

# Funding Infrastructure Through Taxation in Nigeria

Linus, Justin Ogbonna<sup>1</sup>, Emmanuel Eleje<sup>2</sup>, Lawal Faith Chidinma<sup>3</sup>, Oghu Emughedi<sup>4</sup>

<sup>1</sup>Department of Business Administration, Southwestern University, Nigeria

<sup>2</sup>University of Salford, Manchester

<sup>3</sup>Department of Business Education, Kogi State College of Education, Ankpa, Nigeria.

<sup>4</sup>Department of Banking and Finance, University of Nigeria, Enugu Campus.

DOI: <https://doi.org/10.51244/IJRSI.2025.12120084>

Received: 24 December 2025; Accepted: 02 January 2025; Published: 07 January 2026

## ABSTRACT

Infrastructure remains a critical determinant of sustainable development, and in Nigeria, the widening infrastructure deficit poses significant challenges to economic growth. This study investigates the role of taxation in bridging infrastructure deficits in Nigeria between 1999 and 2023. The general objective is to assess the effect of taxation on infrastructure deficit, with specific emphasis on the impact of value added tax (VAT), company income tax (CIT), and petroleum profit tax (PPT). The study identifies important research gaps in literature, including temporal, geographical, variable, and methodological limitations. Prior studies have relied on outdated datasets, non-Nigerian contexts, and narrow tax variables, while often depending on primary data. To address these gaps, this research adopts a broader temporal scope and utilizes secondary time series data obtained from the World Development Indicators and the Federal Inland Revenue Service. Employing an ex post facto research design and the Autoregressive Distributed Lag (ARDL) estimation method, the study rigorously analyzes the relationship between taxation and infrastructure deficit. Findings reveal that VAT has a negative and significant effect on infrastructure deficit (Coefficient = -0.40, p-value = 0.0012), while CIT and PPT exert positive and significant effects (Coefficient = 0.20, p-value = 0.0004; Coefficient = 0.02, p-value = 0.0000, respectively). The study concludes that efficient tax management is pivotal in addressing Nigeria's infrastructure challenges and recommends policies to strengthen VAT allocation, incentivize corporate tax contributions, and channel petroleum tax revenues into infrastructure development. These insights provide relevant implications for fiscal policy and sustainable infrastructure financing in Nigeria.

**Keywords:** Infrastructure Deficit, Taxation, and Autoregressive Distributed Lag (ARDL) estimation

## INTRODUCTION

Infrastructure development remains a fundamental prerequisite for sustainable economic growth and improved social welfare. In Nigeria, persistent deficits in critical infrastructure such as transportation, electricity, power supply, water and sanitation, healthcare, and communication networks continue to constrain productivity, impede economic activities, and undermine living standards. Despite decades of tax collection, fiscal reforms, and the country's abundant natural and human resources, infrastructure provision remains grossly inadequate, limiting Nigeria's capacity to achieve inclusive growth and global competitiveness. These deficits are rooted in historical underinvestment, governance weaknesses, corruption, rapid population growth, and fluctuating oil revenues, all of which have constrained effective public spending on infrastructure. Though regular credit plays a role in economic development (See Kalu, Okoyeuzu, Alio and Ukpere, 2018), taxes are seen as drivers of public sector growth.

Taxation plays a pivotal role in mobilizing government revenue for the provision of public goods and services, including infrastructure (Justin et al., 2024). Ideally, an efficient tax system should provide a sustainable financing base for infrastructure development. However, Nigeria's tax system has historically been characterized by inefficiencies, low compliance, widespread evasion, and a narrow tax base, resulting in inadequate revenue mobilization relative to infrastructure needs. Although several reforms such as digital tax administration and compliance enhancement initiatives have been implemented, infrastructure gaps remain severe, raising concerns about the effectiveness of tax revenue utilization (Lawal et al., 2024).

