as to what should be the exact measure of a person's ability or faculty to pay (Naiyeju, 1996).

Benefit theory of taxation

The Benefit theory of taxation propounded by Cooper (1994) suggests that the taxes are to be imposed on individuals according to the benefit conferred on them. In effect, the more benefits a person derives

from the activities of the State, the more he should pay to the government, thus a “quid pro quo” is expected to subsist. However, it is impossible to implement precisely due to the difficulty of determining the amount of government benefits, including diffuse benefits such as military protection received by each resident and non-resident tax payer.

According to Nwankwo (1992), this theory states that the more benefits a person derives from the activities of the state, the more he should pay to the government. If, in accordance with the “benefits theory of taxation,” we conceive of taxes as payments in exchange for government benefits, perhaps states should be obliged to confer personal tax benefits on residents who contribute to their tax coffers. The benefits theory would imply that a resident should be able to collect personal tax benefits to the extent that her tax payments to the source state exceed the money value of any source state government benefits she already receives, including infrastructure, regulated labour and capital markets, and so on.

Empirical Review

Nwachukwu, Nwoha and Inyama (2022) examined the effect of taxation on the economic growth in Nigeria. The study adopted an ex-post facto research design. The data were analyzed with econometric techniques involving Descriptive Statistics, Augmented Dicker Fuller Tests for Unit Roots and the Ordinary Least Square (OLS). The result of the study indicates that value added tax, petroleum profit tax, personal income tax and company income tax have positive and significant effect on gross domestic product in Nigeria. The study thus concludes that taxation have positive effect on gross domestic product in Nigeria. The implication is that strong taxation policy is required for economic

growth and development which will enhance employment generation, poverty alleviation, enhance capacity building for manpower and skills development promote growth and facilitate industrial development in Nigeria.

Aliyu, and Mustapha (2020) empirically studied the impact of tax revenue on economic growth in Nigeria, spanning from 1981 to 2017. It employs time series data obtained from the CBN statistical

bulletins, FIRS annual publications and National Bureau of Statistics (NBS) portal. To achieve the objectives of the study, OLS and ARDL techniques were employed. ARDL bound test revealed that the variables are cointegrated

while ARDL long-run estimation indicated that petroleum profit, value added tax and government domestic debt are significant and positively related to GDP.

Awa and Ibeanu, (2020) ascertained the influence of tax revenue on economic development of Nigeria with annual time series data, from CBN and FIRS from 1997 to 2018 as used. The study used regression analysis. The result showed that petroleum profit tax and company income tax have significant effect on economic development while value added tax does not significantly influence economic development. The implication of the finding is that the higher the amount of tax revenue generated, the higher the level of economic development experienced by the economy. This implies that taxes that have positive effect on economic development are direct taxes, thus direct taxes exert more significant influence on economic development of Nigeria than indirect taxes. This anomaly was attributed to dysfunctional ties in tax system, loopholes in tax law and inefficient tax administration. The lower the amount of revenue generated from tax the lower the quality of development to be witnessed. Government will generate higher revenue if they strengthen the legal and regulatory framework in order to control tax evasion and tax avoidance by taxpayers, improve on the system of tax administration.

Obaje and Ogirima (2019) ascertained the effect of taxation on the economic growth in Nigeria. The analytical tool used is Ordinary Least Squares (OLS) technique of multiple regression models using statistical time series data from 2008-2017. The statistical result of the tested hypothesis shows that there is a positive relationship between Real Gross Domestic Product and Corporate Income Tax, Petroleum Profit Tax and Value Added Tax. The value of coefficient of determination (R^2) is 0.92 which implies that 98% of the total variation in GDP is caused by the explanatory variables (CIT, PPT and VAT) and the remaining 8% is caused by the error term which shows that the effect of independent variables on the dependent variable is significant. Based on the aforementioned findings,

Osho, Omotayo and Ayorinde (2018) examined empirically the impact of company income tax on gross domestic products in Nigeria. The motive of the study was to examine how company income tax revenue has contributed to gross domestic products in Nigeria. Secondary data was obtained from relevant literatures, Central Bank of Nigeria Statistical Bulletin and National Bureau of Statistics

publications. Ordinary Least Square Linear Regression model is used to test the related data extracted from the Central Bank of Nigeria Statistical Bulletin and National Bureau of Statistics. Findings revealed that company income tax revenue has a positive and significant effect on gross domestic products in Nigeria. The study concluded that company income tax revenue plays a crucial role in the economy activity and making funds available in the government purse that can be used to adequately execute massive projects to the benefit of the citizens of the country.

