



Effect Of Oil And Non-Oil Tax Revenue On The Growth Of The Nigerian Economy.

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Abstract

The main objective of the study is to examine the effect of oil and non-oil tax revenue on the growth of the Nigerian economy. The study specially investigated the effect of petroleum profit tax revenue and non-oil tax revenue on Gross Domestic Product at current market prices, which was used as the dependent variable. The study adopted an ex post facto research design. Annual time series data were obtained from the Central Bank of Nigeria (CBN) Statistical Bulletin and the Federal Inland Revenue Service (FIRS), from 2011 to 2021. The data were analysed using the Ordinary Least Squares (OLS) technique. The results showed that petroleum profit tax revenue had a non-significant negative effect on Gross Domestic Product; while the effect of non-oil tax revenue was positive and significant at .05. Based on the findings, the study recommended that diversification of the economy from its monolithic focus on oil revenue would help deal with the volatility in crude oil prices. There should be an improved infrastructural and technology base, to attract foreign investors and boost the country's Gross Domestic Product.

1.0 Introduction

Tax is a mandatory payment made by individuals and corporations to the government of a country in exchange for needed services (Adesewa, 2022). According to the Organisation for Economic Co-operation and Development [OECD] (2021), taxes is confined to compulsory unrequited payments to the general government. Tax revenue is a vital source of income for any government. Tax revenue remains the most reliable source of public revenue in any modern state (Adekanmbi, Shallie, & Olaniyi, 2022; Adeyemi & Adeduro, 2020). According to the International Center for Tax and Development, tax revenues account for more than 80% of total government revenue in about half of the countries in the world and more than 50% in almost every country. The revenue from taxes is used by the government to provide basic social amenities to the citizenry (Adegbite & Azeez, 2022). The various types of taxes collectable by federal and states governments in Nigeria, include: Custom and Excise Duties, Company Income tax, Value Added Tax, Petroleum Profit Tax and Personal Income Tax.

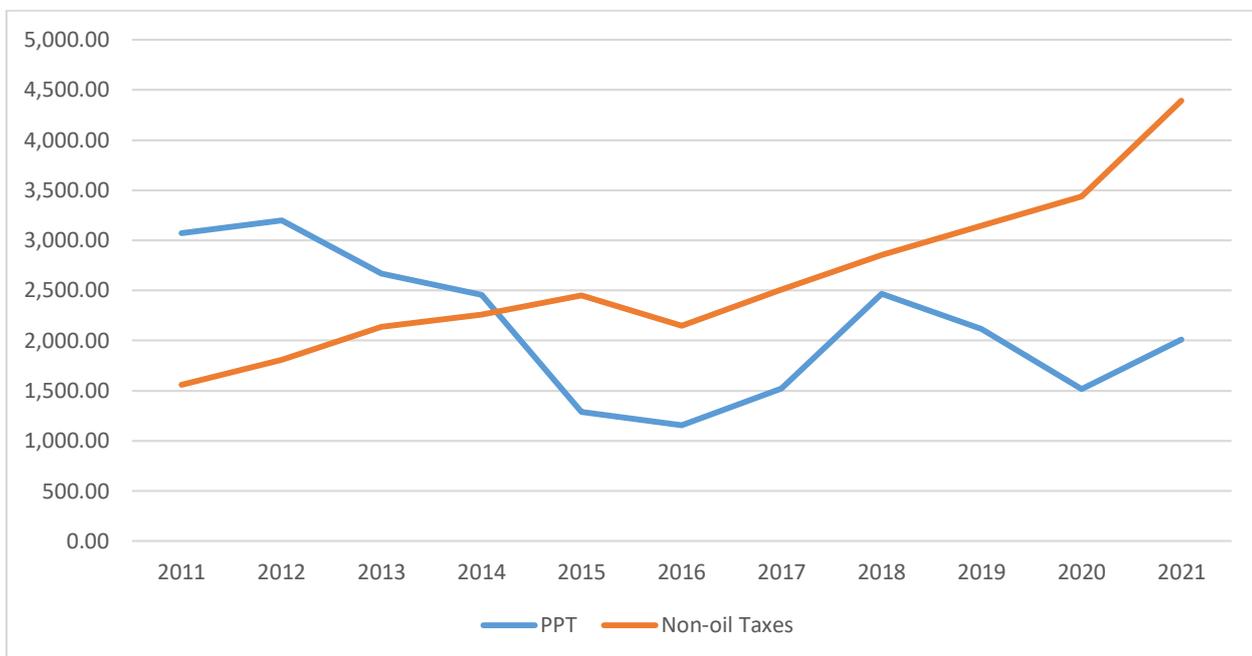


Figure 1: Line graph of different oil and non-oil taxes from 2011 to 2021

Source: FIRS (2022)

