

Does Taxation Propel Economic Growth In Nigeria?

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Abstract:- The study examined the relationship between taxation and economic growth proxy by Per Capita Income (PCI) in Nigeria from 1985 to 2018 data were collected from Central Bank of Nigeria (CBN) and Federal Inland Revenue Service (FIRS) for various years on Companies Income Tax (CIT), Personal Income Tax (PIT), Value Added Tax (VAT), Petroleum Profit Tax (PPT) and Per Capita Income (PCI) from Socio-Economic Statistics Report by National Bureau of Statistics (NBS). The data were analysed using multiple regression technique. Findings reveal inverse and significant relationship between company income tax and per capita income, while, Personal Income Tax, Value Added Tax Petroleum profit tax shows positive relationship. Thus, the contention as to whether taxation propel economic growth in Nigeria cannot be rightly answered with a 'Yes' or 'No' response since the results from our study were mix. It was recommended that policy makers should focus on tax incentives that would boost investment in the manufacturing sector.

Keywords: Per Capita Income, Economic growth, Taxation.

I. INTRODUCTION

Taxation as a medium of economic growth is as old as ancient empires where taxes are collected from subjects as a means of funding government activities. Collected taxes are used to finance defence, social infrastructure, social welfare and some instances financing of economic projects deem to enhance the future well-being of the citizens. According to International Monetary Fund (IMF) (2017), "the primary contribution of taxation is the pursuit of equity goals which is through financing spending measures, efficiently contribute to achieving redistributive goals". Thus, through taxes on wages, capital income, wealth, business income and consumption, the government attempts to enhance economic growth.

In Nigeria as elsewhere, taxation is a principal component of fiscal policy measures. It is designed to stabilize the economy, create employment, stabilize price levels and balance of trade and payment, grant incentives to the industrial and manufacturing sectors with a view to boosting productive capacity while encouraging investments in different and most preferred sectors of the economy.

Taxation is variously defined by different authorities, but commonly it is agreed that is a compulsory payment imposed on citizens' wealth and business income by a statutory enactment to generate revenues to the imposing authority or government to defray its financial obligations.

Taxation revenues are main revenue sources to government in all economies of the world; and in Nigeria which operates a federal system of government, the three (3) tiers of governments (Federal, State and Local Governments) are constitutionally empowered to impose and collect taxes.

According to Etim, Nweze, Umoffong and Elias (2020), "government use tax proceeds to discharge their functions such as the provision of public goods, maintenance of law and order, defence against internal and external aggression, regulation of trade and business to ensure social and economic, and also fiscal instrument geared towards stability of the economy". The taxes are imposed and collected from individuals, groups, corporations and any other institution chargeable to taxes, it is a vital instrument in economic planning and development of all segments and regions of a nation.

More so in Nigeria, there are different forms of taxes statutorily administered and collected in the country through different tax agencies at all levels of government. These include the Personal Income Tax (PIT), Company Income Tax (CIT), Value Added Tax (VAT), Petroleum Profit Tax (PPT), Education Tax (ET), Capital Gains Tax (CGT) and many others. Given these various forms of taxes and revenues generated amounting into billions of Naira, it is expected that the country should be socio-infrastructurely transformed and the impacts of taxes paid directly affecting the well-being of the citizens in the form of enhanced Per Capita Income (PCI) and standard of living. But the depth to which taxation in Nigeria affects the aforementioned indices of economic growth seen a mismatch as the level of poverty and unemployment is deemed to be increasing year by year and the gap between the rich and the poor growing by the day.

This brings to question the potency of taxation as a vehicle of economic growth strengthening the inconclusive debate amongst experts and the citizens on why the need for taxation in Nigeria. The premise for this question bothers on the fact that the country has witnessed many economic distortions and the level of poverty and unemployment seen the highest among sub-Saharan African nations and developing countries. Hence, the quest to answer the question 'does taxation propel economic growth in Nigeria?' empirically.

The main objective of this study is to examine the relationship between taxation and economic growth in Nigeria

from 1985 to 2018. The specific research question and hypothesis is stated as follows:

What is the relationship between CIT, PIT, VAT, PPT and Per Capita Income (PCI) in Nigeria?