Despite expectations that increased tax collections would translate into improved infrastructure provision, Nigeria continues to experience significant deficits in key sectors, suggesting a disconnect between taxation and infrastructure outcomes. Empirical studies on taxation and infrastructure have largely focused on developed economies or examined taxation in aggregate, with limited emphasis on Nigeria and insufficient differentiation among specific tax instruments. Moreover, many existing studies rely on outdated data or primary data approaches that limit generalizability. Consequently, there remains a knowledge gap regarding the extent to which specific tax instruments Value Added Tax (VAT), Company Income Tax (CIT), and Petroleum Profit Tax (PPT) affect infrastructure deficits in Nigeria. Addressing this gap is essential for evidence-based fiscal policymaking and sustainable infrastructure development.

### **Review of Related Literature**

Taxation and infrastructure are intertwined pillars of Nigeria's economic development, where compulsory levies fund essential public goods amid persistent deficits in physical and institutional systems. This section explores taxation as a revenue mechanism and the critical infrastructure gaps it must address. Taxation refers to a compulsory financial levy imposed by government on individuals and corporate entities to generate revenue for public expenditure and service delivery (Atoyebi, 2023). It is legally enforced and constitutes a primary source of funding for infrastructure, social welfare, defence, and other public goods. Similarly, Adeleye et al. (2024) define tax as a mandatory obligation on income, profits, transactions, or assets, with government as the principal beneficiary and administrator. Beyond revenue generation, taxation serves as an economic and redistributive mechanism through which governments influence resource allocation, promote equity, and support sustainable growth (Ayo, 2021; Adah, 2021). Effective tax administration therefore involves coordinated legal, institutional, and operational frameworks that ensure efficient assessment, collection, and utilisation of tax revenue. For this study, taxation is defined as a compulsory instrument of public finance used by government to mobilise sustainable revenue for economic stability and infrastructure development. While taxes are broadly classified into direct and indirect categories, this study focuses on Value Added Tax (VAT), Companies Income Tax (CIT), and Petroleum Profit Tax (PPT) due to their relevance to Nigeria's revenue structure and infrastructure financing (Kalu et al., 2025).

Infrastructure refers to the core physical and institutional systems that support economic activity and social wellbeing, including transportation, energy, water supply, healthcare, education, communication, and security facilities (Lawal et al., 2023). These long-term capital assets are essential for productivity, competitiveness, and inclusive development (Lawal et al., 2023). Infrastructure deficit in Nigeria denotes the significant gap between existing infrastructure capacity and the growing demands of population expansion, urbanisation, and economic development (Ayo, 2021; Adah, 2021). This deficit manifests through deteriorated road networks, unreliable power supply, inadequate water systems, and poorly maintained educational and healthcare facilities, all of which constrain productivity and undermine human capital development. The economic implications of infrastructure inadequacy are substantial. Poor infrastructure increases production costs, discourages investment, and weakens global competitiveness. The Africa Infrastructure Country Diagnostic Report estimates that infrastructure gaps account for about 40% of productivity losses faced by African firms. Historically, Nigeria has relied on budgetary allocations and debt financing to fund infrastructure projects. However, rising public debt and debt-servicing obligations raise sustainability concerns, underscoring the need for alternative and reliable funding sources. In this context, taxation represents a viable and sustainable mechanism for mobilising domestic resources to bridge Nigeria's infrastructure deficit, provided that tax revenues are efficiently collected, transparently managed, and strategically allocated.

### **Theoretical Review**

The Benefit Theory, Wagner's Law, and Institutional Theory offer critical lenses for understanding taxation's role in Nigeria's infrastructure financing. These frameworks connect tax contributions to public benefits, economic expansion, and institutional effectiveness, providing strategies to overcome chronic deficits while promoting fairness, growth, and compliance.

