

EFFECT OF TAX REFORMS ON THE NIGERIAN ECONOMIC GROWTH

Caleb Yahaya Yashim¹, Danazumi Elisha Bako², Nkem Nandom Thomas³,
Simon Emmanuel Senzak⁴

¹Department of Accounting
Bingham University, Karu, Nasarawa State

²Department of Accounting
Plateau State University, Bokkos Plateau State

³Department of Accountancy
Plateau State Polytechnic, Barkin Ladin, Plateau State

⁴Department of Accounting,
University of Jos, Nigeria

Email: karlfancy@gmail.com

Abstract

The study examines the effect of tax reforms on the Nigerian economic growth. The study employed annual time series data spanning the years from 2019-2021 (Q1 to Q10). Value Added Tax and Capital Gain Tax were used as a proxy for tax reforms and Real Gross Domestic Product as a proxy for economic growth. To avoid spurious results, stationarity of the data collected were tested using the Augmented Dickey Fuller (ADF) model. The study is based on the Ex-post facto research design. The population of this study consisted of all manufacturing firms listed on the Nigeria stock Exchange, using quarterly data from 2019 to 2021 (Q1-Q10). The study population was 121 Manufacturing companies listed on the Nigerian Stock Exchange. The Purposive Sampling Technique was utilized in this study to determine the sample size. The sample size for this study was nine (9) manufacturing firms listed on the Nigerian Stock Exchange. These manufacturing firms were selected based on the fact that they contribute towards the Nigerian economy growth and development, and they are among the top 20 of the consumable manufacturing firms; also, because of the availability of their quarterly accounting records and annual financial reports from 2019(Q1) to 2021(Q10). Data were analyzed using the Auto-Regressive Distributed Lags and the Ordinary Least Square via the use of E-views 10. Value Added tax (VAT) reform has positive relationship with economic growth; the effect is, however, instructive from the findings that while tax reforms in general have a significant effect on economic growth and stability. Besides, this study revealed that Capital Gain Reform has no significant effect on the Nigerian economic growth. The burning issues in the Nigerian tax system are surmountable through proper system of tax reforms. Based on the conclusion, the study recommends that although increasing the VAT rate may sound unpopular in a country ravaged by poverty and hardship, however, a moderate increase (to say, 7.5%), as has been canvassed by several commentators, would boost government's revenue profile. Also, it is recommended that the administration of CGT should be improved upon with focus directed towards reducing evasion and avoidance.

Keywords: Tax Reform, Reform in Value Added Tax, Reform in Capital Gain Tax, Economic Growth

1. Introduction

A tax policy represents key resource allocator between the public and private sectors in a country. It is usually imposed on individuals and entities that make up a country. The funds provided by tax are used by the states to support certain state obligations. A nation's tax system is often a reflection of its communal values or the values of those in power. To create a system of taxation, a nation must make choices regarding the distribution of the tax burden, on who will pay taxes and how much they will pay, and how the taxes collected will be spent.

Where taxation is not a mandatory civic responsibility, there would be little or no incentive for economic entities (individuals and businesses) to voluntarily part with a portion of their incomes to the state. There are at least two conceptual logics that underpin this inertia. First, the natural evasion to tax payment provides a conceptual *raison d'être* of taxation as a compulsory contribution to government revenue from the earnings (income or profit) or wealth of economic entities. As an obligatory imbursement, there is a natural aversion to such compulsory levies or parting with one's hard-earned income or wealth, especially in states where the benefits of such heavy demands are not visible or felt by the citizens. Second, in developing countries, citizens' apathy towards taxation is familiar, owing to a combination of factors, chief of which are (a) lack of transparency and accountability by governments and their agencies, and (b) the bureaucratic inertia by various tiers of government, especially the revenue-generating agencies. Yet, tax imposition is grounded in the nature of State as the provider of public goods and services. The inherent obligation of provision of public goods and services compels government spending, and taxes are a sure way to finance these, and a sure way to get citizen participation in their funding. Taxation is therefore seen as an inherent power of the state to secure the funds needed to meet its social obligations (Nwaorgu, Herbert & Onyilo 2019).

However, tax reform is a fundamental fiscal policy strategy designed to enhance tax administration. Tax reform is a two-way process that necessitates changing the way taxes are collected and managed by government with a view to improving national income and gross domestic product (GDP), and providing economic and social benefits to the citizenry. For example, low tax revenue in

most developing countries has been ascribed to inefficient tax administration, which may be an euphemism for corruption and/or distrust in tax administration and inefficient utilization of tax revenue (Bird, 2015).

Tax reforms represent a fundamental strategy in improving the effectiveness of a country's tax administration. However, tax administration does not function optimally in many countries resulting in distortion of the intention of tax laws. Pellechio and Tanzi (2017), opined that an implicit acknowledgement of organizational failure in the tax administration systems of many countries necessitated the need for tax reforms. Thus, for taxation to achieve its desired effect on resource allocation, distribution of income, and macroeconomic stability and growth, tax administration must function effectively and efficiently; tax reforms are warranted for the following reasons: (a) when there is an exigency to modernize tax administration as part of a broad fiscal reform strategy in response to observed deficiency, inefficiency and ineffectiveness in the tax system; (b) as a response to the demands of a growing economy, in which an expansion of the tax net is necessary to incorporate hitherto uncaptured tax payers, for example, the growing number of informal sector players; and (c) when the imperatives of modern information and communications technology (ICT) and applications as well as changes in macroeconomic policies and legislation compel fiscal reforms, for example, to complement economic, trade and investment policies (Silvani & Baer, 2018). The common thread in most countries' tax reform strategies is to enhance tax administration by addressing observed lapses in the tax collection system. This involves simplifying the tax collection/payment process, promoting voluntary taxpayer compliance, and adopting a logical sequence of procedures for efficiently identifying and managing noncompliance (Pellechio & Tanzi, 2017). This process should broaden the tax net to ensure that people and businesses outside the existing tax net are brought in, especially those operating in the informal sector of the economy.

Major tax administration reforms have occurred in a number of developed countries, such as Canada, France, Germany, Japan, Spain, United Kingdom and USA, and developing countries, such as the Eastern European countries, Russia, China, and other economies in transition. In 2000, for example, Germany implemented a tax reform programme that professionalized the tax administration system which resulted in a dramatic advancement in tax collection (OECD, 2019). Equally, the experience of Spain affirms the hypothesis that a more efficient tax administration leads to more revenue generation. Specifically, enforcement, prosecution and tax auditing in Spain yielded an increase in the number of

taxpayers from 1.7 million in 1988 to 2.8 million in 1991 (Hogue, Hassel, Olsson, Sabbe & Ott, 2000).

