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Taxation Policy and Public Economic Growth and Development in Nigeria

FASUA Henry Kehinde, MAYAKI Adeolu Thompson and ADEBAYO Sunday Fatoba
University of Benin Faculty of Management Science Department of Accounting Benin City Edo State, Obafemi Awolowo University Ile Ife, Osun State, Nigeria.

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ABSTRACT

This study examines taxation policy and public economic growth and development in Nigeria. Data were obtained from the yearly financial reports of the Central Bank of Nigeria on the Real Gross Domestic Product, Petroleum Profit Tax, Value Added Tax and Company Income Tax covering a period of 10 year, from 2011-2020 to test for relationship that exists between taxation policy and economic growth and development. A regressions analysis was used for the analysis of the data and pre-estimation tests were carried out. The findings of this study showed that all the explanatory variables (PPT, VAT and CIT) have significant positive relationships with dependent variable (RGDP) The study concludes that there is significant positive relationship between taxation policy and economic growth and development and recommends that every sector should comply with tax policy and standards established in order to reduce tax avoidance and evasion as well as increase government total revenue.

Key words: Tax Policy, Economic Growth and Development, Tax Administration

INTRODUCTION

An individual or business or government without resourceful policy cannot achieve much and have competitive advantages over others. The same way with a country without practical policy cannot thrive economically or politically. Policies are a stream of guiding principles that assist an individual, businessman or government to make economic decisions (Fasua, 2021). Once it comes to tax issues of a particular country, there are a lot of policies to aid government to make economic decision. This may come in form of tax policy guiding indirect taxes or direct taxes, their exclusion or inclusion and effects of new enacted policies. Tax policy aids the government to arrive at an imperative decision and form the basis of evaluating economic growth and development of a country (Adu, 2021; Fasua, 2021). According to Brautigam (2017), the tax system of Nigeria can be traced back to 1904 when the personal income tax (PIT) ordinance was established in the northern division of Nigeria prior to the amalgamation of the country's divisions by the colonialists. This was then carried out via the native revenue ordinance to the western and eastern divisions in 1917 and 1928, respectively together with the rest amendments in the 1930s; this was afterward integrated into direct taxation Ordinance No.4 of 1940 (Arowomole & Oluwakayode, 2016). The Nigerian tax system has passed through numerous transformations geared in the direction of improving tax collection and supervision with minimum administrative expenses, one of the main challenges confronted by the Nigerian economy is the tax system currently in activities. This as well contributed to the non-voluntary compliance of the taxpayers as a result of the small nature of the mechanism leading to a wide involvement in tax evasion and avoidance. It has been a key setback to economic growth, which makes tax evasion as well as avoidance are now practices of the day (Ezeoha & Ogamba, 2010). Nigerian government has not been at rest, recently diverse policies and tax reforms have been established by her to address these identified impediments of tax administration. These include: the institution of Taxpayer Identification