The hypothetically proposition is stated in null form as:

Ho: There is no significant relationship between CIT, PIT, VAT, PPT and PCI in Nigeria.

The study is of significance as it will help to close the gap between theory and reality with data relating to the Nigerian economy and would add to existing literature on studies in taxation and economic growth as a reference for future researches and academic activities. The outcome, it is believed would aid policy formulation and implementation on issues relating to taxation sources, taxes and growth framework.

The rest of this paper is divided into: a view of related literature, methodology, findings and discussions, and conclusion and recommendations.

II. REVIEW OF RELATED LITERATURE

This section is carried out under three (3) main headings of conceptual framework, theoretical framework and empirical review.

2.1 Conceptual Framework

The conceptual review addresses the main concepts of study and variables under investigation.

2.1.1 Concept of Taxation

Taxation is the administration of tax policy aimed at assessment, collection and accounting for the revenues collected to the government by the authority saddled with such responsibility. The body may be called revenue authority, Board of Internal Revenue, Inland Revenue Services, Board of Customs and Excise and so on; this is usually a statutorily recognized body by law.

Tax is a compulsory and non-refundable payment imposed by the government by some relevant agencies on the income and wealth of individuals, groups, business and corporations for raising revenue to the government. Olawale and Garwe (2010) posited that four key issues must be understood for taxation to play its functions in the society. First, a tax is a compulsory contribution made by the citizens to the government and this contribution is for general common use. Second, a tax imposes a general obligation on the tax payer. Third, there is a presumption that the contribution to the public revenue made by the tax payer may not be equivalent to the benefits received. Final, a tax is not imposed on a citizen by the government because it has rendered specific services to him or his family. Thus, it is evident that a good tax structure plays a multiple role in the process of economic growth of any nation which Nigeria is not an exception (Appah, 2010).

The Nigerian National Tax Policy Document (2012) defines taxation as basically the process of collecting taxes within a particular location.

The rationale for which government imposition of taxes are documented to include: (i) "to generate needed revenue for the financing government activities; (ii) to control the economy, as economic stabilizer; (iii) to redistribute income between the wealthy and less wealthy populace; (iv) to discourage the consumption of certain goods and protect domestic/infant industries; (v) to stimulate domestic production, creating employment for the population; (vi) to correct balance of payment and trade deficits" (Aguolu, 2010; Adegbe and Fakile, 2011; Okafor, 2012; Etim and Nweze, 2015; Etim, et al 2020).

Taxes may be proportional, progressive or regressive as well as direct or indirect depending on the ratio of the percentage amount charged on the income and the incidence and burden of the tax paid; whether the initial payer or the final consumer (Etim and Nweze, 2015). The classical economists also list some features described as Canons of taxation which form the basis of evaluating a good tax system. These canons in the passive are: equality, certainty, convenience, economy, simplicity, productivity, flexibility and diversity.

2.1.2 Structure of Nigerian Tax System

The Nigerian tax system has passed through several reforms and changes from 1990 to date. The taxes in the structure are Personal Income Tax (PIT) regulated under PIT Act as amended in 2011; Company Income Tax (CIT) Act amended in 2007, Petroleum Profit Tax (PPT) Act amended in 2009. Others are the Capital Gains Tax (CGP) Act, VAT Act, Withholding Tax (WHT) Act, Education Tax Act (ET), among others. These taxes at the federal level as collected by the Federal Inland Revenue Service (FIRS), Customs and Excise and other revenue collecting agencies while at the state level, the States Internal Revenue Services carryout the functions on behalf of the state governments. It is worthy of mention that all these taxes are assessed at different rates and on either preceding year basis or actual year basis.

2.1.3 Economic Growth

Economic growth refers to the process by which the productive capacity of an economy increases over a given period, leading to a rise in the level of the national income. When there is economic growth, it shows in the form of an increase in income level, an expansion in the labour force, an increase in the total capital stock of the country and a higher volume of trade and consumption.

According to Dwivedi (2004), economic growth is a sustained increase in per capita national output or net national product over a long period. Economic growth is the study process of increasing the national income through governments' conscious effort of influencing economic

variables through fiscal policy or monetary policy measures (Etim, Nweze, Umoffong and Elias, 2020).