The cliché that death and tax are two inevitabilities in the western world is one that has not resonated across Sub-Saharan African (SSA) countries. While death is a universal certainty, there is no certitude about tax in SSA. The general presumption is that the wealthy in SSA not only avoid but corruptly evade taxes. The former is legitimate and logical on the premise that human beings are naturally averse to any imposition. As such, taxable entities try to explore and exploit every legitimate means to minimize current or future tax liabilities or shelter income from taxes using a variety of tax loopholes. In SSA countries, wealthy individuals and businesses are not only able to leverage off their web of political connectedness and means not covered or intended by law, but have consistently used these to corruptly engage in tax evasion (Nwaorgu, Herbert & Onyilo 2019)..

Nigeria's overdependence on oil revenue makes her a good candidate for tax administration reforms. The urgency of modernizing Nigeria's tax administration (and other fiscal) systems is premised on the realization that the country is rated one of the lowest Tax/GDP ratios in the world. This much was loudly echoed by Nigeria's former Minister of Finance, Kemi Adeosun, at the 2017 Spring Meetings of the IMF-World Bank in Washington DC, USA. Fielding questions on the sidelines of the said meetings, the Minister viewed the situation as unacceptable, stressing that the government was intent on achieving the objective of increasing non-oil revenue by encouraging companies and individuals to pay taxes which will help grow the country's GDP, improve its revenue to debt ratio and enhance its ability to fund budgeted projects and get the economy back on track. With an unacceptably low level of non-oil revenue, driven chiefly by tax administration failure impelling low collection of tax revenue, the ex-Minister acknowledged that the country must do something fundamental about its revenue improvement. Tax administration reform offers advantages of three kinds. First, in relation to monolithic or resource-dependent economies, such as Nigeria, tax reform responds to the country's economic diversification strategy, thus widening the government's revenue base. Second, tax reform is fundamental to driving greater competitiveness for businesses through a more efficient capital allocation that results from the diminution or mitigation of fraud, corruption and transactional distortions that hitherto characterized and informed the reform in the first place. The postulation of David Bahnsen, the Chief Investment Officer of The Bahnsen

Group, offers the third and final affirmative contribution of tax reform (Ogbonna & Ebimobowei, 2019).

Nigeria has introduced many tax administration reforms and acts, starting with the Income Tax Management Act (ITMA) of 1961. The most recent one is the Finance Act of 2020 that became effective from January 1, 2021. It contains important changes totaling 20 in number which made a departure from the past. The objectives of the Act among others include ease of doing business in Nigeria for both local and foreign entrepreneurs. Africa is merging market, and Nigeria continues to be part of Africa. Trade liberalization and expansion of economic activity policies have encouraged inflow of investors into the country from different parts of the globe. The greatest percentages come from China and America. This is followed closely by European and other Eastern countries such as Japan, South Korea, and Asia. With the influx of foreigners and locals into the business arena, it became pertinent to ease the process of doing business in Nigeria. The Finance Act 2020 therefore becomes imperative with the various changes embedded in the document.

This study is motivated by the fact that, on 24th June, 2020, the Federal Inland Revenue Service (FIRS) issued a public notice, stating certain items which were included as exempt from Value Added Tax (VAT) under the recently issued VAT modification order, will not be treated as exempt by the service because they are not listed in the first schedule of the VAT ACT or in any previous ministerial order. The items include; natural gas, essential raw materials for production of pharmaceutical products, renewable energy equipment, and raw materials for production of baby capers and sanitary towels (Olurotimi, 2020). This drew attention of many and a lot of debates among Nigerians.

Today, Nigeria has adopted so many reform programmes ranging from educational reform, aviation reform, banking reform, and so on. The latest reform programme is the tax and the value Added Tax (VAT) reform by the federal government. The increment of the VAT rate from 5% to 7.5% and the Capital Gain Tax (CGT) rate from 10% to 15% brought about serious debates among Nigerians, especially the business entities. Many believe that Nigerian tax revenue can never improve the nation's economy because of the outcome of poor tax policy and inefficient tax administration of low-income generation and even the little that is generated is depleted by the mighty filthy hands of opportunism and corruption. Besides, in the course of tax reforms, there are certain problems which are likely to occur in the execution of the reform and they include: whether the tax reform Act will be readily assessable to the public; how the Tax Reform Acts are; how effective and efficient is the Nigeria Tax System and the impact the Tax Reform will have on

both the public and private sector of the economy. Tax system must be seen as an instrument for social engineering aimed at positively modifying the masses and securing their continuous commitment to the development effort. Given the foregoing, it is important that Nigeria adopt a taxation policy that would enhance national development (Ugochukwu & Azubike, 2020).

In spite of the arguments for or against Nigerian Tax Reforms, only a few researches have been conducted in this area of study. The researchers that have done justice in this area includes Ibe (2017, Okoye and Eze (2018); Olayinka and Faruk (2018); Owulabi and Ogunlalu (2019). Their studies concentrated on the Tax Reforms (proxy by Import Duties Reform, Export Duties Reform, Company Income Tax Reform, Petroleum Profit Tax Reform, Withholding Tax Reform, and PAYE Reform). But however, only few studies focused on the operational variables used in this research study, which are the VAT Reform and CGT Reform. Therefore, it is against these backdrops that this research strives to examine the effect of Tax Reforms on the Nigerian Economic Growth.

The main objective of this paper is to examine the impact of Tax Reforms on the Nigerian Economic Growth. The specific objectives include:

- i. To examine the extent Value Added Tax (VAT) Reform affects the Real Gross Domestic (RGDP) of Nigeria.
- ii. To evaluate way Capital Gain Tax (CGT) affects Real Gross Domestic (RGDP) of Nigeria.

For the purpose of this paper, the following null hypotheses have been formulated:

HO₁: Value Added Tax (VAT) Reform has no significant effect on the Real Gross Domestic (RGDP) of Nigeria.

HO₂: Capital Gain Tax (CGT) has no significant effect on the Real Gross Domestic (RGDP) of Nigeria.

2. Literature Review

2.1 Conceptual Framework

This section conceptualized some key variables of this study.

2.1.1 Tax Reforms

The Finance Act 2020 was signed on 31st December, 2020 and became effective from January 1, 2021. The Act was introduced to amend the existing Tax and Regulatory Legislation in Nigeria to enhance the ease of doing business throughout the country. The main affected areas are the Capital Gains Act, Company Income

Tax Act, Personal Income Act, Value Added Tax, Nigerian Export Processing Zone Act, Oil and Gas Export Free Zone Act, Federal Inland Revenue Service (Establishment) Act, as well as Customs and Excise Duties Act.(Finance Act, 2020). The main purpose of the new tax laws is to clear some ambiguities that characterize the extant laws and make room for ease of doing business as well as cushioning the effects of the Covid 19 Pandemic. Under the new Act, crisis intervention fund together with unclaimed funds trust were set up to mitigate the impasse of Covid 19 effect. The government is poised to increase production in core agricultural production such as crops, livestock, forestry and fishing hence it separated agricultural business from actual primary production (S. 11.2 CITA).