The Benefit Theory posits that taxpayers should contribute in proportion to the benefits they receive from public services and infrastructure (Lindahl, 1930; Bowen, 1943). Its central premise is fairness in taxation, linking tax payments directly to government-provided benefits such as roads, electricity, and public utilities. Although measuring individual benefits is challenging, the theory promotes transparency and accountability by enabling taxpayers to associate their contributions with tangible outcomes (Inyiama et al., 2017). In the Nigerian context, the Benefit Theory is relevant to infrastructure financing, as improved transportation networks, power supply,

and public facilities generate direct economic and welfare benefits. Aligning tax policies with visible infrastructure outcomes can enhance public acceptance of taxation, improve compliance, and ensure efficient allocation of tax revenues toward addressing critical infrastructure deficits.

Wagner's Law, proposed by Adolph Wagner (1911), asserts that economic growth leads to an expansion of public expenditure as societies demand improved social services and infrastructure. As national income rises, governments increase spending on administrative functions, welfare services, and infrastructure development. Proponents argue that taxation becomes essential for financing these expanding public needs. Applied to Nigeria, Wagner's Law suggests that rising tax revenues should translate into increased investment in infrastructure to support economic growth and social welfare. However, critics note that governance inefficiencies and corruption may weaken this relationship (Lawal et al., 2024). Nonetheless, the theory provides a strong justification for strengthening taxation as a sustainable means of funding infrastructure development and reducing infrastructure deficits in Nigeria.

Institutional Theory emphasizes the role of formal institutions (laws, regulations, tax authorities) and informal institutions (norms, trust, and social expectations) in shaping tax compliance and public expenditure outcomes (Meyer & Rowan, 1977). Effective institutions enhance tax morale by fostering trust, transparency, and perceptions of fairness, which in turn improve voluntary compliance. In Nigeria, weak institutional capacity and perceived mismanagement of tax revenues undermine tax compliance and constrain infrastructure financing. Strengthening institutional quality through transparent tax administration, accountable governance, and visible infrastructure delivery can enhance tax morale. By improving institutional credibility, taxation can be more effectively leveraged to mobilize revenue and bridge Nigeria's persistent infrastructure deficits.

### **Empirical Literature**

Taxation has increasingly been recognized as a critical fiscal instrument for financing infrastructure and stimulating economic development, particularly in developing economies facing persistent revenue constraints. In Nigeria and other Sub-Saharan African countries, inadequate infrastructure continues to undermine productivity, service delivery, and long-term growth, thereby intensifying the need for efficient tax revenue mobilization and utilization. Empirical studies have therefore focused on examining how different forms of taxation influence infrastructure development, sectoral outcomes, and overall economic performance, with mixed results across sectors, time periods, and methodological approaches.

Adeleye et al. (2024) examined the impact of federally collected tax revenues on healthcare infrastructural development in Nigeria between 2013 and 2021 using an ex post facto design and multiple regression analysis. Drawing data from the Federal Inland Revenue Service and the Central Bank of Nigeria, the study found that Company Income Tax (CIT), Petroleum Profit Tax (PPT), and Value Added Tax (VAT) had significant positive effects on healthcare infrastructure, while Education Tax (EDT) was positive but statistically insignificant. These findings align with Mustapha et al. (2022), who similarly reported that PPT and VAT significantly influenced healthcare infrastructure development in Nigeria over the 2013–2020 period, reinforcing the sector-specific importance of petroleum and consumption-based taxes.

Extending the analysis beyond sectoral infrastructure, Lawal et al. (2023) investigated the relationship between tax formation and economic growth in Nigeria and Ghana. Using secondary time-series data and econometric techniques, the study established that tax formation proxied by CIT, VAT, and petroleum-related taxes exerts a significant positive effect on economic growth in both countries, although the magnitude of individual tax components varied. This cross-country evidence supports the argument that effective tax mobilization not only funds infrastructure but also underpins broader macroeconomic performance.

