EFFECT OF FEDERALLY COLLECTED REVENUE ON ECONOMIC GROWTH OF NIGERIA

BY

OGHENEKARO EFE PEACE

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A PROJECT SUBMITTED TO THE DEPARTMENT OF ACCOUNTING AND FINANCE IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF BACHELOR OF SCIENECE DEGREE (B.SC. HONS) IN ACCOUNTING AT THE COLLEGE OF HUMANITIES, MANAGEMENT AND SOCIAL SCIENCES, MOUNTAIN TOP UNIVERSITY, PRAYER CITY, OGUN STATE, NIGERIA.

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Declaration

I hereby declare that this project report written under the supervision of Dr J.O. Omokehinde is a product of my own research work. Information and data obtained from various sources have been rightly acknowledged in the text and list of references provided. This research project report has not been previously presented anywhere for the award of any degree or certificate.

Oghenekaro Efe Peace   …………………………..

                                                                              Signature and Date

Certification

I certify that this work was carried out by Oghenekaro Efe Peace at the department of Accounting and Finance, Mountain Top University, Ogun State, Nigeria under my supervision.

_____

(Signature and Date)

Dr J.O. Omokehinde

Supervisor

_____

(Signature and Date)

Dr J.O. Omokehinde

Head of Department

Dedication

This project work is dedicated to the creator of heaven and earth, the Almighty God for his sufficiency and grace throughout the course of this research.

Abstract

This study investigated "Effect of Federally Collected Revenue on Economic growth in Nigeria" between 2009 and 2018 was examined in this study. Secondary data from quarterly economic report of Central Bank of Nigeria (CBN) was used in this study. Multiple regression analysis was used in analyzing the data of this study. Findings from the analysis revealed that that there is a positive and strong correlation between Crude Oil and Gas revenue(COILGAS), Value Added tax(VAT), Company Income Tax(CIT), Custom Excise Duty (CED) and Economic growth of Nigeria. This study recommends diversification into areas like mining and agriculture will go a long way of protecting the country and efforts should also be geared towards expanding the revenue base of the country by expanding the tax net to include all areas that has not being covered.

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INTRODUCTION

Background of the Study

In the effort to encourage improved welfare for the people of a developing nation like Nigeria, the realization of the need to keep up with the pace of global development needs an inquiry into the role of federally collected revenue as an instrument of economic growth. Economic growth success in socio-economic studies has remained a topical issue as several writers have agreed that the welfare of the people is a determinant of the economic wellbeing of the economy. Economic growth performance has remained a topical issue in socio-economic studies since the welfare of the people has been agreed by many writers to be a determinant of the economic wellbeing of the economy. According to Schumpeter (2017), economic growth remains a priority among the objectives of the government of developing nations. As agreed by Kuznets (2016), the foremost objectives of the government of a developing economy is a to attain sustained economic growth which is reflected in a consistent increase in the total or average outputs of all goods and services produced by the country According to Todaro and Smith (2014), economic growth is a necessary condition for the attainment of development since there has to be sustained growth in output which can only translate into development if accompanied by long-term beneficial social and institutional changes without inflicting damage to the environment and ecology.

In the view of Minniti and Venturini (2017), economic development in developed countries is typically very dependent on the method or approach of generating revenue. Government spending and taxation are the major tools of fiscal policy manipulated by the government to influence the macroeconomic environment. As posited by Tobin, (2017) the objectives of an efficient federally collected revenue system should be geared towards stabilizing the economy through job creation and redistribution of income to foster wealth equality. For developing countries, the aim is to improve the capital formation and aggregate demand so that the populace can break out from the vicious cycle of poverty. Shuaib and Ndidi (2015) also agreed that an economy that needs to meet her objective of sustained economic growth needs an efficient revenue generation mechanism that will aid the equitable distribution of income and financing of government expenditure. Government use proceeds from the tax to render their conventional

functions which includes providing public goods, maintenance of law and order, national defence, and expenditure to ensure social and economic maintenance of the country (Juliana, 2018).

Taxation serves as the major source of revenue for the federal government with over 48% from taxes on individuals, 9% from the corporation and another 35% from payroll taxes funding social insurance programs. Other revenue sources are a mixture of income from tourism, exports and government establishments. The Federal Inland Revenue Service (FIRS) is the government agency mandated to collect taxes accrued to the federal government in Nigeria. Supervision by the State Boards of the Inland Revenue Service and the Local Government Revenue Committees is also the responsibility of the FIRS. The Nigerian tax system was originally not well structured, with a number of loopholes opening for tax avoidance and evasion. As a result of this, the revenue from the tax was low which impedes economic growth in the country. In Nigeria, several money-making enterprises are not paying taxes, for example, the petty traders mostly enterprises in the informal sector. The structures on the ground are not thorough enough to ensure that people in every sector of the economy pay their taxes. However, as suggested by Aladejebi (2018) the objectives of the fiscal policies can be realized through the review of tax laws to aid the collection of tax revenue, proper documentation, the imposition of penalties for late remittance, and responsible channelling of public funds into productive areas.

As noted by Adebayo (2018) the tax system adopted in Nigeria has recently been reformed and modified which has increased government revenue from the tax. In 2016, the total tax revenue was about 3.3 trillion Naira and this increased to over 4 trillion in 2017. By December 2018, the FIRS was set to break a record by reaching 5 trillion Naira tax receipt. This shows that there have been improvements but a country like Nigeria given its population and abundance of market potentials should be recording higher tax returns (Aladejebi, 2018). Another important source of federal income is the crude oil exportation which has been the mainstay of the Nigerian economy since its discovery in 1956 in Oloibiri, Bayelsa State. Of the income generated by the Nigerian federal government, petroleum exportation makes up around 86% and the other natural resources traded commonly are tin, limestone, coal, cocoa, iron and arable land. It was a splendid experience realizing that huge amount of foreign exchange but rather than bringing the economy out of a state of penury, the overdependence on oil revenue has resulted in a state of economic

backwardness, environmental degradation and widening income gap. The Nigerian economy was recently faced with a recession in 2016 as a result of the falling crude oil price which melted out the forex reserve of the country. The failure to appreciate other revenue sources has resulted in many economic vices and blame is passed on from one government administration to another with no lasting solution forthcoming. For the economy to expand, capital has to be created by the government and the amount generated by the government is a major determinant of capital creation as our economy has continued to sustain itself on deficit budget leading to debt accumulation which worsens our economic condition over time. Nigeria is characterized by a large population and majority of its people live comfortably below the poverty line with most of its youth having no means of livelihood and the children staying out of school resorting to street hawking and servitude among other discriminating means of survival. Here it was expected that the government would increase its spending and reduce taxes to increase aggregate demand, but this mechanism has been unable to suffice advantageously because of misappropriation, socio-economic vices and other economic maladies. The government could barely make any impact using revenue generated from taxation because in the first-place majority of the people in the society do not pay direct taxes and so tax imposition would not affect them in times of recession and unemployment rate will grow. Also, the government could barely increase spending because of the deficits as the yearly budget is overly accrued towards recurrent expenditure. This shows fiscal indiscipline on the path of the Nigerian government and appeals to the objective of the study to investigate taxation as a tool of economic growth in Nigeria.