The minimum moratorium was reduced from 18 months to 12 months with respect to tax exemption on commercial banks loans for companies engaging in primary agricultural production and other local businesses. Withholding Tax remains the final tax for these categories of services unlike the previous Act which inadvertently included the provision for management, consultancy, technical, and professional services. S.14 of the CITA was altered to clarify that revenue earned from leasing, containers, non-freight operation or any other incidental income should be subject to tax in accordance with s.9. This provision creates a distinction between revenue from core shipping/freight operations and air activities that should be subject to tax under s.14 of the CITA, and revenue from other incidental activities that should be subject to the general corporate income tax rate of 30%.

Finance Act is a significant milestone for Nigeria as it marks a return to an era of active fiscal supervision motivating regular review of the macro environment and stimulation of the economy on an annual or at least regular basis by means of such instruments as a Finance Act. It is instructive that the Finance (Miscellaneous Provisions) Act No.30 of 1999 represents the last time Nigeria utilized this budgetary fiscal tool in moderating the tax environment for business (Wole, 2020).

2.1.2 Value Added Tax

Value Added Tax has been defined by different authors and writers. According to Abata (2019), Value-Added Tax is described as a consumption tax whereby the consumers bear the tax burden. He explained that tax burden is passed from the manufacturer to wholesaler to retailer and finally to the consumer who ultimately bear the burden. VAT is charge on services and goods indirectly therefore, it means that VAT can only be avoided by not buying and consuming the vatable goods or services. Similarly, a vatable person is one who trades in vatable goods and services for survival. This is mainly an indirect tax on services. Olurofimi (2020) argued that, indirect tax imposed on every sale begins at the production and

distribution cycle and culminates in sales to the consumers. He went further explained that, consumers absorb VAT as part of sales prices, meaning that VAT is essentially a consumption tax collected throughout the production and distribution system. VAT is broadly based tax on consumption with few exceptions, levied on goods and services at the rate that varies from one country to another.

Okoye and Eze (2018) added that Value Added Tax is a multi-stage tax imposed on the value added to goods and services as they proceed through various stages of production and distribution process and to services as they are rendered with its burden eventually borne by the final consumer and collected at each stage of production and distribution network. Recently, the Nigerian government raised VAT to 7.5% to funds her 2020 budget. Every call, bank transaction and all services oriented activities in Nigeria, VAT is being charged. Billions of naira is being raised from VAT annually to help funds government programs and policies. VAT has a profound impact on the economic development of the country.

2.1.3 Capital Gain Tax

This is a tax imposed on the disposal of assets which is not in the ordinary course of business. The tax liability on Capital Gains Tax imposed increased from 10% to 15% on any capital sum received as compensation for loss of office. The Finance Act, however, limits the impact of this provision by exempting any capital sum of N10 million or less received as compensation for loss of office. Further, tax concessions on assets transferred pursuant to a related party business reorganization was introduced in the Finance Act. The Finance Act exempt chargeable gains on assets transferred pursuant to a related party business reorganization from CGT, subject to meeting certain conditions such as share-based business reorganization only. The tax concessions contained under the CITA are applicable only to related-party business reorganizations, subject to meeting certain conditions; whereas the VAT does not contain any specific tax provisions on business reorganizations. Harmonizes the tax concessions available to related parties undertaking a business by introducing similar provisions in the CGTA, CITA and VATA as the basis for enjoying the concessions modify the conditions under which the concessions may be enjoyed.

The Finance Act introduces a “minimum holding requirement” test for related party group restructuring. Under the revised provisions of the CITA, VATA, CGTA, a company would be recognized as part of a group if such company has been a member of such group for a minimum 365 days prior to the date of the reorganization. The Finance Act also specifies that any exemption provided shall be withdrawn where the acquiring

company fails to hold the underlying assets transferred for less than 365 days after the date of the transaction. The implication of the above is that short term group relationships created for the purpose of enjoying the tax concessions would no longer be an effective business reorganization strategy. Investors will now be forced to consider the cost and benefits of reorganizing immediately after an acquisition and forfeiting the tax benefits versus fulfilling the holding period conditions and taking the benefits accorded under the tax laws. The minimum holding requirement seeks to cultivate a more responsible approach to business reorganizations and limit the concessions to bona-fide commercial transactions. It is expected that tax leakages to the government as a result of artificial reorganization structures will reduce significantly. Chargeable gains on business reorganizations are exempted from CGT to the extent that the consideration for any shares disposed of pursuant to business reorganization is non-monetary. No concessions are provided for assets transferred in business reorganization.

The same CGT Act also exempts gains on disposal of shares from CGT, regardless of whether the consideration for such disposal is monetary or non-monetary. Based on this, the utility of the first mentioned exemption had hitherto been questioned, given that there is a general exemption for any transaction in share. The Finance Act modifies the tax exemption on business reorganizations which exempts assets transferred in related-party business reorganization, subject to passing the minimum holding requirement test. Operating assets transferred in the course of related-party business reorganization will typically not give rise to the realization of economic value for group of companies, as the benefits derived from utilizing those assets will eventually devolve to the same persons who had hitherto benefited from those assets. Taxing the asset transfer would, therefore, result in a double taxation within the group on the same asset as opposed to taxing the synergies and other economic benefits derived from exploiting those assets. The implication of the above amendment contained in the Finance Act is that, related-party business reorganizations can now be successfully completed in a tax-neutral manner – subject to passing the minimum holding requirement test. The Finance Act also provides the same exemption for assets transferred in related-party business reorganization in relation to VAT.

2.1.4 Economic Growth

Economic growth is conceptualized as the continuous increase in the per capita national product or net national product over a long period of time (Oduola, 2018)). This suggests that the speed at which the total output increases must be greater than the speed at which population increases. Igbasan (2017) clarified that another measure of economic growth is that national product should comprise of goods and services that meets the urgent need of a reasonable number of people. He also maintained that economic growth can be ascertained by four important indicators such as national resources, human resources, technological development, and capital formation.

2.1.5 Measures of Economic Growth

Gross domestic product is the market or monetary value of all final goods and services produced within a country in a given period of time. GDP gives information about the size of the economy and how the economy is performing. The growth rate of real GDP is used as an indicator of general wellbeing of the economy. OECD (2004) defines GDP as an aggregate measure of production equal to the sum of gross values added of all residents and institutional units engaged in production and services. IMF GDP measures the monetary value of final goods and services that are bought by final users-produced in a country in a given period of time either quarterly or yearly. Similarly, Jhingan (2010) GDP is the total value of goods and services produced within the country during a year. This is calculated at market prices and is known as GDP at market prices. Dernberg (2009) defines GDP at market price as the market value of the output of final goods and services produced in the domestic territory of a country during an accounting year. The GDP is officially calculated as:

$$\text{GDP} = \text{C} + \text{I} + \text{G} + (\text{X} - \text{M})$$

According to Jhingan (2010), there are three different ways to measure GDP: Product Method, Income Method, and Expenditure Method.