Khumbuzile and Hlalefang (2018) investigate the impact of taxation on economic growth in South Africa. Yearly data for South Africa for the period 1981 – 2016 was used to develop the Auto-Regressive Distribution Lag (ARDL) approach. The empirical results confirm that there is a negative relationship between taxes and economic growth in South Africa. The findings of the study include that economic growth, trade and openness, capital and taxes are co-integrated. This paper suggests that fiscal policy is very important to force sustainable economic growth in South Africa.

Okwara, and Amori, (2017) examines the impact of tax revenue on the economic growth in Nigeria for the period of 1994-2015. Secondary data were used and sourced from journals, textbooks and Central Bank of Nigeria (CBN) statistical bulletin. The variables considered are: Gross Domestic Product (GDP) as a proxy for economic growth, Value Added Tax (VAT), and non-oil income (tax). To avoid spurious results, Ordinary Least Square (OLS) with the aids of Statistical Package for Social Sciences (SPSS) was used to test the significant impact of value added tax and non-oil income on Gross Domestic Product (GDP). The results revealed that non-oil income has significant impact on gross domestic product while value added tax has negative relationship and statistically insignificant for the period under review. The study concludes that tax revenue have significant impact on Nigerian economy growth. The paper therefore recommends that government should diversify the main revenue source from crude oil to other sectors of the economy such as agriculture, extractive industries in order to attract direct and indirect taxes

Uzoka, and Chiedu, (2018) investigates the effect of tax revenue on economic growth of Nigeria between 1997 -2016. The times series data sourced from Central Bank of Nigeria Statistical Bulletin and Federal Inland Revenue Service (FIRS), were analyzed using unit root tests, co-integration tests and vector error correction mechanism (VECM). The unit root test result reveals that CIT and CED and CGT are stationary at level. While RGDP, PPT, VAT and RDT are stationary at first order, that is after first

difference. The co-integration tests (both Johansen and Engle-Granger) showed that a long run relationship existed between the economic growth and RGDP, PPT, VAT and RDT CIT, CED. The results obtained from the analysis of the model revealed that CGT and EDT have no significant effect on economic growth while PPT, CIT, VAT and CED have significant effect on the economic growth in Nigeria. The study recommends to boost economic growth in Nigeria, government should ensure the tax revenue generated are channeled towards building capital stock that can create more jobs which will generate more revenue to government through other forms of tax.

Babatundel, Ibukun and Oveyemi (2017) conducted a study to examine the relationship of taxation and economic growth in Africa from the periods 2004 to 2013. The pre-estimation test carried out was descriptive statistics and unit root tests, which showed that the variables GDP and tax were normal and stationary. However, the findings however for this study indicated that tax revenue is positively related to GDP and promotes economic growth in Africa. The study concluded that tax revenue has a significant positive relationship with GDP. Skinner (1988) used data from African countries to conclude that income, corporate, and import taxation led to greater reductions in output growth than average export and sales taxation

Ojong, Anthony and Arikpo (2016) undertook the study of investigating the impact of tax revenue on economic growth in Nigeria over the period 1986 to 2010 using the ordinary least square model. The findings of their ordinary least square model reveal the insignificant relationship between tax revenue received from companies and economic growth. Cornelius, Ogar and Oka (2016) examined the impact of tax revenue on the Nigerian economy. Ordinary least square of multiple regression models was used to establish the relationship between dependent and independent variables. The finding revealed that there is a significant relationship between petroleum profit tax and the growth of the Nigeria economy. It showed that there is a significant relationship between non oil revenue and the growth of the Nigeria economy. The finding also revealed that there is no significant relationship between company income tax and the growth of the Nigeria economy.