The benefits of tax are often categorized into two: the micro and macro effects. The micro effect deals with the efficient use of resources and the distribution of income while the macro effect entails the level of output capacity, prices, employment and growth (Adekanmbi, Shallie, & Olaniyi, 2022). As of 2018, the Nigerian tax-to-GDP ratio was 6.3%, a figure which was far lower than the 16.5% average for 30 African countries (OECD, 2021). The tax-to-GDP ratio further decreased by 0.3 percentage points to 6.0% in 2019. In comparison, the average for the 30 African countries increased by 0.3 percentage points over the same period (OECD, 2021). Various national governments, Nigeria inclusive in a bid to improve revenue from taxes, undertake numerous reforms (Ebi & Ayodele, 2017). The Nigerian government have also undertaken several reforms such as the establishment of the Federal Inland Revenue Service (FIRS) in 1992 through the Finance (miscellaneous taxation provisions) Act No. 3, the value-added tax (VAT) in 1993 to replace sales tax, the recent Finance Act 2020 to expand the tax revenue base, among others. Others include initiatives by the tax administrators to automate the tax system. Such initiatives include such as the Unique Tax Identification Number (UTIN), which is an automated system meant to store the data of taxpayers and is proposed to facilitate real data sharing and data exchange among various tax authorities and stakeholders. And the introduction of the Integrated Tax Administration System (ITAS) (Fowler, 2017). The system is meant to reduce and curb physical interaction between taxpayers and the Federal Inland Revenue Services (FIRS) staff to reduce the rate of corruption so that more funds can be made into the government coffers (Awai & Oboh, 2020). Such reforms created an atmosphere which stimulate savings, investments, and income redistribution (Adegbite & Azeez, 2022). Moreso, in Sub-Saharan Africa tax, has proven to be an instrument for fighting economic depression and ensuring sustained economic growth (Adegbite & Azeez, 2022; Adesewa, 2022).

The Nigerian economy has enjoyed relatively stable economic growth over the past few years despite witnessing two consecutive economic recessions. The GDP has been widely employed in several studies as a proxy for economic growth. The Gross Domestic Product (GDP) is the aggregate value of all goods and services produced within a country in any given year (Statista, 2022). It is an indicator of a country's economic growth. However, recent evidence shows that Nigeria's revenue has been dwindling over the past years because of the country's monolithic dependence on oil revenue (Ubohmhe, 2021). For instance, the 2021 Nigerian Budget had a deficit of more than N5 trillion and the proposed 2022 budget also had a shortfall which spurred the Executive President to incur debt to meet the deficit and close up the revenue gap (Adesewa, 2022). More so, the macroeconomic impact of the recent COVID-19 pandemic was felt across several sectors globally and in Nigeria which is an oil-dependent nation. The global drop in oil prices plummeted government revenues.