At the sub-sector level, Atoyebi (2023) explored road taxation in Nigeria through a qualitative review of legal and economic frameworks. The study concluded that road taxes remain vital for infrastructure financing but are constrained by mismanagement and corruption, highlighting governance-related challenges that weaken the translation of tax revenue into infrastructure outcomes. Similarly, Leung (2023), though not Nigeria-focused, found that higher taxes provide essential capital for urban development and post-crisis recovery, suggesting the relevance of taxation for infrastructure financing across different contexts.

From a broader regional perspective, Adebayo et al. (2022) analyzed the relationship between tax revenue and the infrastructure expectation gap in selected Sub-Saharan African countries. Their findings showed that tax revenue significantly explains infrastructure gaps, accounting for 51% of observed variance, while emphasizing

the need to align public spending with stakeholder expectations. However, the study did not extend beyond 2021, revealing a temporal gap.

National-level studies by Nwankwo (2021), Ayo (2021), and Adah (2021) consistently reported a positive and significant relationship between tax revenue and infrastructural development in Nigeria across different time horizons. These studies identified inefficiencies in tax administration, non-compliance, and revenue misallocation as persistent obstacles to infrastructure delivery. Complementing this strand, Rath (2021) found that tax gaps significantly influence infrastructure development, underscoring the importance of minimizing revenue leakages to enhance capital expenditure outcomes.

Overall, the reviewed studies affirm the central role of taxation in infrastructure financing and economic development while exposing gaps related to governance, tax efficiency, sectoral focus, and recent data coverage. These limitations underscore the need for further empirical investigation into how specific tax instruments can be optimized to bridge Nigeria's infrastructure deficit sustainably.

## Gaps

Despite the growing body of literature examining the relationship between taxation and infrastructure development, significant gaps remain in understanding how taxation can effectively bridge Nigeria's persistent infrastructure deficit. First, a temporal gap is evident in existing studies, as many rely on outdated datasets that end before major fiscal reforms, oil price shocks, and recent tax administration improvements. This limits their ability to capture the long-run dynamics between tax revenue and infrastructure outcomes in Nigeria's evolving economic context.

Second, a geographical gap persists, with several empirical studies either focusing on developed economies or adopting cross-country analyses that obscure Nigeria-specific institutional, fiscal, and structural realities. Such approaches fail to adequately reflect Nigeria's unique dependence on petroleum revenue, regional disparities in infrastructure provision, and challenges in tax administration and revenue allocation.

Third, there is a pronounced variable gap in the literature. Many studies assess taxation in aggregate or focus on a single tax instrument, thereby overlooking the differential effects of key revenue sources such as Value Added Tax (VAT), Company Income Tax (CIT), and Petroleum Profit Tax (PPT). This narrow focus limits understanding of how each tax category contributes distinctly to reducing infrastructure deficits.

Fourth, a methodological gap is evident, as numerous studies rely heavily on primary data or descriptive analyses, which may introduce subjectivity and limit causal inference. Additionally, few studies employ robust time-series econometric techniques capable of distinguishing short-run from long-run effects of taxation on infrastructure deficit.

Finally, there is a policy-relevance gap, as existing research often examines tax revenue growth without explicitly linking tax performance to infrastructure deficit reduction. Consequently, evidence remains insufficient on how tax efficiency, allocation, and management translate into tangible infrastructure improvements.

This study addresses these gaps by adopting a Nigeria-focused, long-run analysis spanning 1999–2023, disaggregating taxation into VAT, CIT, and PPT, and employing the Autoregressive Distributed Lag (ARDL) approach on secondary time-series data. By doing so, it provides a more comprehensive and policy-relevant understanding of how taxation can be strategically leveraged to bridge Nigeria's infrastructure deficit.

## METHODOLOGY

The data for this work by nature is numerical. They are observations in numbers conveying weight. Also, the data can be described as time series because they follow a regular annualised frequency covering the period 1999 to 2023. In addition, the data sets were drawn from a repository given that it is secondary in nature. Specifically, the data were drawn from World Development Indicator which is a World Bank database that contains several arrays of datasets for almost all the countries of the world and the tax related variables were drawn from the Federal Inland Revenue Service (FIRS) repository.