Statement of the Problem

The motive of any development effort is to bring about improvement in the standard of living of the people. It is to this ends that macroeconomic policies and mechanism that may be fiscal or monetary are directed. Nigeria is suffering from a federal budget deficit and a fall in the balance of payments, restricting its ability to boost economic growth (Ogunmuyiwa & Ekone 2010). As the deficit in financing persists from year to year, the national debt accumulates and the interest cost that accompanies the loan repayment becomes an economic burden. Ubi and Inyang (2018) revealed that the status of public budget operations in Nigeria since 1980 and 2016 has been a fiscal deficit in 35 years and surpluses in just two years (1995 and 1996).

The relevance of taxation as a tool within the capacity of the government is not restricted to the

means of financing government expenditure and mobilizing the nation's internal resources used for discharging its pressing obligations, it is also an effective means to creating an enabling economic environment by curbing inflation, controlling the production and consumption of certain commodities and also for redistribution of income to improve the social wellbeing of the people. Taxes are fiscal liabilities imposed on the incomes of the citizens by the government and its agencies. Despite the vigorous attempt by the government to maximize the effectiveness of taxation as a tool of economic growth. The income inequality gap continues to widen because of fiscal misbehaviour by those handling the national funds. As opined by Ojong, Anthony, and Arikpo (2016), a wide gamut of challenges is encountered in the developing countries especially in Nigeria where there are too many individuals and corporate tax dodgers.

According to Simeon, Simeon, and Roberts (2017), challenges of the ineffectiveness of revenue appropriation in Nigeria include evasion of tax, documents falsification, illiteracy and ignorance, abject poverty, unguided attitudes of the taxpayers towards tax collectors and paucity of qualified personnel to execute tax policies which can be classified into societal and administrative factors. The negligence of the taxpayers to maintain tax records properly and accurately leaves the taxpayers ignorant of how the tax is administered the economic and social wellbeing of the people remain out of reach. Further, the failure of the tax officials to curtail tax avoidance and tax evasion to the barest minimum has been revealed by many scholars to be one of the reasons why taxation remains ineffective as a tool of economic growth in Nigeria (Adeyeye, Adeoye & Adeyeye, 2018; Eze, Iorwuese & Abba, 2016; Ojong, Anthony & Arikpo, 2016). The unregulated expense of tax administration often decreases the revenue raised in the country, together with the misappropriation of tax revenue, which also hampers the efficacy of taxation as a mechanism for the country's economic development.

The failure to also create a viable alternative source of national revenue has created an economic phenomenon called Dutch-disease whereby overdependence on a sector leads to the death of all other sectors in the economy. The mainstay of Nigerian external revenue is the oil sector, which since its discovery of the mineral resource in 1956 according to Jack, Uchechukwu, Azubuike, and Akujobi (2016) has resulted in Dutch disease. Although, this discovery came as a breakthrough to our economy, but was accompanied by a lot of vices that resulted in a depleted

standard of living. All other sectors in the economy were neglected and all focus was on the oil sector for revenue generation.

Objectives of the Study

The broad purpose of this report is to evaluate the usefulness of the revenue received by the federal government for economic development in Nigeria. In specific, the study seeks to:

i.   Evaluate the effect of crude oil and gas revenue on economic growth in Nigeria.

ii. Examine the relationship between value-added tax and economic growth in Nigeria.

iii. Investigate the relationship between company income tax and economic growth in Nigeria.

iv. Assess the effect of custom and excise duties on economic growth in Nigeria.

Research Question

To achieve the objectives of this study, the following question is to answer by this research study

i.   To what extent does the crude oil and gas revenue affect economic growth in Nigeria?

ii. What relationship exists between value-added tax and economic growth in Nigeria?

iii. What relationship exists between company income tax and economic growth in Nigeria?

iv. To what extent does custom and excise duties affect economic growth in Nigeria?

Research Hypotheses

The following hypotheses guided the study:

H_{01}: Oil and gas revenue has no significant effect on economic growth in Nigeria.

H_{02}: There is no significant relationship between value-added tax and economic growth in Nigeria.

H_{03}: There is no significant relationship between company income tax and economic growth in Nigeria.

H_{04}: Custom and excise duties have no significant effect on economic growth in Nigeria.

Significance of the Study

The recent Nigerian financial crisis has in recent time led further credence to the investigation of the effectiveness of federally collected revenue as a tool of economic growth in Nigeria among

economic analysts (Asogwa & Onyezere, 2018). Nwosa (2016) also noted that empirical literature on this issue has produced inconclusive results and the issue is even more disheartening as indigenous studies have paid lacking attention to this issue in Nigeria. The bulk of the indigenous studies has focused on the relationship between fiscal policy and economic growth (Nwankwo, Kalu & Chiekezie, 2017; Evans et al., 2017, Igwe, Emmanuel & Ukpere, 2019) while other focused on a more general relationship between macroeconomic policies and economic growth (Olaniran, Oladipo & Yusuff, 2018; Salawu et. al, 2018). Thus, going further to bridge the knowledge gap in the literature becomes pertinent because wrong tax policies and income creation avenue to mitigate the effects recession can have significant negative social and economic consequences and even undermining the country's long-term desire of achieving inclusive growth and development. Also, the findings of this study will aid policymakers and government agencies on the prudent management of federally generated revenue in achieving economic growth and sustainable development goals which have gained massive attention in Nigeria and other developing economies alike.

Scope of the Study

This research covers the effects on economic development in Nigeria of federally received revenue. The period of 10 years (2010-2019) spans the scope of the research. This period is relevant to the study because it covers the period of the recent recession of 2016, also due to the SAP program just introduced before the period. The study captures as a case of interest with time-series data.

Plan of the Study

In order to demonstrate the impact of the federally collected revenue on economic development in Nigeria, this research work is segmented into (5) paragraphs. In chapter one, an attempt was made to give the background to the study, followed by the statement of problem, objectives, research questions, research hypotheses tested, scope, limitation, significance and plan of the study. Chapter two covers the literature review of taxation, oil export and economic growth, a theoretical framework on economic growth theory, taxation and public finance theories. The theoretical review follows, review of empirical studies both in Nigeria & abroad, appraisal of literature which covers classification and characteristics of economic state. Chapter three shows the research methodology adopted for the study, area of study, research design, the population of

the study, sampling procedure and size, sources of data collection, an instrument for data collection, method of data analysis and validation of instruments. Chapter four depicts the presentation of data, testing of hypotheses and discussion of findings. Finally, chapter five comprises of Summary of findings, conclusion, policy recommendations and suggestions for further studies.