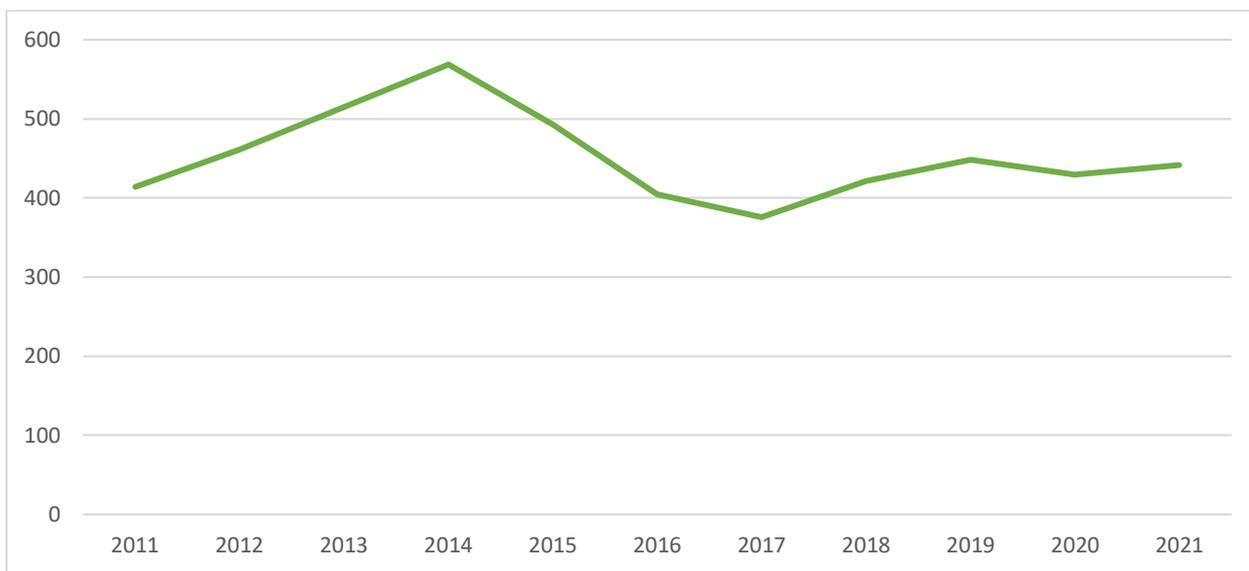


Figure 2: Line graph of GDP in current prices (billion \$) from 2011 to 2021

Source: Statista (2022)

Prior studies on the relationship between tax revenue and Nigeria's economic growth document mixed findings. The studies by Ogbonna and Ebimobowei (2012), Yaya (2013), and Akwe (2014) found a positive relationship between taxation and economic growth while the studies by Saibu (2015), Saima, Muhammad, Sofia and Amir (2014) reported a negative relationship. The discrepancy in the results presents room to further investigate the link between taxation and economic growth in Nigeria. Additionally, recent studies by Ezekwesili and Ezejiolor (2022), using the OLS approach focused on VAT and custom and excise duties; while, Bank-Ola (2021) and Obaretin and Uwaifo (2020) employed the ARDL framework focused on VAT. Therefore, an investigation into oil and non-oil revenue's effect on the gross domestic product is substantiated.

1.1 Objectives of the Study

The main objective of this study is to examine the effects of oil and non-oil tax revenue on the growth of the Nigerian economy. The specific objectives of the study are as follows:

1. To determine the effect of petroleum profit tax revenue on the Gross Domestic Product of Nigeria.
2. To determine the effect of non-oil tax revenue on the Gross Domestic Product of Nigeria.

2.0 Literature Review

2.1 Conceptual Review

2.1.1 Concept of Tax Revenue

Tax is a compulsory contribution to the revenue of the state, assessed and imposed by a government on the activities, expenditure, enjoyment, income and properties of individuals and organizations (Black Law's Dictionary, 1979). According to the National Tax Policy (2017) tax is "any compulsory payment made to the government, as imposed by law, without any direct benefit or return of value or service, whether it is called a tax or not". Tax is a veritable source of revenue for the government and a tool for fiscal policy and macroeconomic management (Ezekwesili & Ezejiolor, 2022). According to Egwaikhide and Udoh (2012) tax is a compulsory payment to the government on the income of taxpayers to meet the expenditure of the government. Thus, Obaretin and Monye-Emina (2019), deduced that taxes are mainly aimed at financing government expenditure at all levels and meeting other public needs.

As of 2019, the highest revenue from taxes was recorded by corporate income tax (46%) while, the second-highest share of tax revenues was obtained from value-added taxes (VAT) (14%) (OECD, 2021). An increase or decrease in taxes could be used to stimulate the economy; an increase in taxes accompanied by a decrease in government spending is an indication that the government wants to check or curb inflation. Whereas, a decrease in taxes and an increase in government spending is a strategy to boost the economy when the country is experiencing a recession (Shodeinde & Adegbe, 2022). The FIRS manages federally collected taxes, while the state boards of internal revenue service administer that of state government (Ezekwesili & Ezejiolor, 2022). This study focuses on petroleum profit tax and non-oil tax revenue:

1. Petroleum Profit Tax (PPT) as specified in the 1959 Petroleum Profit Tax Act, is a liability that occurs when a corporation disposes of chargeable oil and gas (Obaretin & Monye-Emina, 2019). Petroleum profit tax is levied, assessed and payable on the profits or income of each accounting period of any corporation engaged in petroleum operations during any such accounting period, usually one year (January to December).
2. The non-oil tax revenue is revenues from direct and indirect taxes paid by other sectors of the economy other than the oil sector. The direct taxes are personal income tax (PIT), company income tax (CIT), capital gain tax, withholding tax and education tax, while the indirect taxes are valued added tax (VAT), and custom and excise duties.