Doki and Abubakar (2015) examined company income tax in the light of its potential for alternative financing for sustainable development in Nigeria. The study employed Ordinary Least Square (OLS) method and Co integration Test over the period of 1987– 2013 to analyse the long-run relationship between company income tax and revenue generation in Nigeria. Results show that increasing the

contribution of CIT by one per cent increase revenue generation by 0.42%. Then macroeconomic determinants of CIT portray that there is a long run relationship with foreign direct investment, interest rate and corruption proxied by CPI.

Heitzman and Ogneva (2015) evaluated the relationship between Corporate Tax Planning and Stock Returns of all U.S. firms traded on NYSE, AMEX or Nasdaq from 1988 to 2013 using panel regression analysis; they concluded that high tax planning firms do indeed earn higher returns, but only during periods when tax enforcement is low; the study also discovered that small firms have less diversified tax strategies than large, complex firms due to: lack of scale and complexity, high exposure to adverse consequences of government actions inability to finance high fixed costs of tax planning strategies. The study found that large firms are less exposed to tax policy risk due because they are consistently audited. The study suggested that boards and managers should primarily focus on the expected incremental cash flows from tax planning. However most of these studies were done in an environment outside that of Nigeria. Again, the time frames considered in these studies were short and the results from these studies are conflicting. These shortcomings have somehow contributed to the knowledge gap in the literature, thus warranting a more systematic and comprehensive study of the effect of taxation on economic growth in Nigeria.

Kawor and Kporgbi (2014) found that tax savings enhanced after tax earnings of Ghanaian firms but does not reflect in the firm's value. The result is consistent with the Agency theory notion that not all management strategies tends towards the achievement of wealth maximization objectives. In a similar vein, the adoption of the Generalized Least Squares (GLS) regression model by Ftouhi, Ayed and Zemzem (2014) to examine the relationship between firms' value and tax planning with firm size, leverage, capital intensity, dividend and earnings management as control variables found a significant and negative relationship between firm value and tax planning also supports the Agency cost theory of tax planning.

The relation between the firm cost of equity and corporate tax avoidance was examined by (Goh, Lee, Lim and Shevlin, 2013) using three measures that capture less extreme forms of corporate tax avoidance: book-tax differences, permanent book-tax differences, and long-run cash effective tax rates. The study found that less aggressive forms of corporate tax avoidance significantly reduces a firm's cost of equity. Further analysis reveals that this effect is stronger for firms with better outside monitoring. It is also

applicable to firms that likely realize higher marginal benefits from tax savings, and firms with better information quality. Onaolapo, Aworemi, and Ajala (2013) examined the impact of value added tax on revenue generation in Nigeria. The Secondary Source of data was sought from Central Bank of Nigeria statistical Bulletin (2010), Federal Inland Revenue Service Annual Reports and Chartered Institute of Taxation of Nigeria Journal. Data analysis was performed with the use of stepwise regression analysis. Findings showed that Value Added Tax has statistically significant effect on revenue generation in Nigeria.

Summary of review of related literature

It is evidence that many empirical studies reviewed dealt with taxation and economic growth and it is also observed that most of the literatures concentrate on the effect of company income tax on Nigerian economy growth. Nevertheless, previous studies reveal extensive analyses of tax revenue and economic especially in most of the developing countries; But, in Nigeria in particular not much has been done. To the best of my knowledge there are no much studies or literature reviewed and empirical studies that determine the extent of the examination of corporate tax on economic growth in Nigeria running from 2017 to 2021. This shows a gap in literature hence, justifying the conduct of this study. More so, the research covers a period of 5 years which falls within the period of Nigerian economic recession. Therefore, this study would adopt econometric views (SPSS version 23) statistical software technique. Convincingly, this study had contributed to the existing knowledge by providing empirical evidence from Nigeria.

Research Methodology

Research Design

In this study, the *ex-post facto* research is used in this research work to analyze secondary data. This is because there is no experiment involved, but rather is designed to test an event that has already taken place (Olakunle, 2000). The justification for the use is that required data were not manipulated but sourced from secondary materials.

Area of the study

The area of study of this research is Nigeria economy. The reason for choosing the Nigerian economy is that the ease with which the necessary data for the study can be obtained.