Number (TIN), Automated Tax System (ATS) that enhances tracking of tax positions as well as individual taxpayer, E- payment system (EPS) which facilitates sound payment process and minimizes the occurrence of tax touts, Implementation of scheme (Odusola, 2016). All these are put in place to better the standards of living of every Nigerian and improve economic growth and development; therefore, it is imperative to estimate the level of economic growth and development in Nigeria. Economic growth is evaluated by changes in revenues realized periodically, productivity recorded, economic diversification and creation of employments. According to Adebowale (2019), economic growth creates 'resources which are potentially available for development in all ramifications'. Fasua (2021) is of the opinion that one of the ways of increasing government' revenue is through tax of recent times. Richards and Ekhator (2019) explains that in Nigeria, taxation for several years was not a key source of the revenue in any tier of government, but since the over dependence on revenue from oil in recent times has landed Nigeria' government into untold hardship and challenges, government at every level has been coerced by these unavoidable challenges to search for non-oil revenue via taxation because the unpredictability of the global oil market. Adversely, the transformed interest in the creation of tax revenue has brought about the proliferation of taxes as well as ill-treatment of taxing authorities. To deal with these challenges, the call for formulating a National Tax Policy was considered to state the aims of taxation together with setting up basic principles for the running of the Nigerian tax system. The review of tax policy at this period when many individuals and companies are struggling to stay afloat and every sector is wrestling to maintain stable platform and sustainable stands has become a debatable discussion. Fasua (2021) notes that many citizens' perception to tax policy is all about increasing the tax burden of taxpayers, but this may not be true. For instance, Adu (2021) states that the draft reveals a line of challenges confronting the Nigerian tax system and guiding to be taken by those who charge with responsibility to tackle them and enhance voluntary compliance; and stipulates that taxpayers ought to pay according to their capacity. For proper understanding about renewed tax policy there is a need for more research works on the reviewed tax policy. Therefore, a call for more research works on the draft of the National Tax Policy (NTP) cannot be over-emphasized. Thus this study is motivated to examine taxation policy and public economic growth and development in Nigeria. The main objective of this study is to investigate the effect of taxation policy on public economic growth and development in Nigeria while the specific ones are to find out the relationship between petroleum profit tax and economic growth and development in Nigeria; the relationship between value added tax and economic growth and development in Nigeria; and the relationship between company income tax and economic growth and development in Nigeria. In order to achieve the above objectives, this study will analyze to the following hypotheses: there is no significant relationship between real gross domestic product and petroleum profit tax; there is no significant relationship between real gross domestic product and value added tax; and there is no significant relationship between real gross domestic product and company income tax. The remaining aspects of this study are covered under conceptual review, theoretical review, empirical review, methodology and analysis of data as well as conclusion.

LITERATURE REVIEWS

Conceptual Review

Taxation Policy

The development of the National Tax Policy in Nigeria was anchored by a 20 man working cluster in 2002 together with other reviews in the Nigerian tax systems such as review of all tax legislations as well as the total tax administration structure and make possible recommendations. In 2004, another 12 man working class was instituted to among other things; decisively assess the suggestions of the initial study cluster and recommend approaches to restructure the Nigerian tax system. The ultimate draft of the National Tax Policy was employed in 2010 by the Federal Executive committee. On other hand, essential legislative action to back up influence of the provisions of the National Tax Policy was denied. Therefore, the policy was not

carried out to some extent and did not attain the desirable aims by the Government. Around early of August 2016, the Minister of Finance constituted another group to assess, review and suggest execution strategies for the NTP (Richards 2019). According to Richards and Ekhator (2019), this new constituted committee presented its findings on 29 September 2016 and the New NTP was employed by government in 2017 and after that the NTP was forwarded to the National Economic Council for approval. It is the thoughts of the government that an endorsement by the National Economic Council would involve that States have used the enacted National Tax Policy. The study argues that it is uncertain if that aim is achievable bearing in mind that the authorization of the National Economic Council is to counsel the president on economic issues and not to involve in legislative decision on economic issues. Adu (2021) asserts that NTP is brief and easy to understand. It comprises five sections together with appendixes. Section one explains taxation, itemizes the challenges of the Nigerian Tax System and highlights the objectives of the NTP. Section two stipulates the guiding standards of the Nigeria Tax System as well as the roles of taxation as an instrument for economic administration and development. Section three consists of the duties of all stakeholders. Section four recognizes main matters in successful tax administration and disagreement resolution systems. Section five covers the strategies for the performance of the NTP. The NTP is a purposeful effort to establish the guiding standards in the Nigerian tax structure, and plans to make the tax mechanism an effectual instrument for public economic growth and development. According to Richards (2019), the NTP reveals understandable guidelines that are significant to tax management at every level of Government. The NTP expects every tax authority to make sure that every taxable person is registered as well issued Taxpayer Identification Number (TIN). Every tax author is mandated to leverage on the database of the Central Bank of Nigeria on National Identity Card Management Commission (NIMC), Bank verification Number (BVN), Nigerian Communications Commission (NCC), Corporate Affairs Commission (CAC), Federal Road Safety Commission (FRSC), Nigeria Immigration Service (NIS) and other sources of information. NTP mandates every tax authority to promote voluntary compliance of tax payers by ensuring the process of self-assessment is encouraged. According to Adu (2021) the execution of the policy is rested on the loyalty of key significant stakeholders and offers advisory action plans for government. Master President as well as governors are anticipated to ascertain that budget speeches for particular fiscal year control the overriding fiscal policies with the summary statements of the estimated tax revenue. They should make sure that there is a single revenue agency for a particular level of government. The legislative arm of government at all levels is expected to handle tax bills with highest substance and is advised to set up taxation committees to speed up the passage of tax bills. The arm is enjoined to pass a bill instituting the Joint Tax Board. The efficiency of the board is slowed down by the fact that it is just advisory organ with no instrument to implement its decisions (Richards & Ekhator, 2019). According to Richards (2019), an Act of the National Assembly can never treat this hurdle rather the constitution should be rectified to institute the JTB. The author asserted that the committee as fraction of measures to harmonize extant tax statutes to the policy recommended the evaluation and amendment of some tax statutes and offers that future tax laws should be reliable with the policy. A number of the projected amendments include section 19 of CITA to excuse particular kinds of profit from surplus dividend tax, section 33 of CITA to eliminate the payment of minimum tax and so on. Tax is an unavoidable levy collected by government from every citizen and company on behalf of the public in order to settle up the expenses incurred and provide for the needs of the public. This is necessary in order for government to meet the citizens' needs (ICAN, 2020; Fasua, 2021). Therefore, through tax revenues of different kinds are generated country's capital development and recurrent expenditure are met. Tax revenue serves as one of the main sources through which country generates its financial resources desirable to provide for the constitutional needs of its citizens. The escalating duties of contemporary day government have made it imperative for entire governments to look for better way to generate enough incomes to meet challenges of every sector and citizen. These challenges are beyond revenues derived from crude oil considering ranges of needs from every area in term of education, pandemic and epidemic challenges, provision of infrastructural facilities as well as the security of its territorial boundaries against internal and external terrorists and bandits. The significance of tax revenue cannot be over emphasized as it serves as one of the means through which country can attain a specific