2.1.2 Concept of Economic Growth

The concept of economic growth depicts the increase in the output of a country usually proxied using the GDP (Adegbite & Azeez, 2022; Jhingan, 2011). The goal of economic growth is to increase the size of the economy's gross domestic product (GDP) (Ezekwesili & Ezejiofor, 2022). It is measured as the changes in the value of goods and services which are produced within a country. Authors have argued that sustained economic growth leads to technological innovation, improved standard of living, and reduces inequalities in income distribution (Adegbite & Azeez, 2022).

2.1.3 Gross Domestic Product (GDP)

The Gross Domestic Product (GDP) is calculated in real and nominal value, i.e., at the constant price or current price. The GDP is expressed in three ways: production, income, and expenditure. The most widely used approach is the expenditure approach. According to the expenditure approach, $GDP = C + I + G + (X - M)$. Where, C= household final consumption, I= Investment, G= Government expenditure on final goods and services, X= Gross export, and M= Gross import.

2.3 Empirical Review

Using data from ten sub-Saharan African countries, the study by Adegbite and Azeez (2022) analysed the effect of company income tax on economic growth. The data spanned from 2000 to 2019 and was obtained from World Development Indicator (WDI). They employed the Panel data analysis and ARDL approaches. The results indicated a negative significant effect of company income tax on economic growth. The evidence was also confirmed in both the short and long run.

In Bangladesh, the study by Jewel (2022) on the effect of VAT on GDP growth using time series data from 1991 to 2021. The results from the vector error correction model showed that the value-added tax had a positive impact on gross domestic. Interestingly, Adesewa. (2022) using time series data from 2011 to 2020 finds a positive insignificant effect of VAT on government debt in Nigeria.

Using a threshold regression approach, Orisadare and Fasoye (2022), analysed the effect of VAT on Nigeria's economic growth. The data spanned the period from 1994 to 2020. The results of threshold vector autoregression showed that above 10 per cent threshold consumer price index had a negative effect while below 7.59 per cent threshold value it had a positive effect.

Shodeinde and Adegbie (2022) investigated the effect of corporate income tax and customs and excise duty on economic growth. They employed a descriptive research design. The time-series data were obtained from CBN's Statistical Bulletin and FIRS. The data spanned from 1971 to 2020. The results indicated that the taxes were able to contribute to additional revenue for the government.

Ezekwesili and Ezejiofor (2022), analyzed the effect of tax revenue on economic growth using annual time series data from 2000 to 2019 obtained from CBN's Statistical Bulletin and finds evidence of a positive non-significant effect of custom and excise duties and VAT on inflation rate; in contrast, the effect of custom and excise duties on interest rate was positive while VAT had a negative effect on interest rate from the OLS output. The effects were also no-significant.

Adekanmbi, Shallie, and Olaniyi (2022) in Nigeria focused on the nexus of taxation and sustainable development from 1987 to 2019 and employed the ARDL technique. The results showed that in the short-run, PPT, company tax, VAT and personal income tax have a positive relationship with GDP while the Custom and Excise Duties have a negative relationship with GDP. However, in the long run, PPT and company tax had a positive significant relationship the Custom and Excise Duties and personal income tax had a negative non-significant effect. Lastly, VAT had a positive non-significant effect on GDP.

Using time-series data from 1999 to 2019, Bank-Ola (2021) investigated the impact of value-added tax on economic growth. The data were analysed using the Auto-Regressive Distributed Lag (ARDL) model. The empirical results showed that VAT had a negative significant effect on economic growth in the short run, however, this turned positive in the long run. Inflation has a strong positive effect on economic growth,

whereas interest rates have a significant negative effect in the long run. Another study by Obaretin and Uwaifo (2020) examined the impact of VAT on Nigeria's economic development using time series data from 1994 to 2018 from the FIRS and the United Nations Data Bank. The data analysed using the Auto-Regressive Distribution (ARDL) regression revealed that VAT had a positive impact on Nigeria's economic development. The study by Ebi and Ayodele (2017) in Nigeria analysed the elasticity of different tax components using time series data from 1981 to 2014. The data were analysed using the Error Correction Mechanism. The results indicated that all tax components were inelastic.