This study utilized a robust method of estimation to fit or suit the nature of the research effort. The Autoregressive distributed Lag model method was used in this study as specified thus:

$k$

$$CEX_t = \beta_0 + \sum_{n=1}^k \Delta\beta_1 CEX_{t-n} + \sum_{n=1}^k \Delta\beta_2 CIT_{t-n} + \sum_{n=1}^k \Delta\beta_3 PPT_{t-n} + \sum_{n=1}^k \Delta\beta_4 VAT_{t-n} + \pi_1 CIT_t + \pi_2 PPT_t + \pi_3 VAT_t + \varepsilon_t$$

Where:

CEX = Dependent variable (Capital expenditure proxy for infrastructure spending)

CIT = Independent variable (Company Income Tax)

PPT = Independent variable (Petroleum Profit Tax)

VAT = Independent variable (Value Added Tax)

$\beta_0$  = constant/intercept

In addition to the ARDL model, other pre-estimation and postestimation tests were done. For the preestimation, graphing, charting, descriptive statistics, correlational analyses and stationarity tests were used. Conversely, the post-estimation tests focused on determining the validity of the estimates using such tests as autocorrelation tests, heteroscedasticity tests, model stability tests etc. Inferences were based on 0.05 level of significance while the estimates were obtained using EViews estimation software.

## RESULTS

First, the descriptive statistics were computed to determine the aggregative tendencies of the series, deviation from their mean values and the symmetric properties of the series.

**Table 1: Summary of descriptive statistics**

Variables	Aggregative Characteristics		Shape Characteristics		Variability Characteristics	
	Mean	Median	Skewness	Kurtosis	Standard deviation	Coefficient of Variation
CEX	2755.57	1242.296	0.988113	2.820750	2429.83	0.88
CIT	1325.01	1268.977	1.304930	4.738088	504.10	0.38
PPT	2249.92	2114.268	0.795784	3.260224	845.89	0.38
VAT	1353.55	972.3484	1.548968	4.374789	888.29	0.66

Source: Computed by the author using E-views

From table 1 above, CEX has the highest aggregative tendency while CIT has the lowest aggregative tendency as indicated by their mean values. Standard deviation is a measure of dispersion. All the series indicated some degree of deviation from their mean value. Skewness is a measure of the degree of symmetry or departure from symmetry of the distribution while kurtosis is a measure of the degree of peakness of the distribution. From the table, all the variables are positively skewed. The distribution is normal if skewness is (0) and kurtosis is (3). Also, the distribution is leptokurtic if kurtosis is = 3, mesokurtic if it is >3 and playkurtic if it is <3. Based on this, all the variables were found to be Leptokurtic except for CEX which was found to be Playkurtic. Lastly, RSD (relative standard deviation) otherwise known as CV is the coefficient of variation. It is a combined measure of central tendency and dispersion. The higher the CV, the higher the dispersion or volatility of the distribution, while the lower the CV, the lower the volatility. CV is the ratio of the standard deviation to the

mean. From the table, The RSD of the variables are lesser than 1 which indicates that the distribution is not highly dispersed.

To ascertain the linear relationship between the variables, correlational matrices were computed.

**Table 2: Correlational matrix**

VARIABLES	CEX	CIT	PPT	VAT
CEX	1.00			
CIT	R = -0.75	1.00		
	{3.85}	-----		
	[0.00]	-----		
PPT	R = 0.47	R = 0.52	1.00	
	{1.76}	{2.06}	-----	
	[0.10]	[0.06]	-----	
VAT	R = 0.96	R = 0.67	R = 0.40	1.00
	{11.60}	{3.02}	{1.48}	-----
	[0.00]	[0.01]	[0.16]	-----

R=correlational coefficient; {} = t-stat; [] = probability of t-statistics.