World Bank (2011) stated that:

“GDP per capita is gross domestic product divided by mid-year population. GDP is the sum of gross value added by all residents’ producers in the economy plus any product taxes minus any subsidies not included in the value of the product. It is calculated without making deductions for capital consumption of fabricated assets or for depletion and degradation of national resources” p. 70.

From the above, economic growth quantification is ‘that national output should compose of such goods and services which satisfy the maximum want of the maximum number of people and implies that the rate of increase in total output must be greater than the rate of population growth: Economic growth is therefore, an important macro-economic index generally used to assess the level of well-being of citizens globally.

2.2 Theoretical Issues

According to Bhartia (2009), a taxation theory may be derived on the assumption that there need not be any

relationship between tax paid and benefits received from state activities. Thus, we base this study on the socio-political theory.

Browning and Browning (1979) posited the manner of distribution of tax burden and explained that taxes should be allocated on the basis of benefits received from government expenditure. The focus of this theory is that social and political objectives should be the key factors in deciding the appropriate taxes. The theory advocated that a tax system should not be designed to serve individuals, but should be used to cure the ills of the society as a whole. As argued by Chigbu, Akujobi and Appah (2012), the society is made up of individuals but is more than the sum total of its individual members; consequently, the tax system should be directed towards the well-off-ness of the society as a whole, since individuals are integral part of the broader society.

2.3 Empirical Review

Many studies have investigated the impacts of taxation on economic growth in Nigeria, and in different parts of the world with diverse techniques and results or findings. The results of the investigations however, have shown that there exist mixed outcomes; some showing significant relationships while others no significant relationships. A summary of some of these studies is examined in a tabular form on Table 2.1 which follows:

Table 2.1: Summary of Empirical Literature

S/N	Researcher(s) and year	Topic	Methodology	Findings
1	Populson and Kaplan (2008)	The impact of tax policy on economic growth in the United States from 1964 to 2004	Regression Analysis	A significant negative impact of higher marginal tax rate on economic growth
2	Stoilova and Patonov (2012)	Impact of taxation on economic growth in 27 European Union countries	Regression Analysis	Direct tax revenue made more efficient impact on economic growth in EU countries than indirect taxes
3.	Ogbonna and Appah (2012)	Impact of tax reforms on economic growth in Nigeria	Correlational Model	Taxation reform variables such as petroleum profit tax, company’s income tax, education tax, personal income tax and custom and excise duties had significantly impacted on economic growth in Nigeria.
4.	Okafor (2012)	Tax revenue General and Nigeria economic growth 1981-2007	Regression Analysis	A strong positive significant relationship between variables of study.
5.	Success, Success and Ifurueze (2012)	The effects of tax revenue on economic growth in Nigeria	Ordinary Least Square (OLS) technique	Tax revenue although positive did not affect economic growth significantly.
6	Macek (2014)	Impact of taxation revenue on economic growth in OECD countries 2000-2011	Multiple regression model	Linearity-correlation between the variables of the study.
7.	Saima (2014)	The effect of taxation on Pakistan economy	Johanson co-integration tests for estimate of time series data from 1973-2010	High taxes in Pakistan have negative effects on consumption, investments and GDP
8	Yaha (2013)	Taxation and economic Growth in Pakistan	Data Envelopment Analysis (DEA)	Higher taxes are associated with reduced economic growth. Thus, switching the tax burden from direct to indirect taxes is likely to have a positive effect on growth.
9.	Ihenyen and Mieiaseigha (2014)	Taxation as a financial instrument for economic growth in Nigeria from 1980-2013	Ordinary Least Squares (OLS) techniques	Corporate income tax and value Added tax impacted positively on GDP
10	Ogbonna and Appah (2016)	The effect of tax revenue on economic growth in Nigeria.	OLS model.	Petroleum Profit Tax (PPT) positives, and significantly impacted economic growth, other taxes did not.