The product method: in this method, the value of goods and services produced in different industries during the year is added up. This method is also known as value added method to GDP. **The income method:** GDP by income is the sum of all factor incomes; wages and salaries + rent + Interest + profit. **Expenditure method:** This method focuses on expenditure of goods and services produced within the country during an accounting year. GDP by expenditure method includes consumer expenditure on services, durable and non-durable goods, investment in fixed assets,

government expenditure on final goods and services and export of goods and services. **Nominal and Real GDP:** Nominal GDP is the value of goods and services produced in a year and measured in terms of money at current prices. GDP may rise in a great deal in a year not because the economy has been growing but because of raise in general prices. When GDP is calculated on the basis of fixed prices in some year, then it is real GDP.

2.2 Theoretical Framework

2.2.1 Ability to Pay Theory

This theory was propounded by Holmes in 1976. The Ability to Pay theory usually denotes more than mere capacity to pay: those who have more are not only able to, but should pay more. This conforms to progressive tax system where taxes are paid on basis of the proportion of those who earn more pay more. So, if Mr A has an income x times greater than Mr B, he or she has an ability to pay that is more than x times greater than Mr B. Ordinarily this is the case with ability to pay theory. The companies that operate in Nigeria do not have the same levels of income; hence they are to pay according to their income and revenue per accounting year. Those companies operating in the oil and gas sector seems to be more financially strong compare to other companies in other sectors.

2.2.3 Traditional Tax Handle Theory

The Traditional Tax Handle was postulated by Solow (1956). This theory explains that, the level of fiscal responsibility and robustness will impact on the economic growth of the country (Musgrave, 1989). The Traditional Tax Handle is a theoretical construct that is used in Accounting and Management to study relationships between tax revenue and economic growth and development. According to this theory, to reach a certain level of growth of per capita income, there is need to create a given level of national income through taxes. Taxes are obligatory contribution for which the benefits are derived through social goods provided by government. Taxes are arranged to compulsorily make the household to transfer some amount to the government to enable it run the functions of providing security, provision of essential goods and services that will enhance economic growth. Consequently, the process of taxing affects significantly the allocation of resources, recognize social costs and affect the allocation of income and wealth since they reduce the disposable income and wealth to those who bear them (Goode, 1984). Mansfield (2008) argued that Tax Handle theory is contemporary and leading theory on taxation because it describes the approach of tax structure in the developed and developing countries.

However, this study anchored on this theory suggests that as a country's per capita income and level of monetization increases when both direct and indirect taxes are properly structured and collected in a transparent manner (Karumba, 2016). This theory lay more emphasizes on the structure and processes of the Tax system. The system in place determines the extent to which transparency and accountability is achieved and expectations are met.

2.3 Empirical Review

Value Added Tax Reform and Gross Domestic Product

Madugba and Joseph (2019) examined the correlation between Value added tax and economic growth in Nigeria. The study covered 12 years period between 2007 and 2018. Multiple regressions and correlation analysis method were adopted to analyze data obtained from Central Bank of Nigeria (CBN) within the period under review. The study showed a negative relationship between the value added tax and the gross domestic product which is the measure of the economic growth. Further increase in Value Added Tax will have negative impact on the citizens and by extension the GDP. The study recommended that government should explore other mechanisms to raise funds including blocking linkages and streamlining the structure of government instead of increasing VAT. .

Olufemi, Jayeola and Naimot (2018) the studied the relationship between tax revenue and economic growth in Nigeria. The study adopted a descriptive and historical research design; secondary data for twenty-four years (1994 -2017) were collected from various issues of the Central Bank of Nigeria (CBN) statistical bulletin and annual reports. Tax revenue as an independent variable with dimensions as Value Added Tax (VAT); Petroleum Profit Tax (PPT); and Custom and Excise Duties (CED) while the dependent variable was Economic Growth (EG) measure by the Gross Domestic Product (GDP). Analysis was performed on data collected using Auto Regressive Distributed Lag (ARDL) Regression and other post estimations (Jarque-Bera test; Breusch-Godfrey LM and Ramsey Reset Test) to determine the relationship between the variables. The results of the study showed that VAT and CED had a significant relationships with economic growth ($p < 0.05$), while PPT has negative relationship with economic growth ($P < 0.05$). The study concluded that the role of taxation in nation's building is irreplaceable. Taxation remains a strong socio political and economic tool for economic prosperity. It is therefore recommended that government should engage in a complete re-organization of tax administrative machinery to reduce incidence of tax evasion and avoidance to the barest minimum in order to improve tax revenue and bring more people and establishments into the tax net. Also, tax revenue should be judiciously

utilized to provide enabling environment for business survival and economic growth in Nigeria.

Capital Gain Tax Reform and Gross Domestic Product

Edame and Okoi (2019) examined the impact of tax reforms on investment and economic growth in Nigeria from 2015 to 2019. They used least square method and multiple regression analysis to analyze the data which was obtained from the CBN. The result of the analysis showed that Stamp Duties and Capital Gain Tax have a negative impact on investment and GDP on the side of tax payers but contributes immensely to increase government funds to spend on programmes and policies. The study concluded that taxes reduce amount of money available to tax payers for investment but contributes to government coffers to enable government provide essential goods and services that will turn enhance economic growth and development. The study recommended that the negative impact of tax on the tax payers should be reduce in order to encourage more investment.

Abomaye-Nimenibo, Michael, and Friday (2019) empirically examined the relationship between tax reforms and economic growth in Nigeria. Tax reforms were proxied by CIT, WHT, and CGT while economic growth in Nigeria was proxied by GDP. The study obtained data spanning 2013-2018 from CBN, FIRS, and NBS for the period under review. The authors adopted quasi-experimental research design and data was analyzed using Chi-Square. The study examines tax revenue and its dimensions of petroleum profit tax and company income tax and economic growth. The study revealed that there is a negative relationship between Capital Gain Tax Reform and Nigerian Economy, but CIT Reform and WHT Reform have positive relationship with economic growth in Nigeria. The major findings of the study is that without tax revenue the government may not be able to meet her functions of providing securing and maintaining law and order in the country. Therefore, the study recommended that government should make it impossible for companies to evade tax and penalize any company that have registered but evades tax payment.