Definition of Terms

Company Income Tax: In this study, it refers to the annual total Company Income Tax collected by the federal government of Nigeria.

Custom and Excise Duties: This refers to gross custom and excise duties collected by the federal government of Nigeria on yearly basis.

Economic Growth: This is represented with the annual gross domestic product (GDP) of the country.

Federally Collected Revenue: This is a function of company income tax, value-added tax, custom and excise duties and oil and gas revenue.

Oil and Gas Revenue: This refers to the annual total of sum of oil revenue and gas revenue collected by the federal government of Nigeria

Value Added Tax: It refers to the sum of value-added tax received by the federal government of Nigeria on yearly basis.

CHAPTER TWO

LITERATURE REVIEW

██ **Preamble**

This chapter discusses the current literature on Nigeria's federally received taxes and Nigeria's economic development. Specifically, it contains the philosophical context in which the historical history of Nigeria's federally collected revenue is addressed, such as crude oil, tax revenue and customs and excise duties, Nigerian government revenue generation and Nigerian economic development. It also discusses the theoretical framework concentrating on benefit theory, cost of service theory, Laffer curve theory, the theory of maximum social advantage, stakeholder's theory.

██ **Conceptual Review**

2.1.1   Historical background of crude oil in Nigeria

After half a century of exploration, oil was found at Oloibiri in the Niger Delta in 1956 in Nigeria. Shell-BP, at the time the only concessionaire, made the finding. Nigeria entered the ranks of oil producers in 1958, producing 5,100 BPD as the first oil field came on board. Exploration rights in onshore and offshore areas contiguous to the Niger Delta were expanded to other international businesses after 1960. Shell discovered the EA field in 1965, in shallow water southeast of Warri. The result of the Biafran War coincided with the 1970 rise in world oil prices, and Nigeria was able to achieve instant wealth from its oil exports. Nigeria joined the Organization of Petroleum Exporting Countries (OPEC) in 1971 and founded the National Nigerian Petroleum Corporation (NNPC) in 1977, a state-owned and controlled company that is a major player in the upstream and downstream sectors.

Multinational corporations' intensive operations in Nigeria include the most important sectors of the national economy, such as energy, refining, development, banking and insurance, construction, distribution, transport and agriculture. In these sectors, their widespread influence has primarily been a function of the prominence of each of the sectors in the economy and the level of government control. The control of these industries by the imperialists is based either on single foreign ownership or joint partnerships between multinationals and Nigerian governments. Since 1960, political bribery, capital needs, government corruption, advanced technologies,

market dominance, and local cooperation with imperialists have merged to make multinational companies highly successful at dominating the oil industry. Since 1960, political bribery, capital needs, government corruption, advanced technologies, market dominance, and local cooperation with imperialists have merged to make multinational companies highly successful at dominating the oil industry.

Nigeria has been endowed with natural wealth, as this can be proof of the country. Above everything, the oil field of the economy has been on the rise for the past five decades, as is seen by the export of crude oil. For example, with oil production increasing from 390.5 barrels in 1987 to 675.3 barrels in 1998, exports and revenues have also risen. Oil revenue in 1970 was N166.6million. But in 2000, it rose to N1,591, 675.00 million and in 2008 to N6,530, 3000 million. However, this immense oil sector income has left the economy heavily dependent on oil and difficult macroeconomic management (Anthony, 2012).

2.1.2   Taxation

According to the World Bank (2000), taxes are a forced redistribution of capital from the rest of the economy to the government; it has also been made clear that no tax system will possibly fulfil the criteria of any region. For taxation to play its part in society, four essential problems must be understood, according to Nzotta (2007). First, a tax is a necessary donation paid to the government by individuals, and this contribution is for general use. Secondly, the levy puts on the individual a general duty. Thirdly, the assumption emerges that the donation rendered by the taxpayer to public revenue could not be equal to the benefits earned. Finally, the government should not levy a fee on a person unless it has supported him or his relatives with resources. The role of tax distribution relates to how successful demand for economic resources is distributed between individuals in society. While the stabilization of the tax role is targeted at achieving a high degree of wages, a fair level of market stability, an acceptable rate of economic growth, with exchange and balance of payments allowances (Nzotta, 2007).

Tax is assessed following the reasonable rule of apportionment on persons or property within the tax administration and it is purely statutory. The 1999 Nigerian Constitution puts the collection of taxes in the 2nd schedule item 7-10 under the concurrent list thereby giving the 3 tiers of government i.e. the federal government, state government and local government have the power to make provisions for the collection of tax. The various types of tax payable in Nigeria are:

- **Value Added Tax:** Which was brought into existence by Decree 2 of 1993 to replace the sales tax? The value-added tax is 5% as it is a sales tax that has been introduced by many nations that is very easy to handle and impossible to avoid as it has been added by sources and annually paid to the Federal Board of Internal Revenue from the procurement of goods and services. This shall be paid directly to the Federal Board of Internal Revenue in the case of imported goods at the same time as customs duty. It is regulated by the 2004 Act on Value Added Tax.

- **Personal Income Tax:** The revenue of individuals in jobs, sole traders, partners in partnership company, trust, property & settlement is taxable. It has two divisions: Direct appraisal (self-assessment) and Pays as You Earn (PAYE) on the basis that the tax owed depends on how much the taxpayer receives. The Personal Income Tax Act of 2004 controls the tax.

- **Company Income Tax:** This is 30% of a company's charged benefit accruing in, extracted from, carried into, or gained in Nigeria. The tax is administered by the 2004 Corporation Income Tax Act.

2.1.3   Revenue Generation of Nigeria Government

In economic research, revenue is a very important term. It is specifically impacted by the volume of sales, i.e., as sales grow, income often rises. However, looking at the word tax from the government's point of view, it is the government's revenue from other sources that is referred to as public revenue or public revenue. Taxation, taxes, fines, loans, borrowings, gifts & contributions, government commodity purchases, crude oil sales and other minerals are the revenues. Appah (2010) claimed that every nation's growth depends on the amount of revenue produced for the provision of infrastructural facilities by the government. Nigeria receives its profits from numerous sources, both domestic and external sources. The internal sources of revenue in Nigeria can equally be categorized into two classes according to Worlu and Emeka (2012), who posited that the revenue accruing to the government can be divided into two: non–oil revenue (such as direct and indirect taxes, loans, trades, grants, aids) and oil revenue (such as revenue from royalties, Petroleum Profit Tax (PPT), gas tax).