Source: Extracted from E-views 10

There is a negative and significant linear correlation between CEX and company’s income tax (CIT) while that of VAT is positive and significant. The relationship between petroleum profit tax and infrastructure is found to be positive and non-significant. In addition, the table documents the linear association amongst the other explanatory variables.

The stationarity test was conducted to examine the stationarity properties of the variables under study to avoid running a false regression. The test as reported in table 3 used the traditional Augmented Dickey-Fuller (ADF) framework.

**Table 3: Unit Root Test Results**

Variables	Test stat	Critical Values@			INF
		1%	5%	10%	
CEX	-4.03	-5.12	-3.93	-3.42	I(0)
CIT	-4.54	-4.99	-3.87	-3.38	I(1)
PPT	-7.31	-5.12	-3.93	-3.42	I(1)
VAT	-3.32	-4.29	-3.21	-2.74	I(1)

Source: Extracted from E-views

From Table 3 above, all the variables in the traditional unit root tests attained stationarity at order 1 of integration except the infrastructure gap variable that is stationary at order 0. This justifies the use of the Autoregressive distributed lag model because the model tolerates that combination of order 1 and order 0 variables.

The Autoregressive Distributed Lag Model (ARDL) econometric technique was used as the main estimation technique.

Table 4 presents the summary of the ARDL regression results, which is a robust method for exploring the long term relationships among variables. The table outlines the key ARDL results including the coefficients, statistical significance and implications of the variables in the model.

**Table 4: Summary of ARDL Long run regression results**

Variables	Coefficient	Std. Error	t-Statistic	p-Values
LOG(CIT)	0.2034	0.0359	5.6590	0.0004
LVAT	-0.4054	0.1131	-3.5835	0.0012
LOG(PPT)	0.0288	0.0045	6.4617	0.0000
<b>DIAGNOSTIC TESTS</b>				
BGLM	1.03 (0.45)			
BPG	2.19 (0.20)			
RESET	0.14 (0.71)			

Source: Extracted by the author from E-views 10

In the diagnostics test, the BG-LM is the test for higher autocorrelation. The insignificant p-value of the BGLM test shows that there's no higher order autocorrelation for the model. BPG is a test for heteroscedastic residuals. The insignificant p-value of the BPG test suggests that the model is without heteroscedastic residuals. The Ramsey RESET (Regression Error Specification Test) is insignificant ( $>0.05$ ) which suggests that there is no specification error or misspecification in the model. In Summary, the model is best, linear and unbiased.

Company's income tax is observed to be a positive contributor to infrastructure growth. A unit change in CIT increases infrastructure spending by 20% and this change is positive and significant.

This finding suggests that an increase in CIT revenue is associated with a decrease in infrastructure deficit. This could be attributed to the fact that CIT revenue is often utilized by governments to fund infrastructure development projects. When CIT revenue increases, governments may have more resources to allocate towards infrastructure development, thereby reducing the infrastructure deficit. This outcome is consistent with the expectation that governments would use tax revenue to fund public goods and services, including infrastructure. The relationship between CIT and infrastructure deficit also raises questions about the efficiency of CIT revenue allocation. It is possible that the revenue generated from CIT is not being effectively utilized to address infrastructure deficits.

Furthermore, this finding highlights the importance of a well-designed tax system in promoting economic development. A well-designed tax system can provide governments with the revenue needed to fund infrastructure development projects, which are essential for economic growth and development. In Nigeria, where infrastructure deficits are a significant challenge, a well-designed tax system can play a critical role in addressing these deficits and promoting economic development

Secondly, VAT is found to have a reducing effect on infrastructure spending. A unit increase in VAT reduces infrastructure spending by a significant level of 40%. The negative relationship between VAT and infrastructure deficit highlights the need for policymakers to strike a balance between taxing companies and encouraging investment. Policymakers should consider the potential impact of VAT on investment and economic activity when setting tax rates and policies. This could involve implementing policies that reduce the tax burden on different economic agents.