Population of the study

The population of the study covers Nigerian economy measured by the Gross Domestic Product and Taxation for a period of five years (2018-2022). This is because the issue of discussion covers the entire corporate tax system and economic growth.

Sampling method

The sample size covers a period of 2018 to 2022. The population of this study is the sample size. Thus, the research sample in this study is determined on the availability of data. The sample size used for this study is based on publication of individuals or items relevant to a phenomenon under investigation.

Research instrumentation

The research instrument is obtained from the statistical bulletin from Central Bank of Nigeria and reports of Federal Inland Revenue Service (FIRS), Statistical Bulletin, and Journals have been will be use for the purpose of this study. This provided data that will be used to measure the corporate tax (independent variable) and economic growth (dependent variable) of Nigeria. The justification for the choice bodies is because they are the custodians of information which includes aggregate tax figures in Nigeria. Hence the researcher deemed it fit to draw from the pool of resources of these organizations and believes that any information which elicits from these is expected to be effective in meeting the objectives of this study.

Methods of Data Collection

The data for this research work is collected through secondary data. As such, data would be sourced from the Federal Inland Revenue Services (FIRS) office, Central Bank of Nigeria, Statistical Bulletin, Journals, textbooks etc. This is considered averagely sufficient to produce robust results. On the other hand data from these secondary sources are considered suitable for this study due to the following reasons: They are already validated by professionals and other regulatory bodies before they were published by the Central Bank of Nigeria; Secondary data have been consistently used in prior studies and have produced good results.

3.8 Methods of Data Analysis

The researcher employed regression model. Regression analysis based on the classical linear regression model otherwise known as Ordinary Least Square (OLS) technique was chosen at 5% level of significance. The analysis will be done with the aid of E-views 8. Regression analysis describes the nature of relationship between variables by expressing the relationship in mathematical form. The researcher's choice of technique was based on its computational simplicity.

To achieve this, two variables were used in the study, which are independent and dependent variables. The independent variables are the corporate tax via tax revenue measured by: Companies Income Tax (CIT), Petroleum Profit Tax (PPT), and Value Added Tax (VAT). The dependent variable on the other hand is economic growth of Nigeria measured by Gross Domestic Product (GDP) of Nigeria for the period under study (2017—2021).

Functional equation of the variables: $Y = F(X)$ (Malhotra, 2007)

Where Y = Dependent variable

X = Independent variable

Functional Relationships

$$\text{GDP} = f(\text{CIT}) \quad \dots \quad \text{f1}$$

$$\text{GDP} = f(\text{VAT}) \quad \dots \quad \text{f2}$$

$$\text{GDP} = f(\text{PPT}) \quad \dots \quad \text{f3}$$

General Function

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3$$

Model 1

$$\text{GDP} = f(\text{CIT})$$

$$\text{GDP} = \beta_0 + \beta_1 \text{CIT} + U_t \quad \dots \quad 1$$

Model 1

$$\text{GDP} = f(\text{VAT})$$

$$\text{GDP} = \beta_0 + \beta_1 \text{VAT} + U_t \quad \dots \quad 2$$

Model 3

$$\text{GDP} = f(\text{PPT})$$

$$\text{GDP} = \beta_0 + \beta_1 \text{PPT} + U_t \quad 3$$

General Model

$$\text{GDP} = f(\text{CIT}, \text{VAT}, \text{PPT})$$

$$\text{GDP} = \beta_0 + \beta_1 \text{CIT} + \beta_2 \text{VAT} + \beta_3 \text{PPT} + \beta + U_{t,4} \quad 4$$

Where,

GDP = Gross Domestic Product

CIT = Company Income Tax

VAT = Value Added Tax

PPT = Petroleum Profit Tax

β_0 = Constant

$\beta_1, \beta_2, \beta_3$ = Regression coefficients or Coefficients of the independent Variables.

U_t = Stochastic error associated with the models

Data Presentation And Analysis

This chapter presents the data analysis and interpretation using statistical tools. For the purpose of this research work, the researcher used the e-view 8 in testing the hypotheses.