responsibility in the developing and sustaining the country's economy (Mladen, 2015). Tax plays diverse roles in the growth and development of a country. It is not only employed for generating revenues for the government, but is also utilized as an instrument by which the government uses to implement its fiscal policies; which enable the government to reduce the level of unemployment and inequality distributions of wealth and income of the society. It can also be use to manage inflation levels and to daunt the consumption of particular set of products. Consequently, it is obvious that tax serves as the power that keeps a country moving. It offers expected and constant flow of incomes to finance developmental projects. Thus, effective and well-organized tax system can aid the government to generate sufficient returns to cater for its projected expenditure, meet the needs of the populace, and efficiently contribute to the world economy, promote the worth of life of citizens, improve education standards, enhanced healthcare delivery, job opportunities, provision of essential amenities and provision of secured security of life and property (Ofoegbu, Akwu, & Oliver, 2016). The Companies Income Tax Act (CITA) views a company as every company or corporation (other than one man business) instituted by or under every law in force in Nigeria or elsewhere. According to ICAN (2020), the tax rate employed for small firms is 20% on the taxable profit while 30% for a normal trade or business. The Value Added Tax (VAT) is instituted by the Value Added Tax Act Cap VI, 2004 LFN. The Act substituted for the sales tax in function under the Federal Government legislated decree No. 7 of 1986. The VAT is a particular kind of indirect tax in which a amount of money is levied at every phase of production and distribution of goods and service. According to ICAN (2020) VAT means the tax imposes on the value added. The value added of a company is the difference between a entity's sales and its purchases of inputs from other companies. On the other hand, it is the sum of worth entities contribute to a good or service by using its own factors of production. In Nigeria now VAT is charged at a flat rate of 7.5% on chosen lists of goods and services. Of course, exemption is given for items such as medical and pharmaceutical products, basic food items. Petroleum profit tax Act is an Act which enforces tax upon returns from the mining of petroleum in Nigeria and offers for the appraisal and collection thereof as well as for the targets associated therewith. The appropriate law is the Petroleum Profits Tax Act (PPTA), which was first put in place in 1959 with retrospective effective date of 1 January, 1958. This main Act and every amendment thereto have been put in place as Chapter P13 of the Laws of the Federation of Nigeria (LFN) 2004. Petroleum profit tax (PPT) is an Act uses for upstream activities in the oil company. It is mainly linked to rents, royalties, margins and profit sharing elements connected with oil mining, prospecting as well as exploration leases. It is the mainly imperative tax in Nigeria in forms of its share of whole proceeds contributing 95 and 70 percent of foreign exchange earnings as well as revenue of government, respectively.