Moreover, the finding that VAT has a negative and significant effect on infrastructure deficit raises questions about the impact of VAT on economic development in Nigeria. While VAT is an important source of revenue for governments, it can also have negative effects on consumption investment and economic activity if not properly designed.

Thirdly, PPT increases infrastructure spending by 3% for every unit increase. The finding reveals that Petroleum profit tax significantly affect the infrastructure deficit in Nigeria. This result opines that an increase in PPT revenue is associated with an increase in infrastructure spending and a reduction in infrastructure deficit.

Furthermore, the finding that PPT has a positive and significant impact on infrastructure spending puts it that PPT revenue as a source of can be a veritable source of funding for infrastructure development in Nigeria. However, its marginal contribution spells the need for policymakers to consider diversifying the sources of funding for infrastructure development and implementing policies that promote sustainable and predictable revenue streams.

## SUMMARY AND CONCLUSION

Given the scarceness of literature on the role of taxation in bridging infrastructural gap in developing economies such as Nigeria, this study was initiated. Prior studies had concentrated on the effects indirect taxes or direct taxes on economic growth in Nigeria without taking a holistic consideration on the disaggregated forms of taxes in the tax system. This study differs reasonably by not just stretching over a good number of tax episodes from 1999 through 2023 but it also looked at taxes from a disaggregated perspective.

Employing some recent and dynamic test statistics, the study reveals that Value added tax has a negative and significant effect on infrastructure deficit in Nigeria. Again, the research found out that Company income tax has a positive and significant effect on infrastructure deficit in Nigeria. Lastly, the study reveals that Petroleum profit tax has a positive and significant impact on infrastructure deficit in Nigeria. This study is considered as a significant addition to the conversation on the role that taxes play in strengthening government revenue for the necessity of providing up to date infrastructure for the people.

The study advises that revenue accruing from VAT should be efficiently allocated to make it a good source of funding for infrastructural development projects. It could also be focused on luxury goods so that the burden on low income consumers can be checked.

Also, there should be a balance on the revenue implication of CIT and the adverse economic impact it can create. Policymakers should consider the potential impact of CIT on investment and economic activity when setting tax rates and policies. This is also to address the disincentives to savings and investment that come from taxation.

Lastly, the research recommends government should manage Petroleum Profit Tax revenue effectively and ensure that it is allocated towards infrastructure development projects. They should consider implementing policies that ensure a stable and predictable allocation of PPT revenue towards infrastructure development such as sovereign wealth fund or infrastructure development fund that is funded by PPT revenue. In addition, as the world preaches the message of environmental sustainability, revenue from PPT should be directed to green and sustainable investment for a more economically, socially and environmentally balanced development in Nigeria.

## REFERENCES

1. Adah, A. M. (2021). Effect of tax revenue on infrastructural development in Nigeria. *Journal of Government and Applied Economics*, 3(2), 45-58.
2. Adeleye, A. O., Nwabuzor, E. M., & Oyedokun, G. E. (2024). Tax revenue and.10599405 infrastructural development of health sector in Nigeria. *Journal of Economic Research*, 4(1), 30-40. <https://doi.org/10.5281/zenodo>
3. Ali, A. & Zouaghi, L. (2022) The effect of Taxation on financial performance: the case of Tunisian companies. 10.21203/rs.3.rs-2359367/v1.
4. Aliyu, Abubakar Biliksu and Mustapha, A. A. (2020) Impact of tax revenue on economic growth in Nigeria. *Bullion*, 44(4), 64-77.
5. Atoyebi, O. M. (2023). Analysing the impact of road taxation in Nigeria. *Business A.M.* 5(2), 112-118.
6. Ayo, O (2021). Taxation Revenue And Infrastructural Development In Nigeria (2004-2015). Repository.mouau.edu.ng:
7. Bowen, S. B. (1943). The Interpretation of Voting in the Allocation of Economic Resources. *Journal of Political Economy*, 51(2), 198–211.
8. Emughedi, O., Lawal, F. C., and Kalu, E. U., (2024) Impact of Tax-based Revenue on Economic Development in Nigeria, 1999 to 2023. *South Asian Journal of Social Studies and Economics*, 21 (10). pp. 37-47. ISSN 2581-821X.
9. Federal Inland Revenue Service. (2018). Annual report 2017. FIRS.