Oraka, Okegbe, and Ezejiolor (2017) evaluated the impact of VAT on Nigeria's economy. They employed the ex post facto research design. The time-series data spanned the period from 2003 to 2015 obtained from the CBN statistical bulletin, FIRS, and other periodicals. The regression result showed a negative association between VAT and per capita income.

Okwara and Amori (2017) examined the impact of tax revenue on economic growth in Nigeria from 1994 to 2015. They employed the ordinary least square (OLS) with the aid of a statistical package for social science (SPSS) to test the significance of the VAT and non-oil income tax as proxies for tax revenue on gross domestic product proxy for economic growth. The result revealed that non-oil income tax has a significant impact on the GDP while the value-added tax has an insignificant impact for the period under review.

Amos, Uniamikogbo, and Aigienohuwa (2017) explored the nexus of tax revenue and economic growth in Nigeria. Specifically the effect of Petroleum Profit Tax (PPT), Value Added Tax (VAT), Company Income Tax (CIT) and Education Tax (EDT) on the economic growth of Nigeria, proxies by Gross Domestic Product (GDP) for the period 1995 to 2015. The study adopted the econometric model of multiple linear regressions and the ordinary least square (OLS) technique. The study finds that CIT has positive and statistically significant to the country's economic growth while VAT had positive but statistically insignificant to the economic growth of Nigeria.

Confidence and Ebipani (2016) examined the impact of tax on Nigeria's economic growth. The study utilized annual time series data from 1980 to 2013. The data obtained from CBN Statistical Bulletin were analysed using the OLS technique. The results indicated that CIT and VAT affected economic growth.

Ugwunta and Ugwuanyi (2015) employed an annual dataset for the periods 1990 to 2012 to analyse several sub-Saharan African countries. The data were obtained from the IMF Government Finance Statistics Yearbook and the World Bank database. The panel fixed effects model showed an insignificant positive relationship between non-distortionary taxes and economic growth; while, a negative insignificant effect was found for the distortionary tax component of sub-Saharan countries.

3.0 Methodology

3.1 Research Design

The study from a quantitative perspective adopts the expo-facto research design. This research design is more effective where the variables involved are not subject to manipulation (Adesewa, 2022; Ezekwesili & Ezejiolor, 2022; Oraka, Okegbe, & Ezejiolor, 2017). The time duration of the study is from 2011 to 2021. The study concentrated on the Nigerian tax revenue subdivided into petroleum profits tax and non-oil tax revenue. The data, therefore, spanned a period of eleven (11) years starting from 2011. The data for the study was obtained from the Central Bank of Nigeria's Statistical Bulletin (2021) and the Federal Inland Revenue Service (FIRS), and the World Bank's World Development Indicators (WDI).

3.2 Method of Data Analysis

A model shows the functional relationship between the variables used in a study, i.e., petroleum profit tax and non-oil tax revenue and GDP. The model used in the study is specified below as follows:

The implicit form of the model is shown below as follows

$$GDPCM = f(PPT, NOTR, INTR, EXCHR, INFR) \dots \dots \dots \text{Eq. (1)}$$

The econometric specification of the above equation is shown below as follows:

$$GDPCM = \alpha + \beta_1 PPT + \beta_2 NOTR + \beta_3 INTR + \beta_4 EXCHR + \beta_5 INFR + \varepsilon \dots \dots \dots \text{Eq. (2)}$$

A priori Expectation: $\beta_1, \beta_2, \beta_4, >0$; while, $\beta_3, \beta_5 <0$.

3.2.1 Decision Criterion

The decision rule used in the study is stated below as follows:

Null: Accept the null $p > .05$

Alternate: Accept the alternate $p < .05$

4.0 Data Analysis

4.1 Descriptive Statistics

Table 1: Descriptive statistics of the variables included in the model

	GDPCM	PPT	NOTR	INTR	EXCHR	INFR
Mean	111378.7	2133.433	2609.496	8.195422	247.7040	12.24574
Median	102575.4	2114.268	2451.797	7.998847	258.9375	12.14583
Maximum	176075.5	3201.320	4395.250	10.32750	361.9958	17.10727
Minimum	63713.36	1157.808	1557.884	6.476070	154.1470	8.058333
Std. Dev.	36073.28	703.7069	809.9585	1.112932	84.99557	3.147779
Skewness	0.416200	0.080431	0.887878	0.363373	0.077869	0.240389
Kurtosis	2.009056	1.737502	3.187125	2.429252	1.381866	1.845393
Jarque-Bera	0.767643	0.742398	1.461314	0.391377	1.211197	0.716955
Probability	0.681253	0.689907	0.481592	0.822268	0.545748	0.698739
Sum	1225166.	23467.77	28704.46	90.14964	2724.744	134.7031
Sum Sq. Dev.	1.30E+10	4952035.	6560328.	12.38618	72242.47	99.08513
Observations	11	11	11	11	11	11