Over the years Nigeria has depended on the revenue income from the oil sector to the utter neglect of another source of revenue as asserted by (Odusola 2006), such that over 70% of the

total revenue comes from the oil sector. The problems arising from revenue inflow from the oil sector due to various factors such as international politics, insecurity, price fluctuations, oil theft and militancy in the Niger Delta has made it difficult for Nigeria government. However, the development of Nigeria tax administrative system to produce greater tax yield becomes imperative (Worlu, and Emeka 2012) but the revenue accruing from taxation in Nigeria is grossly insufficient to meet her ever-increasing social and public spending (Akintoye and Tashie, 2012). Therefore, the government must derive revenue from crude oil and taxes in other to provide the needed funds that can sustain the economy in other to meet her ever-increasing social and public spending.

2.1.4 Economic Growth

Economic growth is a steady rise in per capita national production or net national product over a prolonged period, according to Dwivedi (2004). This means that the rate of increase in gross demand must be greater than the rate of growth of the population. Another quantification of economic development is that those goods and services that meet the highest demand for the maximum number of people compose national production. Four significant determinants will decide economic growth, namely human resources, national resources, the formation of capital and technical progress. The theories of economic growth can be examined under the Harrod-Domar theory of growth, Kaldor model of distribution, Pasinetti model of profit and growth, Joan Robinson's model of capital accumulation, Mea de's Neo-Classical model of economic growth and the Slow model of long-run growth. The diverse views of researchers on the most acceptable interpretation of economic growth are reflected by all these models of economic growth.

Economic growth can be defined as an improvement over two periods of time in the output of an economy as calculated by the gross domestic product (GDP). GDP is defined as the final value between the borders of a country of all finished goods and services produced within a given time. It is measured as the amount of private consumption, government spending, investment in private resources and net exports in an open economy at market rates. The equation is shown below for GDP.

$$Y = C+I+G+NX$$

Where;

Y= total output,

C = private consumption,

I = the sum of all spending on capital

G= the sum of government spending, and

NX= to total net exports, which can be negative.

Economic growth is the basis of future standards of living and prosperity among different nations.

████ Theoretical Review

2.2.1   Benefit theory

This theory is based on the presumption that the tax-payer-state arrangement is actually a transaction. The allocation by individual taxpayers of the tax burden based on the benefits earned from the use of public services. This theory will help explain the reason taxpayer evade tax, whether it is as a result of no benefit derived in return for tax paid or not. This approach has been advocated by many persons, such as Pantaieoni Mazzola, de Viti de Marco, Sax and Lindahl, in one form or another. A person may not ready to indicate its interest in some social wants and may not be willing to pay for them knowing that the government will provide the service even if he doesn't pay. Therefore, this principle has a logical advantage but the practical implication of this theory is not possible.

2.2.2   Cost of Service theory

This idea is somewhat close to the theory of compensation earned by citizens paying taxes in comparison to the benefits they obtain from the state. It stresses to a greater degree the semi-commercial relationship between the state and the people. The state is being asked to give up core security and welfare duties in this principle. The key effects of this principle are that people are not entitled to any direct governmental compensation, but can either compensate the government or the state for the expense of delivering government services. It is to recover the expense of the programs scrupulously, and this principle thus means a balanced budget approach.

In the real sense, this is not possible so this theory suffers from the limitations that are not possible to have a conceptual clarity of the measurement of cost.

2.2.3 Laffer Curve theory

This thesis is focused on the Principle of the Laffer's Curve. The Laffer curve shows the association between government revenue generated by taxes and all potential tax rates, according to the theorist (Prof. Arthur Laffer). The amount of tax income collected at extreme tax rates of 0 % and 100% is taken into account. This idea is that a tax rate of 100% increases no taxes in the same manner that a tax rate of 90% raises no income. This is because there is no reason for a reasonable citizen to gain any money at a 100 per cent rate. Thus, 100 per cent of nothing would be the money generated. It, therefore, follows that there must exist at least one rate in between where tax revenue would be a maximum.

2.2.4 Export Instability Theory

This theory opined that exports of developing countries are more concentrated than those of developed countries and is made up of largely primarily agricultural and mineral commodities. Mineral deposits are price-inelastic growth in demand and supply, with demand very sensitive to economic activity in consuming regions. Cyclical demand fluctuations then induce large price and revenue strifes. Terms of trade variations tend to be larger for developing countries than for developed countries and scholars suggest mineral exports are prone to wider fluctuations in export prices and revenues than other developing countries.

This theory will be adopted in this study because its focus is on the subject matter- mineral exports of developing countries to developed countries and our major export product in Nigeria is crude oil which its contribution to economic development is the major concern of this study.

2.2.5 Sociopolitical theory

This taxation theory notes that the important considerations in the choosing of taxes should be social and political priorities. The idea called for a tax scheme not to be built to benefit citizens, but to be used to alleviate the ills of humanity.

Empirical Review

Foreign study is rich in literature on the relationship between government revenue and economic growth. Korkmaz, Yilgor and Aksoy (2019) analyzed the impact of both direct and indirect taxes on economic growth in Turkey, using the autoregressive distributed lag (ARDL) approach. The findings showed that indirect taxes had a positive and significant effect on economic development and that direct taxes had a negative and substantial impact. The effect of non-tax taxes on economic growth has not been studied. Magu (2013) investigated the relationship between government revenue and economic growth in Kenya. The thesis followed a descriptive analysis design using, among other sources, secondary data obtained from the Central Bank of Kenya on import duty, excise duty, income tax, value-added tax (VAT) and non-tax revenue. The results showed that economic activity and imports and excise duty had the opposite relationship. When import and excise taxes rise, there is a downturn in economic activity and vice versa. A clear relationship between income tax and economic development was further exposed by the results. Also, VAT has a favourable impact on the economic growth rate in Kenya. This is a study abroad which can be repeated in Nigeria. The effect of taxes on economic development in South Africa was investigated by Dladla and Khobai (2018). To build the Auto-Regressive Propagation Lag (ARDL) approach, annual data for South Africa for the period 1981-2016 was used. The empirical findings showed a negative association in South Africa between taxes and economic development.

Kalas, Mirovic and Andrasic (2017) measured the effect of tax revenue on economic development in the United States over 20 years between 1996 and 2016 in emerging economies. Tax receipts were calculated in the form of personal income tax, corporate income tax and social security payments, while the growth rate of GDP was a driver of economic growth. Correlations and regressions include data interpretation. A strong and optimistic association between growth in tax revenue and GDP growth was discovered by the correlation matrix. Weakly correlated with GDP growth are personal income tax and social security payments. Regression outcomes showed a substantial impact on GDP growth of tax revenue growth and social contributions, although a non-significant association between personal income tax / corporate income tax and GDP growth was found. The effect of personal income taxes on the long-run economic conditions in Croatia was also discussed by Palic, Zmuk and Grofelnik (2017). From January

200 to March 2016, the analysis investigated the Johansen cointegration method using monthly results. An important negative association between personal income taxes and long-term economic development in Croatia was disclosed in the results of the report.