11	Ihendinidu, Jones and Ibanichuka (2014)	Tax Revenue and economic growth in Nigeria 1986-2012	Autoregressive Distributed Lag/Bound test.	Total tax revenue has significant positive relationship with GDP, but PPT does not.
12.	Lyndon and Paymaster (2016)	The impact of company's income tax, value added tax on economic growth in Nigeria 2005-2014	Regression model	Both company income tax and value added tax have positive impact on economic growth.
14	Udofit and Etim (2017)	The relationship between tax revenue components from SMEs and economic growth in Nigeria from 1980-2015	Correlation and regression analysis.	Results show overall correlation coefficient having strong positive significant relationship among variables of study.
15.	Etim, Nweze, Umoffong and Elias (2020)	Empirical analysis of the relationship between tax revenue component and economic growth in Nigeria 1980-2018	OLS and ECM models.	CIT, PIT and VAT do not granger-cause economic growth and are poor economic growth indicators.

Source: Authors' Compilation, 2020 from extant literature.

2.4 Gap in the Literature

Although several empirical studies abound on the subject matter of taxation and economic growth, most of the studies only consider some tax revenue sources, others non-tax revenues, with mixed results and no definite objective as to whether taxation propel economic growth in Nigeria which this study is focused on.

III. METHODOLOGY

The research design, source and method of data collection, method of data analysis and model specification for the study.

3.1 Research Design

The researcher adopts ex-post facto research design, since the data for the study already existed and cannot be manipulated by the researcher. This design is appropriate because it assists in determining the effects of taxation on economic growth of Nigeria.

3.2 Source and Method of Data Collection

The data sources are purely secondary; from the Central Bank of Nigeria (CBN) and the Nigerian National Bureau of Statistics (NBS) database. The data is made up of Companies Income Tax (CIT), Petroleum Profit Tax (PPT), Personal Income Tax (PCI) from 1985 to 2018.

3.3 Model Specification

Specifically, the model for this study is stated as:

$$\text{LogPCI} = \beta_0 + \beta_1 \text{logCIT} + \beta_2 \text{logPIT} + \beta_3 \text{logVAT} + \beta_4 \text{logPPT} + e \dots \text{model I}$$

where;

LogPCI = logarithm of per capita Income or average income measuring the average income earned per person in a specified year.

LogCIT = Companies Income tax, being taxes imposed on profits of companies.

LogPIT = Personal Income tax, being taxes imposed on income of sole individuals, corporate sole, communities, families, Trustees or Executors of any settlement.

logVAT = Value Added Tax on consumption when goods are purchased and services rendered.

logPPT = Petroleum profit tax, being taxes on companies engaged on upstream activities in the oil and gas sector.

e = Stochastic error term

β_0 = Constant or intercept

$\beta_1 - \beta_4$ = Coefficient of the independent variables, expected to be positively signed, that is $\beta_1, \beta_2, \beta_3, \beta_4 > 0$.

3.4 Method of Data Analysis

Descriptive and inferential statistics involving multiple regression analysis is used to analyse the data obtained for the study.

IV. DATA ANALYSIS RESULTS AND DISCUSSIONS

The descriptive and inferential results of the data analysed are presented in this section along with the discussions.

4.1 Descriptive Analysis of the Variables

The descriptive analysis of the variables includes the mean, median, maximum and minimum, standard deviation, skewness and kurtosis, Jarque-Berra and probability values. The data for economic growth is proxy by per capita income (PCI), while the taxation variables are PPT, PIT, CIT and VAT.

Table 4.1: Descriptive Statistic Results for the Variables

Variable	PCI	CIT	PIT	VAT	PPT
Mean	259529.2	2354.193	48.57147	351.7685	1150.998
Median	202615.3	2154.500	36.4000	230.400	850.5350
Maximum	383022.4	6300.000	138.1100	1082.209	3070.590
Minimum	184366.7	172.8000	15.8000	7.261000	125.0400
Std. Dev.	80010.98	1596.443	35.25128	325.5498	806.6721
Skewness	0.483581	0.765366	1.131194	0.721335	0.916491
Kurtosis	1.479021	2.98914	3.23235	2.378815	2.658113
Jarque-Bera	4.602442	3.319690	7.251826	2.569964	4.925337
Probability	0.100137	0.190168	0.026625	0.276656	0.085207
Sum	8823993	80042.56	1651.430	8794.214	39133.92
Sum sq. Dev.	2.11E+11	84104805	41007.54	2543584	21473755
Observations	34	34	34	25	34

Source: Authors' Computation 2020, using E-views version 8

Table 4.1 shows that the mean value for Per Capita Income (PCI) is N259,529.20 and media value of N202615.30b. the standard deviation value of N80,010.986, indicating high level of variability in the data series. The skewness value of 0.4836 indicates a positively skewed fairly symmetrical data. The kurtosis value of 1.4790 indicates the presence of higher tails while the data was adjudged to be abnormal with a Jarque-Berra and probability values of 4.602442 and 0.100137.