4.1 Data Presentation

Table 4.1.1: Data showing Gross Domestic Product (GDP), Company Income Tax (CIT) Petroleum Profit Tax (PPT), and Value Added Tax (VAT) in (billion Naira)

Year	GDP	CIT	PPT	VAT
2018	114,899.25	666,100.00	1,480,400.00	473.77
2019	129,086.91	715,400.00	3,070,600.00	533.74
2020	145,639.14	846,600.00	3,201,300.00	564.45
2021	154,252.32	998,400.00	2,666,400.00	699.37
2022	176,075.50	1,098,240.0	2,933,040.00	969.41

Source: Authors Compilation 2018-2022

4.2 Descriptive Analysis

Table 4.2.1: Shows the contribution of corporate tax revenue to GDP.

	GDP ₦'b	CIT ₦'b	PPT ₦'b	VAT ₦'b
Mean	22424.02	201.7019	174.4999	166.9363

Median	4350.315	29.65000	136.0500	35.00000
Maximum	101489.5	940.6000	898.7000	898.7000
Minimum	105.8400	0.403000	1.144000	0.000000
Std. Dev.	32156.28	300.5457	204.0321	230.5977
Skewness	1.309997	1.316841	1.531392	1.312893
Kurtosis	3.246462	3.162996	5.393859	3.844619
Jarque-Bera	11.54185	11.60475	25.18534	12.68021
Probability	0.003117	0.003020	0.000003	0.001764
Sum	896960.7	8068.078	6979.997	6677.452
Sum Sq. Dev.	4.03E+10	3522782.	1623536.	2073836.
Observations	5	5	5	5

Source: Researcher's Study, 2024

Table 4.2.2: Contribution of corporate tax revenue to GDP

	CIT	PPT	VAT
Average Contribution to GDP	0.90%	0.78%	0.74%

Source: Researcher's Study, 2024

Table 4.2.3: Descriptive analysis of the Natural Logarithm of the variables under study

	LOGGDP	LOGCIT	LOGPPT	LOGVAT
Skewness	-0.036825	-0.104925	-0.506648	-0.061928
Kurtosis	1.507051	1.542696	1.645080	1.285179
Jarque-Bera	-0.036825	-0.104925	-0.506648	-0.061928
Probability	1.507051	1.542696	1.645080	1.285179
Observations	5	5	5	5

Source: Researcher's Study, 2024

Interpretation

Table 4.2.1 shows the summary statistics of all the variables under study in their raw form. Specifically, the mean values of the Petroleum Profit Tax (PPT), Companies Income Tax (CIT) and Value Added Tax (VAT), stood at about ₦ 174.4999b, ₦ 201.7019b and ₦166.9363b respectively. Also, the mean of Gross Domestic Product (GDP) stood at about ₦22424.02b. This shows the average values of Tax revenue and GDP of Nigeria for the 40 years under study. These average values were used in the determination of the contribution of each form of tax revenue to GDP shown on Table 4.2.2. Their respective minimum and maximum values are equally shown indicating variations over the years for the respective series; this is further shown in the trends of GDP and each of the independent variables provided in the Figures 4.2.1 and 4.2.2. The standard deviation values shown on Table 4.2.1 indicate the dispersion or spread in the data series. The higher the value, the higher the deviation of the series from its mean and the lower the

value, the lower the deviation of the series from the mean. The variable with a higher degree of dispersion from the mean is the Gross Domestic Product (GDP), this further explains its variations over the years under study.

Table 4.2.2 shows that on the average, PPT contributed the highest about 0.78% to GDP; followed by CIT contributed about 0.90% to GDP; VAT contributed about 0.74%; and the total tax revenue contributed about 14.76% to GDP during the forty years under study.

The skewness, kurtosis and Jarque berra statistics of all variables shown on Table 4.2.1 fully indicate the true nature of the data series since the probability value of Jarque berra statistics of all the series are shown to be more than the acceptable 0.05 and normality of the series of GDP, PPT, CIT and VAT with p-values higher than 0.05. Based on the probability values for Jarque Berra statistics in the descriptive Table 4.2.3 all the series are normally distributed. Thus, the regression model is estimated using the transformed series as one of the assumption of Ordinary Least Square Regression is normality of series which have been met.