Edewusi and Ajayi (2019) from Nigeria explored the nexus in Nigeria between tax revenue and economic development. Specifically, the report examined the effect on Nigeria's economic development of petroleum benefit tax, business income tax and value-added tax. Although time-series data was gathered from the statistical bulletins of the Central Bank of Nigeria and the Federal Inland Revenue Services, the ex-post facto analysis design was used. Using the Multiple Regression Analysis, Co-integration and other post estimation tests, data obtained were analyzed to assess the short and long-term influence of the variables. The findings of the analysis showed that the oil gain tax had a substantial positive effect on economic growth, that the corporate income tax also had a positive and significant impact on economic growth, while the value added tax had a noticeable and positive impact on economic growth. In this analysis, however, oil and gas revenue were omitted as a component.

Also, Juliana (2018) explored the impact of the tax system on Nigerian economic development. From 1994 to 2016, the analysis made use of time series results. Value-added tax, petroleum benefit tax, personal income tax and corporation income tax have been broken down into value-added tax. These tax elements have been reduced to the gross domestic product, which is an economic growth indicator. Descriptive figures, the stationary test, the cointegration test and the ordinary least square were used to evaluate the data produced. The study showed that value-added tax revenue, personal income tax revenue, tax revenue on petroleum revenues and tax revenue on business income had a major impact on Nigeria's economic development. Indirect taxation and income from oil and gas are exempt from this report.

Similarly, Idris and Tunku-Ahmad (2017) studied the impact of tax collections on the macroeconomic management of the Nigerian economy. The study showed that tax revenue is a crucial capital mobilization mechanism and plays a constructive and important role in the economic growth and development of the Nigerian economy. More research has demonstrated that tax revenue raises the amount of savings in the public sector and creates higher returns that can be used to promote the provision of infrastructural facilities that boost the economy's productivity growth.

Also, Egbunike, Emudainohwo and Gunardi (2018) analyzed the aggregate effects of tax revenue on Nigeria and Ghana's economic development by testing several regressions for data interpretation. A positive effect of tax revenue on Nigeria's and Ghana's gross domestic product has been reported, in line with previous reports. Consequently, appropriate steps have been proposed to ensure that tax revenue is used efficiently to build and expand the economy. Tax revenue variables were not considered in the analysis. Also, Joseph and Omodero (2020) discussed Nigeria's nexus between government revenue and economic development. Secondary data from the CBN Statistical Bulletin and Federal Inland Revenue Services (FIRS) were obtained over 40 years from 1981 to 2018 using exploratory and ex post facto analysis design. To assess the relationship, the OLS regression analysis was hired.

The study found that revenue and VAT received by the federal government have a relatively positive association with economic development. There was no distinction between oil revenue from non-oil revenue in the report. The effect of tax revenue on Nigeria's economic development was investigated by Worlu and Nkoro (2012). The Central Bank of Nigeria (CBN) Statistical Bulletin, the Federal Inland Revenue Service (FIRS) and previous work performed by scholars have gathered related secondary data. Using the three-stage least square estimation process, the data obtained were analyzed. The findings show that, through infrastructural progress, tax revenue increases economic growth. Non-tax income factors were also omitted from this report.

Moreover, the effect of taxes on economic development in Africa from 2004 to 2013 was investigated by Babatunde, Ibukun and Oyeyemi (2017). The research performed numerous preliminary experiments using the Enhanced Dickey-Fuller (ADF) test, Levin et al. test, I'm, Pesaran and Shin W-stat tests, including descriptive statistics, and stationary tests. To assess the model's fitness using the Hausman test, the required fixed and random effect test was used. The Hausman-Test was performed in the analysis to determine the effective Fixed and Random Effect estimator. Some post-estimation experiments are carried out to validate the robustness and feasibility of the regression model, omitting the Predictor Test and Heteroscedasticity Test. Findings have shown that tax revenue is favourably linked to GDP and encourages African economic growth. Revenue from oil and gas was simply an omitted element. Ojong, Anthony and Arikpo (2016) analyzed the effect of tax collections on the Nigerian economy. Data was gathered from the Central Bank's Statistical Bulletin and analyzed using a desk survey method.

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Using the usual minimum square of multiple regression models, the relation between the dependent and independent variables was established. The finding showed that there is a powerful connection between the tax on oil revenues and the development of the economy of Nigeria. It showed that the relationship between non-oil sales and the development of the economy in Nigeria is important. The result also showed that there is no essential link between corporate income tax and the development of the economy of Nigeria. This analysis has omitted income factors from oil and gas.

Nevertheless, the causal and long-run associations between taxes and economic development in Nigeria were empirically investigated by Cyril, Virginia, and Julie (2019). The ex-post facto research architecture was introduced while the Pairwise Granger Causality Test and Vector Error Correction Mechanism (VECM) Vector Autoregressive (VAR) approach were used. A major long-run and short-run impact of VAT and tax revenue on Nigerian Gross Domestic Product (GDP) was found in the results. However, the outcome of the Granger causality test shows that GDP growth pushes Nigeria's VAT and tax revenue growth without input. This means that VAT and tax revenue are critical for the sustained growth of the economy in Nigeria. Also, this analysis omitted income from oil and gas as a vector that may affect economic development.

Gaps in the Literature

The analysis of empirical literature on the relationship between government revenue and economic growth has produced mixed results. While some studies have shown a positive or negative relationship, other studies have postulated non-significant relationship. Furthermore, variables exclusion was observed in many studies from Nigeria while some foreign studies on the subject matter can be replicated in Nigeria. It is on the background of these conflicting findings, geographical gap and variable exclusion that this study is premised.