2.4 Conceptual Framework Model

This conceptual framework is a pictorial representation of independent and dependent variables which shows the study dimensions and measure of Tax Reforms and Economic Growth

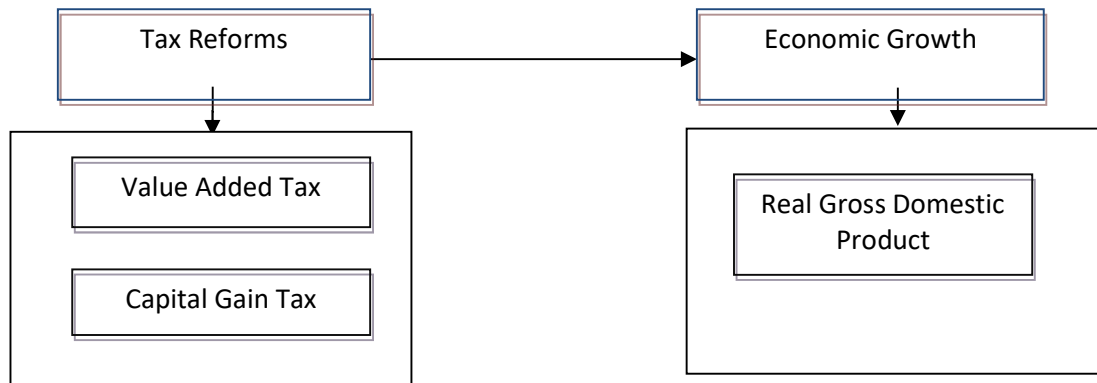


Figure 1: *Conceptual Frameworks of Tax Reforms and Economic Growth*
Source: Appah (2019)

3. Methodology

The methodology and design for data analysis used in this study was specified. The research design used for this study was ex-post-facto. This is “an after-the event” research. It involves carrying out research on something that has occurred. It is a systematic empirical study in which the researcher does not have direct control over independent variable because they have already occurred or they cannot be manipulated. However, the study is designed to cover only secondary information from annual financial reports of some selected manufacturing firms listed on the Nigerian Stock Exchange,

The population of this study consisted of all manufacturing firms listed on the Nigeria stock Exchange, using quarterly data from 2019 to 2021 (Q1-Q10). The study population was 121 Manufacturing companies listed on the Nigerian Stock Exchange. These periods are enough for the variables to form a pattern in combination with economic activities of the sector.

The Convenience Sampling Technique was utilized in this study to determine the sample size. The sample size for this study was nine (9) manufacturing firms listed

on the Nigerian Stock Exchange. These manufacturing firms were selected based on the fact that they contribute towards the Nigerian economy growth and development, and they are among the top 20 of the consumable manufacturing firms; also, because of the availability of their quarterly accounting records and annual financial reports from 20199(Q1) to 2021(10). They include Nigerian Breweries Plc, Nestle Nigeria Plc, Dangote Group, PZ Cussons Nigeria Plc, UAC Nigeria Plc, Guinness Nigeria Plc, Flourmills Nigeria Plc; Unilever Plc, Lafarge Cement Plc.

This study employed secondary source of data collection. The data was obtained from the annual reports and accounts of the sample companies, National Bureau of Statistics, CBN Bulletin, and Nigerian Stock Exchange Fact Book in order to achieve the objectives of the study. This is due to the fact that corporate annual reports of listed companies were available and easy to access.

The study adopted the longitudinal panel design. The method of data analysis used in this study is the Auto-Regressive Distributed Lags (ARDL) and Error Correction Model (ECM) Ordinary Least Squares Approach. This was because of the following reasons: The computational procedure of Least Squares Regression Method was fairly simple as compared with other econometric techniques; besides, the technique had been used in a wide range of economic relationship with satisfactory coefficients; and it is an essential component of most other econometric techniques. Also, in the presentation and analysis of this study, Eviews version 11 was utilized.

Model specification

A mathematical model was developed based on the proxies specified for the dependent variable (which is Economic Growth) is proxy by Real Gross Domestic Product (RGDP). The independent variable (which is Tax Reform) is proxy by Value Added Tax (VAT) and Capital Gain Tax (CGT). The below mathematical model was developed to answer the null hypotheses:

$$RGDP = \beta_0 + \beta_1 RVAT + \beta_2 RCGT + \varepsilon \text{ ----- (1)}$$

Where:

RGDP = Real Gross Domestic Product

VAT = Reform in Value Added Tax

CGT = Reform in Capital Gain Tax

β = the intercept of the regression model

ε = Error Term

Apriori Expectation

It is expected that $\beta_1 \beta_2 > 0$

Given that the study employs time series data, the stationarity of the data was examined using the Augmented Dickey Fuller (ADF) model to investigate if there are unit root under the alternative hypothesis that the series is stationary or not. The ADF tests are performed using the Ordinary Least Square (OLS) technique to estimate the following equation:

$$X_t X_t = \alpha \alpha + P X_{t-1} + \varepsilon_t X_{t-1} + \varepsilon_t$$

Where:

$X_t X_t$ = Oppressor (Variable)

$\alpha \alpha$ = Alpha Factor. This must be = 0, $\alpha \neq \alpha \neq 0$

P = Raw

$\varepsilon_t \varepsilon_t$ = Error Term

Note:

$H_0: P = 1$, this means Oppressor (Variable) is a non-stationarity time series

$H_0: P \ll 1$, this means Oppressor (Variable) is a stationarity time series

Apriori Expectation

It is expected that $\beta_1 \beta_2 > 0$

Given that the study employs time series data, the stationarity of the data was examined using the Augmented Dickey Fuller (ADF) model to investigate if there are unit root under the alternative hypothesis that the series is stationary or not. The ADF tests are performed using the Ordinary Least Square (OLS) technique to estimate the following equation:

$$X_t = \alpha + P X_{t-1} + \varepsilon_t$$

Where:

X_t = Oppressor (Variable)

α = Alpha Factor. This must be = 0, $\alpha \neq \alpha \neq 0$

P = Raw

ε_t = Error Term

Note:

$H_0: P = 1$, this means Oppressor (Variable) is a non-stationarity time series

$H_0: P < 1$, this means Oppressor (Variable) is a stationarity time series

4. Results and Discussions

This section presents the raw data for the research study, describes the analysis of data, tests the formulated hypotheses, and finally followed by a discussion of the research findings. The findings relate to the research questions that guided the study. Data were analyzed to identify, describe, and explore the relationship between Tax Reforms and the Nigerian Economy.

4.1 Data Presentation

The data sources are mainly from the studied Nigerian manufacturing firms' Financial Annual Reports, National Bureau of Statistics, CBN Bulletin, and Nigerian Stock Exchange Fact Book are placed as Appendices I, II, and III.

4.1.1 Summary of Data

Table 1: Descriptive Statistics

	RGDP	VAT	CGT
Mean	13.30689	0.013689	0.007728
Median	13.48225	0.017354	0.007358
Maximum	14.62130	0.021541	0.012483
Minimum	12.11870	0.000163	0.002249
Std. Dev.	0.793157	0.008662	0.002943
Skewness	-0.179255	-0.761444	-0.097477
Kurtosis	2.235481	1.767806	2.676198
Jarque-Bera	0.297091	1.598954	0.059523
Probability	0.861961	0.449564	0.970677
Sum	133.0689	0.136889	0.077284
Sum Sq. Dev.	5.661876	0.000675	7.80E-05
Observations	10	10	10

Source: *Authors' compilation using E-views 10 (2021)*

Table 1 above shows the descriptive statistics of the data collected for the study. The descriptive statistics show the trend and comprehensive evidence about the variables. The Mean tells us about the average values of the set of variables. The Nigerian Real Gross Domestic Product has the highest average value of ₦13.31 billion, while the Nigerian Manufacturing Firms' Capital Gain Tax has the lowest value of ₦0.007728 billion. The Median tells us about the middle values for each of the variables. The Nigerian Real Gross Domestic Product also has the highest

Median value of ₦13.48 billion, while the Nigerian Manufacturing Firms' Capital Gain Tax also has the lowest Median value of ₦0.007358 billion.