For the independent variables, the mean values for Companies Income Tax (CIT, Personal Income Tax (PIT), Value Added Tax (VAT) and Petroleum Profit Tax (PPT) showed mean values of N2354.193 billion, N48,571 billion, N351.769 billion and N1150.998 billion respectively. The median values obtained were N2154.50 billion, N36.40 billion, N230.40 billion and N850.535 billion respectively. Furthermore, the skewness values obtained were 0.7654, 1.131194, 0.7213, and 0.916491 respectively which indicates a fairly symmetrical data for all the independent variables used in the study. The standard deviation for CIT, PIT, VAT and PPT were obtained as N1596.443 billion, N35.251 billion, N325.549 billion and N806.6721 billion, showing a fair level of variability in the data. The kurtosis values of 2.9869, 3.0232, 2.3788 and 2.6581 were also obtained for CIT, PIT, VAT and PPT respectively, indicating that the distributions for the variables were mesokurtic in some cases which suggests that the data series for the variable do not have heavy outliers or tails. With Jarque-Berra probability values of 0.1902, 0.0266, 0.2767 and 0.0852 respectively for CIT, PIT, VAT and PPT, the data series for these variables are adjudged not normal given that the probability are greater than 0.05 for CIT, VAT and PPT. However, data series on PIT showed normality with a probability of 0.0266. In general, though the data series on all the variables had showed fair level of symmetry, variability and the presence of fewer outliers, they all failed the normality test, hence there is need for further transformation of the data using logarithm. This will help to restore normality of the data series in the variables and ensure

that it reflects the changes in measures of economic growth and indicators of taxation.

4.2 Test of Hypothesis

The hypothesis earlier stated in this study is tested using the result obtained from the multiple linear regression technique and ordinary least square method as computed using E-views statistical package 8.0.

The null hypothesis was stated as “there is no significant relationship between Companies Income Tax (CIT), Personal Income Tax (PIT), Value Added Tax (VAT), Petroleum Profit Tax (PPT) and Per Capita Income (PCI) in Nigeria. The data analysis results used for the test of this hypothesis presented on Table 4.2.

Table 4.2: Regression Coefficients of log variables

Variable	Coefficient	Std. Error	t-stat.	Prob.
C	11.14844	0.407065	27.38735	0.000
LOG(CIT)	-0.056276	0.048252	-1.166294	0.2572
LOG(PIT)	0.101279	0.079349	1.27677	0.2164
LOG(VAT)	0.107185	0.035345	3.032539	0.0066
LOG(PPT)	0.121454	0.059723	2.033617	0.0555
R-squared	0.914940	Mean dependent var.		12.51415
Adjusted R-square	0.897928	S.D. dependent var.		0.297957
S-E. of regression	0.095194	Akaike info criterion		-1.688953
Sum squared resid	0.181236	Schwarz criterion		-1.445177
Log likelihood	26.11191	Hannan-Quinn criter.		-1.621340
F-Statistic	53.78179	Durbin-watson stat.		0.836718
Prob (F-Statistic)	0.00000			

Source: Regression output, (2020) E-views version 8.