Source: E-Views 10

The table above shows that petroleum profit tax revenue had an average value of 2133.433 (billion) while the average value of non-oil tax revenue was 2609.496 (billion). This is suggestive that during the period non-oil tax revenue far exceeded oil tax revenue and therefore accounted for a substantial amount of revenue for the Nigerian government. The interest rate was on average 8.20; while, the exchange rate due to its high volatility recorded an average of ₦247.70. This is due to the far difference in exchange rate values between 2011 (low) to 2021 (high). The average value of the inflation rate during the study period was 12.25. Of particular interest are the p values of the model variables as shown by the Jarque-Bera statistic which was all greater than .05.

4.2 Correlation Matrix

Table 2: Correlation analysis of the variables included in the model

	GDPCM	PPT	NOTR	INTR	EXCHR	INFR
GDPCM	1					
PPT	-0.44606	1				
NOTR	0.969729	-0.36379	1			
INTR	-0.50337	-0.00223	-0.52771	1		
EXCHR	0.940149	-0.52412	0.848629	-0.31167	1	
INFR	0.53183	-0.37917	0.417246	0.132995	0.724253	1

Source: E-Views 10

The correlation analysis is shown in the table above, it is observed that PPT negatively correlated with GDPCM. The NOTR positively correlated with GDPCM. INTR negatively correlated with GDPCM, EXCHR and INFR positively correlated with GDPCM. NOTR negatively correlated with PPT. the same was also observed with all the control variables: INTR, EXCHR and INFR. INTR is negatively correlated with NOTR but positively associated with EXCHR and INFR. EXCHR negatively correlated with INTR but positively correlated with INFR. INFR and EXCHR were positively correlated.

4.3 Test of Hypotheses

Table 3: OLS output of the regression analysis

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	5.080454	0.714145	7.114038	0.0009
LOG(PPT)	-0.007710	0.039856	-0.193453	0.8542
LOG(NOTR)	0.574818	0.092140	6.238550	0.0015
LOG(INTR)	-0.150661	0.114155	-1.319786	0.2441
LOG(EXCHR)	0.461997	0.102710	4.498061	0.0064
LOG(INFR)	-0.061501	0.082285	-0.747417	0.4884
R-squared	0.993901	Mean dependent var		11.57292
Adjusted R-squared	0.987803	S.D. dependent var		0.325286

S.E. of regression	0.035925	Akaike info criterion	-3.512311
Sum squared resid	0.006453	Schwarz criterion	-3.295278
Log likelihood	25.31771	Hannan-Quinn criter.	-3.649121
F-statistic	162.9703	Durbin-Watson stat	3.232350
Prob(F-statistic)	0.000016		

Source: E-Views 10

The coefficient of multiple determination R^2 is 0.9939 and the Adjusted R^2 is 0.9878. The Adjusted R^2 shows that 98.7% of variations in the GDP at current market prices are jointly explained by the explanatory variables. Also, the F-statistic is used to test for the significance of the model as a good fit. The value of the F-statistic is 162.97 with a p-value less than .05; thus, we accept the model as a good fit. The Durbin Watson Statistic value is 3.23. The decision rule is that if the calculated DW falls outside 0 and 4 then there is a serial correlation in the residuals. However, the results show that it falls within an acceptable region. The model is therefore useful for estimation in the Nigerian context and policy formulation

4.3.1 Test of Hypothesis One

H_{01} : There is no significant effect of petroleum profit tax revenue on the Gross Domestic Product of the Nigerian economy.

The result shown in Table 3 above revealed that petroleum profit tax revenue exerts a negative influence on the Gross Domestic Product of Nigeria. The t-statistic value was -0.1935 with a p-value greater than .05 (i.e., 0.8542). Thus, the null hypothesis is accepted and the alternate rejected, 'there is no significant effect of petroleum profit tax revenue on Gross Domestic Product of Nigeria'. The result affirmed that for every 1% change in petroleum profit tax revenue, there is a cumulative negative change of 0.008% in Gross Domestic Product.