Besides, Skewness tells us about the distribution of the variables. For normal Skewness, the value must be less than zero. If the value of a variable is more than zero, then the variable is said to be an abnormal distribution. However, based on this, all the three series have Normal Distribution Curves with values of -0.179255, -0.761444, and -0.097477 respectively. Kurtosis measures the Flatness and the fitness of the distribution. If Kurtosis value is less than 3, it means the variable distribution is normal, but when it is more than 3, the distribution of the variable is said to be abnormal. However, based on this, the Kurtosis values of all the variables indicated Normal Distributions. The difference between the kurtosis and skewness is measured using Jarque-Bera. The Nigerian Manufacturing Firms' VAT has the highest Jarque-Bera value of 1.598954 while the Nigerian RGDP has the lowest Jarque-Bera value of 0.297091

4.2 Data Analysis and Results (Model Estimation and Interpretation)

The data collected for the study were analyzed using the unit root test and the co-integration test.

4.2.1 Unit Root Test

We begin the econometric analysis by investigating the non-stationarity of the series used for this research work (the presence of unit roots). Generally, unit root test involves the test of stationarity for variables used in regression analysis. The data is said to be stationary, if the mean and the variance of the variable are constant. But however, if any of them changes, it means that the data has a unit root. As Gordon (2017), puts it, the importance of stationarity of time series used in regression bothers on the fact that, it is not possible to generalize a non-stationary time series to other time periods apart from the present. This makes forecasting based on such time series to be of little practical value. Moreover, regression of a non-stationary time series on another non-stationary time series may produce spurious results.

Besides, it has been established in the literature that most time series data are not stationary and using non-stationary variables in a model might lead to spurious regression of which the result cannot be used for precise prediction. Hence, we first examine the characteristics of the data to determine whether the variables have unit roots i.e. whether it is stationary and to determine the order of its integration. However, to avoid this, a test was conducted using the Augmented Dickey-Fuller (ADF) statistic to investigate the presence of unit root.

Table 2: Summary of Augmented Dickey-Fuller Test

Variables	ADF P-value @ 5% Level	ADF P-value @ 1 st Difference	Order of Integration
RGDP	-	0.0295	I(0)
VAT	0.2283	0.0483	I(1)
CGT	0.5363	0.0136	I(1)

Note: * represents 1% significant level; ** represents 5% significant level and *** represents 10% significant level. Calculated at trend and lag lengths selected automatically using the Schwarz Info Criterion (SIC).

Source: Output from E-views 10 (2021)

Table 2 shows the Augmented Dickey-Fuller stationarity test results of the three economic variables used in this study. From the results, Value Added Tax (VAT) and Capital Gain Tax (CGT) were stationary at a first difference, while Real Gross Domestic Product (RGDP) was stationary at first difference. This implies that the economic variables are fit and suitable to be used for the analysis. However, the analysis of the unit root test results are shown in appendix IV.

Based on the above table, the outcome of the results revealed that the series are integrated of different orders. Therefore, in this case we cannot use Johansen Co-integration Test; we can only use the Bound Test of Co-integration proposed by Pesaran, Shin, and Smith in 2001.

4.2.2 Co-integration Test

Co-integrating Hypothesis:

H_0 : There is no Co-integrating Equation

H_1 : There are Co-integrating Equations

Decision Criteria:

Null Hypothesis is rejected, if the F-value is greater than 5% Critical Value for the upper bound series; otherwise, we fail to reject the Null, if the F-value is less than 5% Critical Value for the upper bound series.

Table 3: Co-integration Results

ARDL Long Run Form and Bounds Test

Dependent Variable: D(RGDP)

Selected Model: ARDL(1, 0, 0)

Case 3: Unrestricted Constant and No Trend

Date: 11/13/21 Time: 09:48

Sample: 1 10

Included observations: 9

Conditional Error Correction Regression				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	11.43149	4.823492	2.369961	0.0640
RGDP(-1)*	-0.866905	0.358711	-2.416722	0.0604
VAT**	-6.897139	33.62054	-0.205147	0.8455
CGT**	6.810964	97.83255	0.069619	0.9472

* p-value incompatible with t-Bounds distribution.

** Variable interpreted as $Z = Z(-1) + D(Z)$.

Levels Equation Case 3: Unrestricted Constant and No Trend				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
VAT	-7.956048	39.01422	-0.203927	0.8465
CGT	7.856643	112.7664	0.069672	0.9472

$$EC = RGDP - (-7.9560 \cdot VAT + 7.8566 \cdot CGT)$$

F-Bounds Test		Null Hypothesis: No levels relationship		
Test Statistic	Value	Signif.	I(0)	I(1)
Asymptotic: n=1000				
F-statistic	6.971905	10%	3.17	4.14
K	2	5%	3.79	4.85
		2.5%	4.41	5.52
		1%	5.15	6.36
Finite Sample: n=35				
Actual Sample Size	9	10%	3.393	4.41

	5%	4.183	5.333
	1%	6.14	7.607
	Finite Sample: n=30		
	10%	3.437	4.47
	5%	4.267	5.473
	1%	6.183	7.873

t-Bounds Test		Null Hypothesis: No levels relationship		
Test Statistic	Value	Signif.	I(0)	I(1)
t-statistic	-4.416722	10%	-2.57	-3.21
		5%	-2.86	-3.53
		2.5%	-3.13	-3.8
		1%	-3.43	-4.1

Source: Researcher Computations (2021) employing E-Views

The above results revealed that F-Value of 6.971905 is greater than the I(1) bound (Critical Value for the upper bound) of 4.14 at 5% level of significance. Similarly, the absolute T- statistics value of 4.416722 is greater than the I(1) bound (absolute Critical Value for the upper bound) of 3.21 at 5% level of significance. Therefore, it indicates that the null hypothesis of no long relationship is rejected and accepts the alternate hypothesis of there is long run relationship among the variables. Thus, we estimate the long-run model and extract the residual via the use Ordinary Least Square and Error Correction Model.