The results of the logarithm transformation of the variables to reflect the changes in the variables, scale down numbers and

reduce the effect of trend is presented above. The multiple regression equation for the hypothesis is restated in it log. Form as:

$$\text{LOGPCI} = \beta_0 + \beta_1\text{LOGCIT} + \beta_2\text{LOGPIT} + \beta_3\text{LOGVAT} + \beta_4\text{LOGPPT} + U1$$

$$\text{PCI} = 11.148 + 0.0056\text{CIT} + 0.101\text{PIT} + 0.107\text{VAT} + 0.121\text{PPT}$$

t-stat. =	(27.3873)	(-1.1662)	(1.2764)	(3.0325)	(2.0336)
S.E =	(0.4071)	(0.0483)	(0.0731)	0.0353)	(0.0597)
Prob. =	(0.0000)	(0.2572)	(0.2167)	0.0066)	0.0555)

$$t_{\text{tab}} = @ 0.05 = 1.699$$

$$R^2 = 0.9149 (91.49\%)$$

$$\text{Adjusted } R^2 = 0.8979 (89.79\%)$$

$$\text{Durbin-Watson stat.} = 0.837$$

$$\text{Prob (F-statistic)} = 0.0000$$

$$F_{\text{tab}} = @ 0.05 = 2.8951.$$

The result indicates that Per Capita Income (PCI) in Nigeria will increase by 11.148 points if all the independent variables are held constant. The independent variables are Companies Income Tax (CIT), Personal Income Tax (PIT), Value Added Tax (VAT) and Petroleum Profit Tax (PPT). This implies that Per Capita Income (PCI) which proxy economic growth in Nigeria will grow by 11.148 points or units if there is no level of taxes paid at a given period in Nigeria (that is, CIT, PIT, VAT, and PPT = 0). In the same vein, a unit increase in the level of CIT collected would lead to a decrease of 0.0563 units in PCI; a unit increase in PIT; will lead to an increase of 0.101 units in PCI; a unit increase in VAT collected will also lead to an increase of 0.107 units in PCI and a unit increase in the amount collected as PPT will also grow PCI by 0.121 units.

In terms of the degree of relationship between the dependent variable and independent variables, the coefficient of determination (R²) value of 0.9149 (91.49%) indicates a strong positive correlation between PCI and the independent variables in the study. This shows that 91.49% of the variations in PCI is explained by the independent variables. The remaining 8.51% of the variations were accounted for by other variables not captured or considered in this model as captured by the standard error (S.E.) of the regression results. This position is affirmed by the adjusted coefficient of determination (Adj. R²) value of 89.79% which indicates a high predictive power of the independent variables to explain the variations in PCI in Nigeria.

The Durbin-Watson statistic indicates the presence or otherwise of autocorrelation in the variables. Using the rule of thumb, variables with a Durbin-Watson statistic value between 1 and 3, is considered free from autocorrelation and the regression results are relevant and not spurious. The Durbin-Watson statistic value of 0.837 indicates the presence

The Ordinary Least Square (OLS) multiple regression results that captured the relationship as shown on Table 4.2 is summarized below with the residual statistics:

of serial correlation in the variables but the regression result produced is robust to nullify any possible spurious effect.

In the determination of the statistical significance of the independent variables, the computed t-statistic values of the independent variables is compared to the tabulated or critical value of t-statistic value at 0.05 level of significance and n-k-I degrees of freedom, where n is equal to the number of years covered in the study and K is the number of independent variables in the study. Also, the probability of the t-statistic for the independent variable is expected to be less than 0.05. From the t-statistic table, the critical value of t-statistic at 0.05 significance level and degrees of freedom 29 (34-4-1) was obtained as 1.699.

The statistical significance of the independent variables with respect to Per Capita Income (PCI) is presented on table 4.3.

Table 4.3: Statistical Significance of Independent Variable

Variables	Computed t-stat.	Critical t-value	Prob.	Decision
CIT	01.166	1.699	0.2572	Not-significant
PIT	1.276	1.699	0.2164	Not-significant
VAT	3.033	1.699	0.0066	Significant
PPT	2.034	1.699	0.0556	Significant

Source: Researchers' compilation, 2020

Table 4.3 shows that VAT and PPT have statistically significant relationship with PCI. This is because the absolute values of the computed statistic value for the variables are greater than the critical or tabulated t-statistic value as well as their probability values being less than 0.05. The other independent variables showed no statistically significant relationship with PCI. This is because, their respective

absolute values of computed t-statistic were found to be less than the critical value of t-statistic. Also, the respective probabilities of the t-statistic values were greater than 0.05. Thus, Companies Income Tax (CIT) and Personal Income Tax (PIT) have no significant relationship with Per Capita Income (PCI) within the period of the study. The results is consistent with those of Klemm and Parys (2009) who recorded negative effect of taxes on economic growth for the Caribbean and OECD countries.