10. Justin Ogbonna, LINUS, and Faith Chidinma, Lawal, and Ebere Ume, Kalu, (2024) Trade Outwardness and International Financial Flows in Nigeria. *South Asian Journal of Social Studies and Economics*, 21 (10). pp. 26-36. ISSN 2581-821X.
11. Kalu, E. U., Okoyeuzu, C., Alio F. C., & Ukpere, W. I., 2018. "Private Sector Lending and Growth of the Real Sectors in a Developing Economy: An Ardl Approach," *Journal of Reviews on Global Economics, Lifescience Global*, vol. 7, pages 953-961. <https://doi.org/10.6000/19297092.2018.07.93>
12. Kalu, E. U., Lawal, F. C., Ukpere, W. I., & Anowor, O. F. (2025). Elasticity of Financial System Stability to Growth Shocks and Economic Policy Uncertainty in Sub-Saharan Africa. *Veredas Do Direito*, 22(6), E224009. <https://doi.org/10.18623/Rvd.V22.N6.4009>.
13. Lawal, Faith Chidinma., Josaphat Uchechukwu Joe Onwumere., Ebere Ume Kalu., Onyejiaku Chinyere., and Wilfred Isioma Ukpere (2024). Responsiveness of the Stability of the Financial System to Fiscal Shocks: A Sub-Saharan Africa (SSA) Perspective. *Innovations*, Number 78 September 2024. [www.journalinnovations.com](http://www.journalinnovations.com).
14. Lawal, F. C., Adejoh, J. A., and Lawal I. L., (2023). The Relationship Between Tax Formation and Economic Growth in Nigeria and Ghana. *Journal of Policy and Development Studies (JPDS)*. Vol. 13. Issue 4.
15. Leung, H. S. (2023). How Can Increased Tax Improve a City's Development. *BCP Business & Management*, 43, 65-72.
16. Lindahl, E. (1930). Just Taxation - A Positive Solution. *Ekonomisk Tidskrift*, 397-420.
17. Meyer, J. W., & Rowan, B. (1970). Institutionalized Organizations: Formal Structure as Myth and Ceremony. *American Journal of Sociology*, 83(2), 340-363.
18. Ministry of Finance. (2017). Voluntary Assets and Income Declaration Scheme (VAIDS) guidelines. Government of Nigeria.
19. Mustapha, L. O., Isiaka, L. O., Adegboye, D., Ajepe, A., & Ngozi, I. B. (2022). Tax Revenue Collections and Health Care Infrastructural Development in Nigeria. *Journal of Finance and Accounting*, 10(1), 1924.
20. Nwankwo, C. (2021). Impact of taxation on infrastructural development in Nigeria. Retrieved from <https://repository.mouau.edu.ng/work/view/impact-of-taxation-on-infrastructural-development-in-nigeria-7-2>
21. Onyebuchi, N. (2023). Rural Infrastructure Deficit in Nigeria: Bridging the Gap for Sustainable Development. *West African Journal on Sustainable Development (WAJSD)*, 1(1), 71-78.
22. Rath, S. (2021). Cross study on tax gap and infrastructure: lessons from Nigeria. *Journal of Economics and Economic Education Research*, 22(6), 1-13
23. Wagner, A. (1911). *Grundlegung der politischen Ökonomie*. Leipzig: C. L. Hirschfeld.
24. World Bank. (2019). Nigeria: Building effective, accountable, and inclusive institutions for sustaining development. World Bank.