4.3. Test of hypotheses (Regression Analysis)

4.3.1 Test of hypothesis one

H₀: Company income tax has no significant influence on gross domestic product in Nigeria.

H₁: Company income tax has significant influence on gross domestic product in Nigeria.

Table 4.3.1: Result of hypotheses one

Variable	Coefficient	Std. Error	t-Statistic	Prob.
LCIT	0.867687	0.017209	50.42074	0.0000
C	5.474107	0.071031	77.06655	0.0000
R-squared	0.985273	Mean dependent var	8.204844	
Adjusted R-squared	0.984885	S.D. dependent var	2.364262	
S.E. of regression	0.290668	Akaike info criterion	0.415435	
Sum squared resid	3.210534	Schwarz criterion	0.499879	

Log likelihood	-6.308698	Hannan-Quinn criter.	0.445967
F-statistic	2542.251	Durbin-Watson stat	1.354091
Prob(F-statistic)	0.000000		

Dependent Variable: LGDP

Interpretation

The R-squared showed that about 98% variations in GDP can be attributed to CIT, while the remaining 1% variations in GDP are caused by other factors not included in this model. This shows a strong explanatory power of the model. The coefficient of determination which measures the control power of the independent variable over the dependent was calculated with the instrument of adjusted R-Squared (R^2) and it yielded 0.994885. This entails that the variations in GDP is significantly influenced by CIT. This is in the magnitude of approximately 98%. This is significant given that it is highly beyond average.

The problems of autocorrelation are usually dictated by Durbin Watson (DW) statistics. The acceptable value for the Durbin Watson Statistic is 2 but it permits a range of 0.2. The Durbin-Watson Statistic is 1.354091 and since it falls within the acceptable range, the model is free from autocorrelation and is reliable. We conclude that the model shows positive serial autocorrelation, from the regression result above, the constant or intercept is 5.474107.

This is further emphasized by the T-statistic p-value of 0.00 which shows that the regression result is statistically significant because this is less than 5%, the level of significance adopted for this study. Therefore, the model is adequate and the null hypotheses are rejected. Hence, company income tax has significant influence on gross domestic product in Nigeria

Test of hypothesis two

H₀: Petroleum profit tax has no significant influence on gross domestic product in Nigeria.

H₂: Petroleum profit tax has significant influence on gross domestic product in Nigeria.

Table 4.3.1: Result of hypotheses two

Variable	Coefficient	Std. Error	t-Statistic	Prob.
LPPT	1.015257	0.050840	19.96965	0.0000
C	4.342004	0.223371	19.43850	0.0000
R-squared	0.913001	Mean dependent var	8.204844	
Adjusted R-squared	0.910712	S.D. dependent var	2.364262	
S.E. of regression	0.706469	Akaike info criterion	2.191632	
Sum squared resid	18.96574	Schwarz criterion	2.276076	
Log likelihood	-41.83264	Hannan-Quinn criter.	2.222164	
F-statistic	398.7867	Durbin-Watson stat	0.309435	
Prob(F-statistic)	0.000000			

Dependent Variable: LGDP

Interpretation

The R-squared showed that about 91% variations in GDP can be attributed to PPT, while the remaining 1% variations in GDP are caused by other factors not included in this model. This shows a strong explanatory power of the model. The coefficient of determination which measures the control power of the independent variable over the dependent was calculated with the instrument of adjusted R-Squared (R^2) and it yielded 0.910712. This entails that the variations in GDP is significantly influenced by PPT. This is in the magnitude of approximately 91%. This is significant given that it is highly beyond average.

The problems of autocorrelation are usually dictated by Durbin Watson (DW) statistics. The acceptable value for the Durbin Watson Statistic is 2 but it permits a range of 0.2. The Durbin-Watson Statistic is 0.309435 and since it falls within the acceptable range, the model is free from autocorrelation and is reliable. We conclude that the model shows positive serial autocorrelation, from the regression result above, the constant or intercept is 4.342004.