Table 1: Summary of Literature Review

Author(s) & year	Study	Findings	Gaps
Korkmaz, Yilgor and Aksoy (2019)	Impact of both direct and indirect taxes on economic growth in Turkey	The optimistic and significant effect on economic development of indirect taxation, as well as the negative and significant impact of direct taxes.	The impact of non-tax revenue on economic growth was not investigated
Magu (2013)	Government revenue and economic growth in Kenya	Findings revealed an inverse relationship between economic growth and import and excise duties	A foreign study that can be replicated in Nigeria
Kalas, Mirovic and Andrasic (2017)	Impact of tax revenue on economic growth in the United States	Significant effect of tax revenue growth and social contributions on GDP growth; Non-significant relationship between personal income tax/corporate income tax and GDP growth	Mixed results
Edewusi and Ajayi (2019)	The nexus between tax revenue and economic growth in Nigeria	Company income tax and VAT positively and significantly impact on economic growth	Variables exclusion

Juliana (2018)	The effect of tax structure on economic growth in Nigeria	Value-added tax revenue, personal income tax revenue, petroleum profit tax revenue and company income tax revenue have a significant effect on economic growth	Indirect taxes and oil and gas revenue variables excluded

Researcher's Design (2020)

CHAPTER THREE

METHODOLOGY

Preamble

This chapter offers an overview of the effects of the revenue obtained by the federal government on Nigeria's economic development, using secondary data for data interpretation and research design knowledge and methods under the following headings: research design, research methods and sample population. It also provides information on the sampling units, sampling methods, sampling size, and how they are individually determined. Furthermore, the chapter gives information on the instruments of the research and how they were applied in the process of data collection. Other important aspects of the methodology contained in this chapter include; validity and reliability, methods of data analysis, model specifications and a priori expectations.

Research Design

To achieve the objective of this study, Ex-post facto design was used by obtaining secondary data from the statistical bulletin of the Central Bank of Nigeria (CBN), National Bureau of Statistics (NBS) and reports of Federal Inland Revenue Service (FIRS). This research design was adopted because it has been used in prior studies to investigate the effect of crude oil revenues and tax revenues generated on the economic growth of Nigeria. The revenues to be regressed on the Gross Domestic Product (GDP) are limited to Crude oil Revenue (COR), Tax revenue (TR) and Custom and Excise Duties (CED).

Population of the Study

The population of the study is the Nigerian economy measured by the Gross Domestic Product and Tax Revenue for five years (2009-2018).

Sample Size and Sample Techniques

The sample for this study is the national economy of Nigeria, which covers all the economic sectors of the country, including the oil sector and the non-oil sector. The data used for this analysis were secondary data from the statistical bulletins covered by the Central Bank of Nigeria from 2000 to 2004, the National Bureau of Statistics (NBS) and the Federal Inland Revenue Service (FIRS) reports. The justification for the choice of these 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. The aim of this study to ascertain the effect of oil and non-oil revenues on economic growth in Nigeria.

Sources of Data

Data used for this study were secondary data. The secondary data were obtained from the statistical bulletin of the Central Bank of Nigeria, National Bureau of Statistics and reports of Federal Inland Revenue Service (FIRS) for the period between 2000 and 2004.

Data from these secondary sources are adjudged appropriate for this study due to the following reasons:

i.   They are already validated by professionals and other regulatory bodies before they were published by the Central Bank of Nigeria (CBN).

ii. Secondary data have been consistently used in prior studies and have produced good results. For example; Okafor (2012), Success, Success and Ifurueze (2012); Saheed, Abarshi and Ejide (2014).

iii. Secondary data obtained by an economic report released by the Central Bank of Nigeria (CBN) for five years (2000-2004).

Validity of the Research Instrument

The degree to which a measurement instrument calculates what it is intended to measure is known as validity. Content validity implies that the contents of the scale are comprehensive enough to cover the full range of the subject matter while construct validity tests the accurate measurement of the diverse phenomena associated with that construct. The figures used for this work were verified and certified by the appropriate regulatory bodies of the Central Bank of Nigeria, National Bureau of Statistics (NBS) and Federal Inland Revenue Service (FIRS).

Model Specifications

This analysis aims to analyze the effects on Nigeria's economic development of federally received revenue. To achieve this, two variables were identified in the study, these are independent and dependent variables. The independent variables are the Crude oil revenues, Tax

revenue and Excise and Customs Duties generated in Nigeria. The dependent variable on the other hand is Economic Growth (EG) measured by Gross Domestic Product (GDP) of Nigeria for the period under study. The following models were adopted.

RGDP = f (FCR)

The model of this study is expressed in functional form as

$$FCR= f (COIGAS, VAT, CIT, CED) \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots (1)$$

It can be expressed in equation form as shown below:

$$RGDP= \alpha_1 + \beta_1 COR + \beta_2 VAT + \beta_3 CIT + \beta_4 + \pounds t \dots\dots\dots\dots\dots\dots (2)$$

FCR = Federally Collected Revenue which is the sum of the Oil Revenue (OR) and Non-oil Revenue (NOR).

RGDP=   Real Gross Domestic Product

COILGAS =   Crude Oil and Gas Revenue

VAT =   Value Added Tax

CED = Custom and Excise Duties

CIT =   Company Income Tax

α_1 is the intercept

β_1- β_4 are the coefficients

Definition of Variables and Data Sources

Table 3.2: Definition and sources of data

Variable	Identifier	Definition and Source
RGDP	Real Gross Domestic Product	Real gross domestic product is a macroeconomic measure of the value of economic output adjusted for price changes in billion (₦) (CBN, Statistical Bulletin)
CIT	Company Income Tax	An assessment levied by a government on the profits of a company (Tax Revenue Statistics, FIRS)
VAT	Value Added Tax	Indirect tax levied on consumptions of VATable goods and services (Tax Revenue Statistics, FIRS)
CED	Customs & Excise Duties	Taxes levied on imported and exported goods (Tax Revenue Statistics, FIRS)
COILGAS	Oil and Gas Revenue	The amount of revenue generated from the foreign sale and exportation of crude oil (World Bank Data)

Source: Researcher's Compilation (2020).

Method of Data Collection

This study makes use of the time series data downloaded from the Central Bank of Nigeria Annual Report.

Method of Data Analysis

The research employs an only quantitative method of data analysis. Also, trend analysis was carried out to determine the trend of each independent variable on the dependent variable that is examining the oil and non-oil revenue generation. Via correlation review, the report analyzed the association between each of the indicators of federally obtained revenue and economic development. It also employed the simple linear regression analysis was used to determine the extent to which each of independent variables contributes to the dependent variable and coefficient of determination (R^2) was employed to know the degree to which each of the independent variables explained the effect on economic growth in Nigeria.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION

███ Preamble

The model summary table provides the R and R^2 values. The basic association is the R number, while R2 reveals how much of the overall difference in the dependent variable can be explained by the independent variables.

The next table is the ANOVA table, which indicates how well the regression equation matches (i.e. the dependent variable predicts) the data. This table shows that the model of regression greatly predicts the dependent variable well. The statistical importance of the regression run is demonstrated by the value of the regression row with its significance. If the p-value is less than 0.05, it means that, overall, the outcome variable is significantly predicted by the regression model (i.e. it is a good match with the data), otherwise, if it is more than 0.05, it indicates that overall, the outcome variable is not significantly predicted by the regression model.