4.2 Test of Hypothesis

Table 4: Ordinary Least Square Test and Error Correction Model

Dependent Variable: D(RGDP)

Method: Least Squares

Date: 11/13/21 Time: 10:09

Sample (adjusted): 3 10

Included observations: 8 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.320529	0.197769	-1.620725	0.2035
D(RGDP(-1))	0.494623	0.225168	2.196682	0.1155

D(VAT(-1))	18.14672	19.44817	-0.933081	0.0196
D(CGT(-1))	-145.9131	71.17149	2.050163	0.1327
ECM(-1)	-1.350763	0.320622	-4.212942	0.0244
R-squared	0.895974	Mean dependent var		-0.050000
Adjusted R-squared	0.757272	S.D. dependent var		1.033959
S.E. of regression	0.509406	Akaike info criterion		1.758027
Sum squared resid	0.778482	Schwarz criterion		1.807678
Log likelihood	-2.032107	Hannan-Quinn criter.		1.423151
F-statistic	6.459702	Durbin-Watson stat		1.901511
Prob(F-statistic)	0.018644			

Source: *Researcher Computations (2021) employing E-Views*

From the long-run regression results shown in Table 4, the following interpretation can be inferred; a unit increase in the Nigerian Value Added Tax (VAT) on the average holding other independent variables constant will lead to a 18.14672 unit increase in the Nigerian Real Gross Domestic Product (RGDP). While a unit increase in the Capital Gain Tax (CGT) on the average, holding other independent variables constant will lead to 145.9131 unit decrease in the Nigerian Real Gross Domestic Product (RGDP). However, based on the probability value, the VAT was statistically significant in explaining the variation in the Nigerian RGDP, while CGT was statistically insignificant in explaining the variation in Nigerian RGDP. Besides, the ECM parameter is negative (-) and significant which is -1.350763 and the p-value is 0.0244; this shows that 1.35 percent disequilibrium in the previous period is being corrected to restore equilibrium in the current period. Moreover, the table above shows the relationship between the Nigerian Tax Reforms and the Nigerian Economic Growth. The R^2 value is 0.90 ; it indicates the prediction capability of the independent variables. This indicates that 90% changes in the RGDP are explained by the changes in the Nigerian Tax Reform Also, that only about 10% other factors that could bring about changes in the model were not included. Besides, the value of 76% of the Adjusted R^2 shows a strong relationship between the Nigerian Tax Reform and the Nigerian Real GDP.

Furthermore, it has been established that the **HO₁** which stated that Value Added Tax (VAT) Reform has no significant impact on the Real Gross Domestic (RGDP) of Nigeria. Is **rejected**; this is because the p-value of 0.0196 is less than 0.05. Also, the **HO₂** which stated that Capital Gain Tax (CGT) has no significant impact on the Real Gross Domestic (RGDP) of Nigeria is **accepted**; this is because the p-value of 0.1327 is greater than 0.05. Finally, when VAT and CG are joined together, they can influence Nigerian RGDP. This is because; the Prob.

(F-statistic) is 0.018644, less than 0.05. Therefore, it can be concluded that Tax Reforms has a significant effect on the Nigerian Economic Growth.

Post Diagnostic Test

In order to make the results of table 4 more reliable and valid, we check the auto-serial correlation and the stability of the model.

Serial Correlation LM Test

H₀: There is no serial correlation

H₁: There is serial correlation

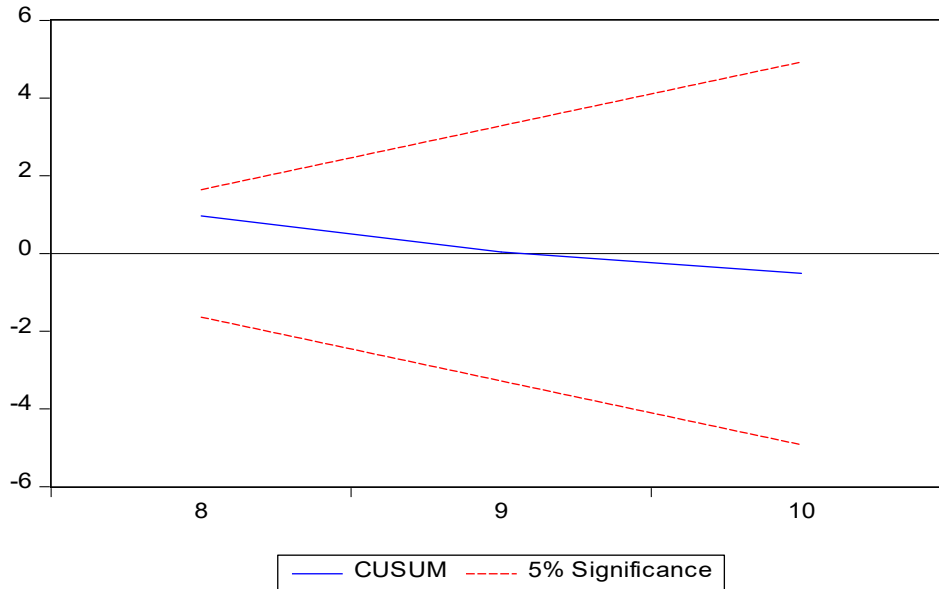
Breusch-Godfrey Serial Correlation LM Test:

F-statistic	0.688634	Prob. F(2,1)	0.6486
Obs*R-squared	4.634791	Prob. Chi-Square(2)	0.0985

Source: *Researcher Computations (2021) employing E-Views*

The above table shows that all observed R-square and the corresponding P-Values is 0.0985, greater than 0.05; therefore, H₀ is accepted, and concludes that the model is free from the problem of serial autocorrelation.

Stability Test



4.4 Discussion of Findings

The purpose of this study is to examine the Impact of Tax Reforms on the Nigerian economy growth. The study adopted time series secondary data which were used for analysis and these findings were observed from the study:

4.4.1 Value Added Tax and Gross Domestic Product

The results showed a strong and significant relationship between the VAT and the GDP. This implies that the Nigerian Manufacturing Firms' Value Added Tax has a significant effect on the Nigerian economy growth. These findings however, do not corroborate the findings of Madugba and Joseph (2019) who examined the correlation between Value added tax and economic growth in Nigeria. But however, these findings are consistent with the study of Olufemi, Jayeola, and Naimot (2018) the studied the relationship between tax revenue and economic growth in Nigeria.

4.4.2 Capital Gain Tax and Gross Domestic Product

The results showed a weak and insignificant relationship between the CGT and the GDP. This implies that the Nigerian Manufacturing Firms' Capital Gain Tax has no any significant impact on the Nigerian economy growth. The results of this research work are in line with Edame and Okoi (2019) who examined the impact of

tax reforms on investment and economic growth in Nigeria from 2015 to 2019, and also consistent with the findings of Abomaye-Nimenibo, Michael, and Friday (2019), who empirically examined the relationship between tax reforms and economic growth in Nigeria.