Economic Growth and Development

Economic growth is the growth which can be attributed to positive changes in material production within a particular short period of time, generally a year. The understanding of economic growth in economic theory means a yearly rise in material production indicated in value, the amount of growth in national income. This growth does not amount to economic development. Economic development values imply not only an addition in material production, but as well as in entire other socioeconomic expansion and changes necessitated by the effect of economic and above economic factors (Fasua, 2021; Mladen, 2015). According to Adebowale (2017), economic growth is an incorporated idea which involves growth in income as well as productivity, creation of job together with economic diversification. There are policies that influence economic growth; these policies include policies on security, creation of employment, agricultural production and poverty. This type of growth produces resources which are reasonably obtainable for development in every ramification, together with economic development. Economic development is thus articulated in a longer period of time. This development involves a stream of structural changes.

The study argues that the economic development of the country can be accomplished through greater involvement in the processing ability of industrial production, as well as at higher level is progressively more dominated by service sector. It is obvious from the reviews of existing literature that descriptions of economic growth and development from different studies are in agreement with one and others.

Theoretical Review

Tax Rate and Government Spending Theory

In this study, the effect of taxation policy on economic growth and development are anchored on the theory which emanates from two schools of thought namely: the traditional economic school and the modern school. The traditional economic school was developed by Robert Barro, and recapped in the study of Slemrod (2003). The theory argues that low tax rates together with low government spending associate with greater growth, holding remaining determinants of growth invariable. This implies that the greater the marginal tax rate, the higher the probabilities of greater income tax payers deflecting additional period from productive activities to leisure operations. However, the modern school argues that greater marginal tax rates necessitates higher economic development in the long-run since government would obtain a greater income which when invest in the society's education and infrastructural development will improve the economy. Marginal tax rates (MTR), in line with economic theory, are essential rates because these rates influence the incentives of people to receive more revenue. Consequently, as marginal tax rates rise, people save less of their additional incomes. Although economic theory forecasts a negative connection between marginal tax rates and economic growth, and suggests numerous factors that will obscure assessment of the connection. These factors are in agreement with factors stipulated by Gwartney and Lawson (2006). These include firstly: difference between the short-run reaction and charge in MTR. They argue that there is the discrepancy between the short-run reactions to charge in marginal rates which bring about an addition in MTR lessens the supply of labour and capital leads to sluggishness in the growth of real gross domestic product (RGDP). As this response is projected to be delayed, short-run reaction may be a deceptive pointer of what will occur in the long-run. As a result, the labour supply reaction will be lesser in the short-run in the long-run. Secondly, the connection between MTR and GDP growth may not be strengthened as a result of GDP values often that do not capture the negative influence of the price distortions associated with high MTR. Basically, GDP record the spending as well as costs of goods and services generated even when the value derived by the consumer lessens than the costs of the products. Thirdly, the link between MTR and GDP growth may also be undermined by the model of government spending. In many countries, high MTR are forced in order to obtain incomes that are employed to subsidize social safety nets. Generally, the effect of tax policies is heavier on the highest tax brackets – where alterations in tax rates will wield their greatest impact on both tax and labour supply – avoidance operations. Moreover, as the Laffer curve assessment shows, MTR can be pushed much up that they will really decrease the revenues obtained from the tax. Evidently, MTR are above the stage that broad maximum revenues are greatly ineffective as well as counterproductive as they lessen both total productivity and the revenue obtained by the country. Other way round, tax rates close to the revenue maximum stage are also enormously ineffective because as rates rises towards the revenue maximum level, the greater tax rates will push out huge amounts of returns from trade relative to the increased revenue realized. Therefore, evaluated in terms of lost output, these increased revenues are extremely expensive because the harshest side impacts of taxes will be exerted by the higher MTR.