The table of coefficients contains the details required to infer the dependent variable from the independent variable and to determine if the independent variable contributes to the model in a statistically significant way. The values are found in the 'un-standardized coefficients. The R represents the various coefficients of correlation for a multiple regression, which is one indicator of the consistency of the dependent variable's estimation. The coefficient of decision is also called R2, which describes the proportion of variation in the dependent variable that can be explained by the independent variables.

The F- ratio in the ANOVA table tests whether the overall regression model is a good fit for data. The table shows how the independent variables statistically significantly predict the dependent variables. If the F-statistics value showed a p-value that is less than 0.05, the regression is a good fit of the data, otherwise, if the p-value is more than 0.05, then it is not statistically significant to predict the data and not a good fit of the data. When all other independent variables are kept constant, the unstandardized coefficients display how frequently the dependent variable changes from an independent variable.

Hypothesis 1

Relationship between Oil and Gas Revenue and Economic growth

Table 4.1 (a): Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.708[a]	.501	-.010	29614885552498.25000

a. Predictors: (Constant), Oil Revenue

Table 4.1 (b): ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	47773866581908790000000000000.000	1	47773866581908790000000000000.000	17.055	.001[b]
	Residual	40343906529228200000000000000000.000	46	877041446287569600000000000.000		
	Total	408216451950472900000000000000000.000	47			

a. Dependent Variable: Gross Domestic Product

b. Predictors: (Constant), Oil Revenue

Table 4.1 (c) :Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	84889908482631.550	12782169285804.140		6.641	.000
	Oil Revenue	1.626	2.203	708	-.738	.001

a. Dependent Variable: Gross Domestic Product

From the regression tables above (Tables 4.1a-4.1c), the model summary result indicated that there is a positive and strong correlation between oil revenue and gross domestic product (a proxy for economic growth) of Nigeria. This is reflected in the value of the co-efficient of the

correlation (R) which is 0.708. This value indicates that the strength of the relationship the two variables under study is about 70.8% while leaving other variables constant. The co-efficient of determination (R^2) showed a value of 0.501 which indicates about 50.1%. This result implies that on the average about 50.1% variations in gross domestic within the period under review is systematically explained by changes in oil revenue. Thus, not more than 49.9% variations in the gross domestic product remain unexplained by this explanatory variable. The coefficient value is 1.626 with a corresponding p-value of 0.001. This is smaller than the important standard of 0.05 (5%). This indicates a statistically relevant relationship between royalties from oil and economic development. The null hypothesis with no meaningful effect is then dismissed and the alternative hypothesis of a significant interaction between the two variables is accepted.

Hypothesis 2

Relationship between Value Added Tax and Economic Growth

Table 4.2 (a): Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.976[a]	.954	.952	6423160550372.11500

a. Predictors: (Constant), Value Added Tax

Table 4.2 (b): N ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	38923823588077888000000000000000.000	1	38923823588077888000000000000000.000	943.448	.000[b]
	Residual	18978216069694045000000000000000.000	46	412569914558566200000000000.000		
	Total	40821645195047290000000000000000.000	47			

a. Dependent Variable: Gross Domestic Product

b. Predictors: (Constant), Value Added Tax

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Table 4.2 (c): Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-12091421559074.110	3014070721887.251		-4.012	.000
	Value Added Tax	126.906	4.132	.976	30.716	.000

a. Dependent Variable: Gross Domestic Product

From the regression tables above (Tables 4.2a-4.2c), the model summary result indicated that there is a positive and very strong correlation between value-added tax and gross domestic product of Nigeria. This is reflected in the value of the co-efficient of the correlation (R) which is 0.976. This value indicates that the strength of the relationship the two variables under study is about 97.6%, while other variables remain constant. The co-efficient of determination (R^2) showed a value of 0.954which indicates about 95.4%. This result implies that on the average about 95.4% variations in economic growth within the period under review is systematically explained by changes in value-added tax. Thus, not more than 4.6.1% variations in the gross domestic product remain unexplained by this explanatory variable. The coefficient value is 126.906 with a corresponding p-value of 0.000. This is lower than the 0.05 (5%) significance level. This depicts a statistically significant relationship between value-added tax and economic growth. We, therefore, reject the null hypothesis of no significant impact and accept the alternate hypothesis of a significant relationship between the two variables.

Hypothesis 3

Relationship between Company Income Tax and Economic growth

Table 4.3(a): Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.963[a]	.928	.926	7993510377254.77900

a. Predictors: (Constant), Company Income Tax

Table 4.3 (b): ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	37882419620088417000000000000000.000	1	37882419620088417000000000000000.000	592.874	.000[b]
	Residual	29392255749588730000000000000000.000	46	63896208151279840000000000000.000		
	Total	40821645195047290000000000000000.000	47			

a. Dependent Variable: Gross Domestic Product

b. Predictors: (Constant), Company Income Tax

Table 4.3 (c): Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1579405347702.141	3266897298643.246		.483	.631
	Company Income Tax	86.161	3.539	.963	24.349	.000

a. Dependent Variable: Gross Domestic Product

From the regression tables above (Tables 4.3a-4.3c), the model summary result indicated that there is a positive and strong correlation between company income tax and economic growth of Nigeria. This is reflected in the value of the co-efficient of the correlation (R) which is 0.963. This value indicates that the strength of the relationship the two variables under study is about 96.3%. The co-efficient of determination (R^2) showed a value of 0.928 which indicates about 92.8%. This result implies that on the average about 92.8% variations in economic growth within the period under review is systematically explained by changes in company income tax. Thus, not more than 5.2% variations in the gross domestic product remain unexplained by this explanatory variable. The coefficient value is 86.161 with a corresponding p-value of 0.000. This is lower than the 0.05 (5%) significance level. This depicts a statistically significant relationship between company income tax and economic growth. We, therefore, reject the null hypothesis of

no significant impact and accept the alternate hypothesis of a significant relationship between the two variables

Hypothesis 4

Relationship between Customs and Excise Duties and Economic growth

Table 4.4 (a): Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.977[a]	.954	.953	6356151571970.79700

a. Predictors: (Constant), Customs and Excise Duty

Table 4.4 (b): ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	38963214705977414000000000000000.000	1	38963214705977414000000000000000.000	964.420	.000[b]
	Residual	18584304890698740000000000000.000	46	40400662805866830000000000.000		
	Total	40821645195047290000000000000000.000	47			

a. Dependent Variable: Gross Domestic Product

b. Predictors: (Constant), Customs and Excise Duty

Table 4.4 (c):Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-14368495633920.984	3051110263616.335		-4.709	.000
	Customs and Excise Duty	198.215	6.383	.977	31.055	.000

a. Dependent Variable: Gross Domestic Product

From the regression tables above (Tables 4.4a-4.4c), the model summary result indicated that there is a positive and strong correlation between custom and excise duties and economic growth of Nigeria. This is reflected in the value of the co-efficient of the correlation (R) which is 0.977. This value indicates that the strength of the relationship the two variables under study is about 97.7% while other variables remain constant. The co-efficient of determination (R^2) showed a value of 0.956 which indicates about 95.4%. This result implies that on the average about 95.4% variations in the gross domestic product within the period under review is systematically explained by changes in customs and excise duty. Thus, not more than 4.60% variations in the gross domestic product remain unexplained by this explanatory variable. The coefficient value is 198.215 with a corresponding p-value of 0.000. This is less than the degree of importance of 0.05 (5%). This represents a statistically important customs-excise association with the gross domestic product. Therefore, the null hypothesis of no meaningful effect is dismissed and the alternative hypothesis of an essential association between the gross domestic product and customs duty and excise duties is adopted.