Finally, the computed f-statistic value of 53.782 indicates that the model for the hypothesis is a good fit to explain the changes in Per Capita Income (PCI). Thus, as the value of the f-cal of 62.375 is greater than the critical f-statistic value of 2.701, and the probability of the f-statistic is less than 0.05, the null hypothesis is hereby rejected, and the alternative which states that 'there is a significant relationship between Companies Income Tax (CIT), Personal Income Tax (PIT), Value Added Tax (VAT), Petroleum Profit Tax (PPT) and Per Capita Income (PCI) in Nigeria. The findings are corroborated by earlier studies of Worlu and Nkoro (2012) and Ifurueze and Ekezie (2014).

V. CONCLUSION AND RECOMMENDATION

Standard of living in a country is a pointer to the level of economic growth in that country. A country with growth in the standard of living is said to have high per capita income while that with low standard of living is known to having citizens wallowing in poverty and properly most of them living at less than US\$1 per day. In such cases, it is expected that succor can come for the citizens through the redistribution of income and provision of social and economic goods through taxation. In the empirical results, PIT, VAT and PPT and showed a positive relationship with per capita income. This shows that increased level to increased level of PCI and conversely, decreased level of taxes on PIT, VAT and PPT will lead to a decrease in PCI in Nigeria. It must be stressed that Value Added Tax (VAT) and Petroleum Profit Tax (PPT) showed a significant relationship with Per Capita Income in Nigeria. This suggests that some taxation policies add value to the standard of living of the citizens if rightly administered, collected and properly utilized. This is in agreement with the position of benefits received theory of taxation.

Thus, the contention as to whether taxation propel economic growth in Nigeria has a mixed result since some taxes drive growth while others did not as indicate by the outcome of the empirical analysis. This is because, there is an inverse and non-significant relationship between Company Income Ta and Per Capita Income in Nigeria. Therefore, policy measures in this regards to focus on incentives to the manufacturing and service sectors to encourage investment and perhaps turn around the trend in the long run.

Suggestion for Further Research

Further study is advocated on investigating the intervening variables between Companies Income Tax and Per Capita Income with a view to discovering the inhibitors variables.

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Appendix

Dependent Variable: PCI

Method: Lease Squares

Date: 04/20/20 Time: 06:12

Sample (adjusted): 1994 2018

Included observations: 25 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	206559.6	22608.28	9.136459	0.0000
CIT	-4.076656	5.473328	-0.744822	0.4650
PIT	-581.2255	792.0822	-0.733794	0.4716
VAT	222.2395	93.23182	2.383730	0.0272
PPT	32.75926	11.69486	2.801169	0.0110
R-squared	0.888114	Mean dependent var		283654.9
Adjusted R-squared	0.865737	S.D. dependent var		80597.01
S.E. of regression	29532.31	Akaike info criterion		23.60121
Sum squared resid	1.74E + 10	Schwarz criterion		23.84499
Log likelihood	-290.0152	Hannan-Quinn criter.		23.66883
F-statistic	39.68833	Durbin-Watson stat		1.347592
Prob(F-Statistic)	0.000000			

Dependent Variable: LOG(PCI)

Method: Lease Squares

Date: 04/20/20 Time: 06:14

Sample (adjusted): 1994 2018

Included observations: 25 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	11.14844	0.407065	27.38735	0.0000
LOG(CIT)	-0.056276	0.048252	-1.166294	0.2572
LOG(PIT)	0.101279	0.079349	1.276377	0.2164
LOG(VAT)	0.107185	0.035345	3.032539	0.0066
LOG(PPT)	0.121454	0.059723	2.033617	0.0555
R-squared	0.914940	Mean dependent var		12.51415
Adjusted R-squared	0.897928	S.D. dependent var		0.297957
S.E. of regression	0.095194	Akaike info criterion		-1.688953
Sum squared resid	0.181236	Schwarz criterion		-1.445177
Log likelihood	26.11191	Hannan-Quinn criter.		-1.621340
F-statistic	53.78179	Durbin-Watson stat		0.836718
Prob(F-Statistic)	0.000000			