This is further emphasized by the T-statistic p-value of 0.00 which shows that the regression result is statistically significant because this is less than 5%, the level of significance adopted for this study. Therefore, the model is adequate and the null hypotheses are rejected. Hence, petroleum profit tax has significant influence on gross domestic product in Nigeria

Test of Hypotheses Three

H_0 : Value added tax has no significant influence on gross domestic product in Nigeria.

H_3 : Value added tax has significant influence on gross domestic product in Nigeria.

Table 4.3.1: Result of hypotheses three

Variable	Coefficient	Std. Error	t-Statistic	Prob.
LVAT	0.857241	0.029644	28.91763	0.0000
C	5.605126	0.119650	46.84589	0.0000
R-squared	0.956533	Mean dependent var	8.204844	
Adjusted R-squared	0.955389	S.D. dependent var	2.364262	
S.E. of regression	0.499362	Akaike info criterion	1.497734	
Sum squared resid	9.475757	Schwarz criterion	1.582178	
Log likelihood	-27.95468	Hannan-Quinn criter.	1.528267	
F-statistic	836.2293	Durbin-Watson stat	0.619725	
Prob(F-statistic)	0.000000			

Dependent Variable: LGDP

Interpretation

The R-squared showed that about 95% variations in GDP can be attributed to VAT, while the remaining 1% variations in GDP are caused by other factors not included in this model. This shows a strong explanatory power of the model. The coefficient of determination which measures the control power of the independent variable over the dependent was calculated with the instrument of adjusted R-Squared (R^2) and it yielded 0.955389. This entails that the variations in GDP is significantly influenced by VAT. This is in the magnitude of approximately 95%. This is significant given that it is highly beyond average.

The problems of autocorrelation are usually dictated by Durbin Watson (DW) statistics. The acceptable value for the Durbin Watson Statistic is 2 but it permits a range of 0.2. The Durbin-Watson Statistic is 0.619725 and since it falls within the acceptable range, the model is free from autocorrelation and is reliable. We conclude that the model shows positive serial autocorrelation, from the regression result above, the constant or intercept is 5.605126.

This is further emphasized by the T-statistic p-value of 0.00 which shows that the regression result is statistically significant because this is less than 5%, the level of significance adopted for this study. Therefore, the model is adequate and the null hypotheses are rejected. Hence, value added tax has significant influence on gross domestic product in Nigeria.

Summary Of Findings, Conclusion And Recommendations

This chapter involves that the summary of the study on an examination of corporate tax on economic growth in Nigeria from 2017-2021.

Summary of findings

The empirical findings reveal the followings:

- i. Company income tax has significant influence on gross domestic product in Nigeria. Since the significance value (p-value) of $.000 < 0.05$, this means that the model is statically significant.

- ii. Petroleum profit tax has significant influence on gross domestic product in Nigeria. Since the significance value (p-value) of $.000 < 0.05$, this means that the model is statically significant.
- iii. Value added tax has significant influence on gross domestic product in Nigeria. Since the significance value (p-value) of $.000 < 0.05$, this means that the model is statically significant.

Conclusion

From the summary of findings, we conclude that there is an overwhelming positive relationship between all the corporate tax sources including company income tax, petroleum profit tax and value added tax on Nigerian economy growth. Thus, given the findings as enumerated above, the following conclusions are drawn: company income tax, petroleum profit tax, and value added tax have significant influence on gross domestic product in Nigeria. And, that company income tax, petroleum profit tax and value added tax is an important economic tool for management of Nigeria economy. We therefore conclude that the revenue collected by the government through corporate tax helps to improve infrastructural facilities.

Recommendations

The study offers the following recommendations:

- i. That incentive is provided to tax payers to encourage them (especially corporate bodies) to pay their taxes. This may involve tax burden reductions and providing an A-list of corporate tax payers for the purpose of giving them special treatments when they apply for government related jobs.
- ii. That the tax authorities adequately empower its staff in order to achieve better results. This should include organizing seminars and workshops, the acquisition of new skills related to the job, educating them on the international best practices, providing incentives aimed at encouraging achieving better results.
- iii. To increase the rate of growth of petroleum profit tax, the government should tackle the challenges that surround the generating of revenue through petroleum.

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