██████ Overall Regression Analysis of the relationship between thee four sources of revenue and economic growth

Table 4.5(a):Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.996[a]	.993	.992	2642010446252.25540

a. Predictors: (Constant), Company Income Tax, Oil Revenue, Customs and Excise Duty, Value Added Tax

Table 4.5 (b):ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	40521495769528730000000000000000.000	4	10130373942382182000000000000000.000	1451.297	.000[b]
	Residual	30014942551855977000000000000000.000	43	6980219198106041000000000.000		
	Total	40821645195047290000000000000000.000	47			

a. Dependent Variable: Gross Domestic Product

b. Predictors: (Constant), Company Income Tax, Oil Revenue, Customs and Excise Duty, Value Added Tax

Table 4.5 (c): Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-4265997703845.953	1777692435488.284		-2.400	.021
	Customs and Excise Duty	94.454	10.547	.466	8.956	.000
	Oil Revenue	-2.158	.199	-.144	-10.827	.000
	Value Added Tax	77.702	8.269	.598	9.397	.000
	Company Income Tax	-5.713	5.574	-.064	-1.025	.311

a. Dependent Variable: Gross Domestic Product

From the overall regression tables above (Table 4.5a-4.5c), the model summary result indicated that there is a positive and strong correlation between the gross domestic product and the selected revenue profiles in Nigeria. This is reflected in the value of the co-efficient of the correlation (R) which is 0.996. This value indicates that the strength of the relationship between gross domestic product (a proxy for economic growth) and the select independent variables under study is about 99.6%. The co-efficient of determination (R^2) showed a value of 0.993 which indicates about 99.3%. This result implies that on the average about 99.3% variations in the gross domestic product within the period under review is systematically explained by

changes in all the independent variables. Thus, not more than 0.70% variations in the gross domestic product remain unexplained by these revenue profiles. Since F (4, 43) is 1451.297 with its corresponding p-value of 0.000 is less than the 0.05(5%) level of significance, we reject the null hypothesis of no significant impact and relationship between the revenue profiles and accept the alternate hypothesis of significant impact and relationship. It also depicts that the regression is a good fit regression which is appropriate for the forecast.

The overall regression model therefore can be stated as:

GDP = 4265997703845 + 94.454(CED) − 2.158 (OIL) + 77.702(VAT) -5.713(CIT) + μ.

▉▉▉ Discussion of Results

In line with the aims of the report, this segment of the study addressed the findings. In this review, there are four goals. The first goal is whether the income from oil and gas in Nigeria is substantially linked to economic development. This was done by reducing profits from oil and gas toward the gross domestic product that is responsible for economic development. The outcome shows that the relationship between oil and gas income and economic development is good and solid and statistically significant. This agrees with the conclusion of Idris & Tunkum-Ahmad (2018), Juliana (2018) and Egbunike, Emudainohwo & Gunardi (2018) but contrary to Magu (2013) that showed a negative relationship between Oil revenue and economic growth in Kenya

The second objective of determining if the Value added tax has a significant relationship with economic growth. To achieve this, the revenue from the value-added tax was regressed against the gross domestic product. The outcome showed that the relationship between value-added tax and economic growth is statistically important. This is consonant with Kalas, Mirovic &Andrais (2017); Babatubde, Ibukun and Oyeyemi (2018) but contrary to Kurkura, Yilgal 7Aksoy (2019).

The third goal in evaluating whether the corporate income tax is substantially related to economic activity was to reduce the corporate income tax against the gross domestic product. The result shows that the association between business income tax and economic growth is statistically important. This agrees with Juliana (2018); Idris & Tunkun-Ahmad (2017), but contrary to Magu (2013)

By reducing customs and excise duties against the gross domestic product, the fourth goal of assessing if customs and excise duties have a direct relationship with economic development has been accomplished. The outcome showed that the relationship between customs and excise taxes and economic development was statistically important. This agrees with Worlu & Nkoro (2012), Edewusi & Ajayi (2019) and Cyril, Virginia & Julie (2019) but country to Magu (2013).

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

Preamble

This chapter presents a summary of the findings. It also outlines the policy implications, conclusions and recommendations premised on the results of the study.

Summary of the Findings

The main objective of this analysis was to empirically analyze the effect of federally collected revenue on the economic growth of Nigeria using secondary data from annual time series from 2009 to 2018 obtained from Central bank of Nigeria (2018) and the annual financial reports of the various sampled banks.

The thesis used regression analysis to analyze the secondary data for each of the study's four objectives. The findings found that all federally collected taxes (oil sales, value-added tax, corporate income tax and customs and excise duties) had a favourable and statistically meaningful effect on the gross domestic product that is responsible for economic development. All their contributions to economic growth were exposed by their combined importance.

Conclusions

Having analyzed the results, it could be seen that between the periods of the study, the federally collected revenues are major contributors to the economic growth of the country. These revenues be the mainstay of the economy. Their joint contribution revealed that over 97% of the revenue accruable to the country are gotten from these sources.

Policy recommendations

From the findings which have emerged in this study, few policy implications can be deduced. Oil and gas are exhaustive natural resources meaning that they are not available for life. The country should find a way of diversifying the revenue base of the country so that the country should rely majorly on revenue coming from oil. Diversification into areas like mining and agriculture will go a long way of protecting the country when the oil eventually dries up.

Secondly, efforts should also be geared towards expanding the revenue base of the country by expanding the tax net to include all areas that have not been covered. This will go a long way to increase the revenue accruable from taxes. Lastly, the government should make judicious use of this revenue to affect the welfare of the people.

Suggestions for Further Research

This study has opened a vista on the relationship between the federally collected revenue and the country's economic growth proxy by gross domestic growth. Extensive areas of further study will include the impact of these revenues on the economic welfare of the citizenry as the economic growth only does not show the economic welfare of the citizenry.

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Appendix