A Tax Revenue Theory

Kibel and Nwokah (2018) assert that a tax revenue theory premises on the postulation that there is no connection between payment of tax and benefits received from government. Therefore theory of tax revenue argues that social and political targets should be the main drivers in choosing taxes. The theory holds that a tax system is not developed to serve individual citizen but formulated to alleviate the unhealthy condition of state as a whole. This is essentially reciprocal relationship between the country and tax payers. The country provides particular products to the citizens of the country and they add to the charges of these provisions in percentage to the benefits derived. A state's tax system is a main factor of other macroeconomic indexes. Exclusively, the theory argues that for both developing and developed countries, there is a relationship that subsists between the level of economic growth and tax structure. It asserts that the level of economic development has an extremely strong effect on a state's tax premise and tax policy aims are different with

the levels of development. According to Olapade (2010), growth is an addition in economic operations. Economic growth is the increase of a state's potential GDP or production. Musgrave-Rostow model (1998) examines growth of public expenditure and the study focuses primarily on the use of taxes as the main revenue sources, concluded that, at the premature phase of economic development, the level of growth of public spending may not be very low since government offers the essential infrastructural facilities and main of these investments are capital intensive, thus, the expenditure of the government will raise gradually. The major intention of tax is to increase revenue to cater for government spending as well as to redistribute wealth and control the economy (Olugbemi, Bassey, Michael & Odu, 2020). Tax can be employed as an imperative instrument as follows: optimum allocation of accessible resources, this implies that the imposition of tax brings about diversion of incomes from the taxed sector to the non-taxed sector. The resources are allotted to various productive sectors in the states with an aim of escalating the on the whole growth of the state. Tax resources may be employed to promote development operations in the less development sectors of the state where typical investors are not eager to invest. Effective tax system can also be used to lessen inequality distribution of income and wealth; accelerate economic growth and price stability; handle serious economic state such as depression and inflation.

Empirical Review

Olugbemi *et al* (2020) carried out research on tax revenue and economic growth employing a multiple regression model to evaluate the impacts of taxation, government expenditure and domestic investment on economic growth in Nigeria. The outcome of the study's findings showed revealed tax revenue has positive impact on economic growth employing GDP as a proxy for economic growth. Specifically, taxation, government expenditure and domestic investment have positive effect on economic growth in Nigeria. Dibia and Onwuchekwa (2019) investigated the taxation and economic growth in Nigeria employing time series data. It examined relationship that exists between the economic growth of Nigeria (represented by Real Gross Domestic Product) and taxation decomposed as company income tax and petroleum profit tax. The pre estimation and a multivariate regression were used to evaluate the relationship. The study's findings revealed that petroleum profit tax and company income tax have statistical significant positive relationships wilt the Real Gross Domestic Product (RGDP) in Nigeria. Cornelius, Ogar, and Oka (2016) carried out a study on the impact of tax revenue on the Nigerian economy using a regression technique to find out kind of relationship that subsists between petroleum profit tax and the growth of the Nigeria economy. The study's findings indicated that petroleum profit tax has a significant relationship economic growth in the Nigeria economy but company income tax has no significant relationship with economic growth in Nigeria. Sikka and Hamphon (2015) investigated the role of accountancy firms in tax avoidance: some evidence and issue employing chi-square as well as a multiple regression analysis to assess relationship that remains between company income tax and Nigerian economy development using data collected from primary and secondary sources. The findings of the study revealed a statistical significant relationship between company income tax and economy development. Aabi (2011) examined value added tax and economic growth in Nigeria. The study employed pre- estimation such as descriptive statistical method and simple regression analysis using time series data. The technique was used to evaluate the effect of VAT revenue, total tax revenue and total revenue from 1994 to 2008 on the gross domestic product (GDP). The findings of the study revealed that value added tax has statistical significant positive effect on the economic growth in Nigeria.