5. Conclusion and Recommendations

The results obtained from the test of hypotheses carried out and review of extant literature showed that value added tax has positive significant effect on the economic growth in Nigeria. VAT reform has positive relationship with economic growth; the effect is, however, instructive from the findings that while tax reforms in general have a significant effect on economic growth and stability, the reforms narrative merits a careful evaluation of their content and context. The distortionary impact of corruption on economic growth is rooted in and routed from several trajectories. The interest here is on the egregious diversion of public treasury, in particular tax revenues, which would otherwise be committed to budgetary use. The corrupt diminution of public capital increases linearly with the intensity of corruption, decreases the growth-maximizing influence and, intensity of tax revenues, hinders investment, and impedes economic growth and stability.

Besides, this study revealed that Capital Gain Reform has no any significant effect on the Nigerian economic growth. The burning issues in the Nigerian tax system are surmountable through proper system of tax reforms. This negligible contribution may be attributed to a combination of factors, including low percentage rate of the CGT and failure to remit.

However, based on the above conclusion, the following recommendations are made:

- i. Although increasing the VAT rate may sound unpopular in a country ravaged by poverty and hardship, however, a moderate increase (to say, 7.5%), as has been canvassed by several commentators, would boost government's revenue profile. Similarly, expanding the base of VAT would be a progressive attempt at revenue expansion as it will potentially bring the informal sector into the tax net, thereby enhancing the nation's economic growth and stability. Also, The tax authorities in Nigeria should be adequately staffed with qualified and well-motivated personnel to enhance productivity and rid the system of corruption.
- ii. The administration of CGT should be improved upon with focus directed towards reducing evasion and avoidance However, in order to

consolidate the benefits from tax reforms effort should be made to achieve full autonomy for the Federal Inland Revenue Service (FIRS), tackle the hydra-headed monster of multiple taxation and promote accountability and transparency in government business so as to restore the confidence of the tax payer in the tax system. The Nigeria capital gain tax laws should be reviewed and amended to address contentious and contemporary issues as well as close the loopholes that give way to tax avoidance. Besides, revenue courts should be established in every state of the federation to adjudicate and ensure easy dispensation of justice on tax matters. Individuals should be made to pay only personal income tax and not other forms of taxes to avoid multiplicity of taxes.

References

- Abata, M. A. (2019). The impacts of tax revenue on Nigerian economy. *Journal of policy and Development Studies* . 9(1),109-123
- Abomaye-Nimenibo, W. A. S., Michael, J. E. M., & Friday, H. C. (2019). An empirical analysis of tax revenue and economic growth in Nigeria from 1980 to 2018. *Global Journal of Human-Social Science, Political Science* , 18(3), 9-40
- Anyanwu, J., & Anyanfo, O. (2006). Personal income tax and economic growth . Onitsha: Joeance Publishers.
- Appah, E. (2019). The problems of tax planning and administration in Nigeria: The federal and state governments experience. *Asian Journal of Research in Banking and Finance* , 4(12),1-14.
- Ayodele, O. (2016). Tax policy reform in West Africa: A case study of Nigeria. *Journal of Accounting, Auditing and Finance*, 17(29), 26-38.
- Bird, P. C. (2015). Modelling the Potential Economic Effects of VAT Reform: Simulation Analysis Using Computable General Equilibrium *Analysis, Paper Submitted for ECOMOD, Istanbul, Turkey, July 7- 10.*
- Edame, G. E., & Okoi, W. W. (2019). The impact of taxation on investment and economic development in Nigeria. *Academic Journal of Interdisciplinary Studies* , 3(4), 209-218.
- Hogue, M., Hassel V. H., Olsson G., Sabbe, F. & Ott, L. (2000). Comparative Approaches to Central and Eastern European Countries Tax Administration

- Reform. Budapest: Local Government and Public Service Reform Initiative, Open society Institute.
- Ibe, A. (2017). Issues in Tax Reforms. *Asia-Pacific Development Journal*, 8(1): 1-12.
- Igbasan, E. (2017). Tax revenue and economic growth of Nigeria (1981-2015). *An Unpublished Thesis, Babcock University, Ogun State.*
- Ihenyem, C. J., & Ebipani, E. G. (2014). Taxation as an instrument of economic growth: The Indirect tax and economic growth. *International Journal of Finance and Accounting* , 3(11), 319-327
- Institute of Chartered Accountant of Nigeria (2016). *Tax management and fiscal policy in Nigeria.*(1sted.). Lagos: Victoria publishing ltd
- Jhingan, G. (2010). Macro-economic .(12th ed.) New Delhi: Vrinda Publication
- Madugba, J.U. & Joseph, U.B. (2019). Value added tax and economic development in Nigeria. *International Journal of Development and Economic Sustainability* ,4(3),1-10
- Mansfield, C. (2018). Tax administration in developing countries. *International Monetary Fund Staff Papers*, 35(1), 181-197
- Nwaorgu, I. A., Herbert, W. E., & Onyilo, F. (2019). A Longitudinal Assessment of Tax Reforms and National Income in Nigeria: 1971-2014. *International Journal of Economics and Finance*, 8(8): 43-52.
- Oduola, A. F. (2018). Tax policy reforms in Nigeria. A Research work of United Nations University, World Institute for Development Economies Research , 03, 1-45
- OECD (2009). Tax Administration in OECD and Selected Non-OECD Countries: Comparative Information Series, 2008. Available from: <http://www.oecd.org/dataoecd/57/23/4201290.pdf>.
- Okoye, E. I., & Eze, D. O. (2018). Effective value added tax: An imperative for wealth creation in Nigeria. *Global Journal of Management and Business Research* , 13(1), 231-143.
- Olufemi, A. T., Jayeola, O. & Niamot, A. O. (2018). Tax revenue and economic growth. *Journal of Economic and Accounting* , 3(2), 23-35
- Olurotimi, M. O, (2020). The impact of indirect tax revenue on Nigerian economy. *Journal of Policy and Development Studies* . 9(1), 109-121.
- Oriakhi, D. E. & Ahuru, R. R. (2020). The impact of tax reforms on federal revenue generation in Nigeria. *Journal of Policy and Development Studies*, 9(1): 92-108.
- Owolabi, S. & Okwu, T. (2019). Empirical evaluation of contribution of value added tax to development of Lagos State economy. *Middle Eastern Finance and Economics*, 1(9): 24 –34.
- Pellechio, A. J. & Tanzi, V. (2017). The Reform of Tax Administration, *IMF Working Paper Series No. 95/22: 1-26.*
- Ilaboya, O. J. (2012). Tax revenue in developing countries. *Research Journal of Finance and Accounting* , 28(13), 110-124.
- Silvani, C. & Baer, K. (2018). Designing a Tax Administration Reform Strategy: Experiences and Guidelines, *A Working Paper of the International Monetary Fund, IMF WP/97/30: 1-36.*

Ugochukwu, M. J. & Azubike, J.U.B. (2020). Value added tax and economic development in Nigeria. *International Journal of Development and Economic Sustainability* , 4(3),1-10.