Research Method

Model Specification

This work used pre estimation and a panel regression analysis to investigate the effect of taxation policy on economic growth and development. Petroleum Profit Tax (PPT), Value Added Tax (VAT) and Company Income Tax (CIT) are used as proxies for taxation policy while Real Gross Domestic Product (RGDP) is employed as an index for economic growth and development. The study used the panel data econometric

technique to test the significance of various explanatory variables (PPT, VAT and CIT) on RGDP. The study formulated a model for the purpose of the panel data analysis in this study. The model is specified as follows:

RGDP = f(PPT, VAT, CIT)..(3.1)

$RGDP = \beta_0 + \beta_1 PPT + \beta_2 VAT + \beta_3 CIT + \varepsilon_t$ ....(3.2)

Where: RGDP = Real Gross Domestic Product

PPT = Petroleum Profit Tax

VAT = Value Added Tax

CIT = Company Income Tax

ε_t = Stochastic error term

β_0 = Constant/Intercept

$\beta_{1 \ldots 3}$ = Regression coefficients

Measurement of Variables

S/N	Variable	Definitions	Capacity of Variables	Measurements/Proxies	Aprior Expectation
1	RGDP	Real Gross Domestic Product	Dependent	Disclosure	NA
2	PPT	Petroleum Profit Tax	Independent	Disclosure	+ve
3	VAT	Value Added Tax	Independent	Disclosure	+ve
4	CIT	CompanyIncome Tax	Independent	Disclosure	+ve

Source: Researcher's Compilations (2023)

Sources of Data

The data employed in this study are from secondary sources. This study used the periodic data of RGDP, PPT, VAT and CIT on the Central Bank of Nigeria database and other relevant books spanning a ten-year period (2011 to 2020). The choice of number of years is based on the period NTP was employed by the Federal Executive committee.

RESULTS

Distributive Statistics

Table 4.1

	RGDP	PPT	VAT	CIT
Mean	2.551187	8.308869	5.477668	8.800731
Median	2.528199	8.888414	5.431196	8.414417
Maximum	6.222942	9.302829	5.681206	11.18011
Minimum	-1.920000	6.504054	5.338905	7.949878

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Std. Dev.	2.849081	1.140589	0.107534	0.994779
Skewness	-0.330028	-0.797652	0.618668	1.426850
Kurtosis	1.915377	1.774237	2.284663	4.237309
Jarque-Bera	0.671701	1.686454	0.851128	4.031059
Probability	0.000030	0.000020	0.000001	0.000050
Sum	25.51187	83.08869	54.77668	88.00731
Sum Sq. Dev.	73.05537	11.70848	0.104071	8.906272
Observations	10	10	10	10

Source: Author's computation with E-Views 8 (2023)

Table 4.1 shows the descriptive statistics of the RGDP of the Federal Republic of Nigeria for the period between 2011 and 2020. The mean scores of the data displayed the level of consistency as they fall between the minimum (-1.9200) and maximum (6.2229) RGDP. Thus, the RGDP for the periods examined stood at a mean value of 2.5511. The standard deviation measuring the spread of the distribution stood at a value of 2.849081while the Jarque-Bera statistics stood at 0.671701with a p-value of 0.000. Thus, the variables exhibited normality.

Regression Analysis

The Panel Ordinary Least Square (OLS) regression estimation technique was employed in this study.

Table 4.2

Dependent Variable: RGDP				
Method: Least Squares				
Date: 3/22/23 Time: 23:02				
Sample: 2011 2020				
Included observations: 10				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
PPT	2.443457	0.863519	2.829519	0.0096
VAT	6.036943	2.021213	2.986792	0.0080
CIT	2.728093	1.308327	2.085176	0.0028
C	61.14690	16.86657	3.625331	0.0095
R-squared	0.550836	Mean dependent var		2.551187
Adjusted R-squared	0.326254	S.D. dependent var		2.849081
S.E. of regression	2.338583	Akaike info criterion		4.826142
Sum squared resid	32.81382	Schwarz criterion		4.947176
Log likelihood	-20.13071	Hannan-Quinn criter.		4.693368
F-statistic	2.452719	Durbin-Watson stat		1.921411
Prob(F-statistic)	0.000089			

Source: Author's computation with E-Views 8 (2023)

The table 4.2 shows that the Durbin Watson statistics of 1.921 implies the non presence of autocorrelation between the variables as the coefficient falls between 1.5 and 2. The R^2 value of 0.55 represents 55% of the degree of variation in the economic growth and development is clarified by the model while the residual45% is captured by the stochastic error term. The predictable model is statistically significant in its general

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estimation bearing in mind the significance of the Prob. (F-statistic) value (0.000). The different hypotheses formulated under introduction are tested in this aspect. The decision benchmark is that if the computed P-value is not greater than 5% significant level, the alternate hypothesis is selected and the null hypothesis is rejected. The interpretations of the hypotheses as well as their results are as follows:

H_{01}: There is no significant relationship between real gross domestic product and petroleum profit tax in Nigeria. Petroleum Profit Tax (PPT) has a significant positive relationship with Real Gross Domestic Product (RGDP) disclosures at the probability level (p-value) of 0.0096 and t-statistic of 2.829519 at 5% significant level. This indicates that the null hypothesis should be rejected while the alternate hypothesis accepted. The implication is that an increase in PPT will result to an increase in the RGDP index. The result is in conformity with the studies conducted by Dibia and Onwuchekwa (2019); Cornelius *et al*. (2016)

H_{02}: There is no significant relationship between real gross domestic product and petroleum profit tax in Nigeria. Value Added Tax (VAT) has a significant positive relationship with Real Gross Domestic Product (RGDP) disclosures at the probability level (p-value) of 0.0080 and t-statistic of 2.986792 at 5% significant level. This indicates that the null hypothesis should be rejected while the alternate hypothesis accepted. The implication is that an increase in VAT will result to an increase in the RGDP disclosure. The result is in conformity with the studies conducted by Aabi (2011).

H_{03}: There is no significant relationship between real gross domestic product and petroleum profit tax in Nigeria. Company Income Tax (CIT) has a significant positive relationship with Real Gross Domestic Product (RGDP) disclosures at the probability level (p-value) of 0.0028 and t-statistic of 2.085176 at 5% significant level. This indicates that the null hypothesis should be rejected while the alternate hypothesis accepted. The implication is that an increase in CIT will result to an increase in the CIT disclosure. The result is in conformity with the studies conducted by Dibia and Onwuchekwa (2019); Sikka and Hamphon (2015).

CONCLUSION AND RECOMMENDATIONS

This study examined taxation policy and public economic growth and development in Nigeria. Hypotheses are developed on the basis to find out effects of different taxes are introduced in Nigeria on economic growth and development. The study finds that taxation policy has positive effect on economic growth and development. Descriptive statistic results and variables exhibited normality in this work. The data were analyzed through regression analysis to examine the nature and extent of effect of taxation policy on economic growth and development. The independent variables: petroleum profit tax, value added tax and company income tax have a significant positive relationship with RGDP representing economic growth and development. This study discovered that existing National Tax Policy is essential for economic growth and development however; its effects on tax administration in Nigeria will be basically reliant on the executions of the policy of the government. It is accepted that the anticipated amendments to tax statutes will lead to considerable development in the Nigerian Tax System; however it is insufficient to tackle the tasks of the Nigeria tax system, it as an efficient economic management instrument. It is recommended that many tax statutes in Nigeria are not current with present trends and there is need for an entire review of the whole tax laws. Besides, there is need to synchronize tax laws in the country to lessen the amount of harsh and unproductive oriented taxes in the system. This truth was recognized by the NTP drafting committee thus, their suggestions need to be harmonized. Nevertheless, they did not recommend crucial steps to be considered in that direction. Finally, the performance of the National tax policy can never be successful without the adjustment of the CFRN 1999 to establish the law of fiscal federalism and develop the taxing authorities of States.

Contributions to Knowledge

This research work contributes the following to knowledge:

1. It contributed to the existing models, in terms of revealing specific different forms of tax that measure public economic growth and development in Nigeria.
2. The study contributed to the existing literature on taxation policy and public economic growth and development by providing verifiable evidence of the relationship between taxation policy and public economic growth and development in Nigeria.
3. It also contributed to the expansion to subject on tax policy globally.

Limitations of the Study

This research work is with some limitations that need to be looked into in future studies. The use of Real Gross Domestic Product as dependent variable is prone to bias or subjectivity. The tax has many proxies or surrogates that can be used for measurement. A further concern arises in the use of period of observation restricted to ten years in the study.

Suggestions for Further Studies

In the light of the limitations encountered in this research, further studies should focus on the following suggestions:

1. Further studies should consider other measures of dependent variable, like Gross Domestic Product in the study.
2. Future research should consider expanding the periods beyond ten years.
3. Further studies should consider other forms of tax such as personal income tax, custom and excise duty and stamp duty.

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