4.3.2 Test of Hypothesis Two

H_{02} : There is no significant effect of non-oil tax revenue on the Gross Domestic Product of the Nigerian economy.

The result shown in Table 3 above revealed that non-oil tax revenue exerts a positive influence on the Gross Domestic Product of Nigeria. The t-statistic value was 6.2386 with a p-value less than .05 (i.e., 0.0015). Thus, the null hypothesis is rejected and the alternate accepted, 'there is a significant effect of non-oil tax revenue on Gross Domestic Product of Nigeria'. The result affirmed that for every 1% change in non-oil tax revenue, there is a cumulative positive change of 0.575% in Gross Domestic Product.

4.3.3 Estimation Output

Therefore, the functional relationship is linearized into an ordinary least square (OLS) model, as follows:

$$\log(\text{gdpcm}) = 5.0805 - 0.0077*\log(\text{ppt}) + 0.5748*\log(\text{notr}) - 0.1507*\log(\text{intr}) + 0.4620*\log(\text{exchr}) - 0.0615*\log(\text{infr})$$

4.4 Discussion of Findings

The *first hypothesis* showed that there is a non-significant negative effect of petroleum profit tax revenue on the Gross Domestic Product of Nigeria. This is somewhat consistent with Adegbite and Azeez (2022) using data from ten sub-Saharan African countries, found a negative significant effect of company income tax on economic growth.

However, in contrast, the study by Adekanmbi, Shallie, and Olaniyi (2022) in Nigeria using the ARDL technique to analyse time-series data from 1987 to 2019 finds that PPT had a positive relationship with GDP in both the short and long run. Etale and Bingilar (2016) using the OLS technique found a significant positive relationship between petroleum profit tax and economic growth. Okoh, Onyekwelu, and Iyidiobi (2016) examined the impact of petroleum profit tax on economic growth in Nigeria from 2011 to 2015 and revealed a strong significant effect of petroleum income tax on Nigeria's gross domestic product.

The *second hypothesis* showed that there is a significant positive effect of non-oil tax revenue on the Gross Domestic Product of Nigeria. This finding is supported by Jewel (2022) in Bangladesh and Adesewa. (2022) in Nigeria, the former showed that the value-added tax had a positive impact on the GDP while the latter finds a positive insignificant effect of VAT on government debt in Nigeria. Also, Shodeinde and Adegbe (2022) in Nigeria find that customs and excise duty contribute additional revenue to the government. Obaretin and

Uwaifo (2020) using the Auto-Regressive Distribution (ARDL) regression finds that VAT had a positive impact on Nigeria's economic development.

The study by Adekanmbi, Shallie, and Olaniyi (2022) in Nigeria using the ARDL technique finds that company tax, VAT and personal income tax have a positive relationship with GDP in the short run while Custom and Excise Duties have a negative relationship. However, the company tax and VAT also had a positive effect, in the long run, and the Custom and Excise Duties and personal income tax had a negative non-significant effect. Confidence and Ebipanipre (2016) using annual time series data from 1980 to 2013 finds that CIT and VAT affect economic growth. Etale and Bingilar (2016) using the OLS technique and a period of fourteen years showed there was a significant positive relationship between personal income tax on economic growth. Ibadin and Oladipupo (2015) using data from 1981 to 2014 and the Error Correction Model found that VAT and customs and excise duties are positively related to real GDP.

However, Oraka, Okegbe, and Ezejiofor (2017) using data from 2003 to 2015 showed a negative association between VAT and per capita income.

5.0 Conclusion and Recommendations

The study examined the effects of taxation on the Nigerian economy. The study concludes that tax revenue influences the Nigerian economy. However, the effect of such depends on the nature of the tax. The study finds that petroleum profits tax revenue had a negative effect on the growth of the Nigerian economy while non-oil tax revenue had a positive effect on the growth of the Nigerian economy. The findings are somewhat consistent with the apriori expectation of a positive influence of tax revenue on Gross Domestic Product. Based on this, the study recommends that the following policy measures should be implemented by the government:

1. The diversification of the economy from its monolithic focus on oil revenue: The volatility experienced in crude oil prices makes it an unreliable source of revenue projection in recent times. More so, the fact that many developed countries are gradually moving toward renewable energy alternatives entails that the Nigerian government should as a matter of urgency further seek diversification alternatives.
2. There should be an improved infrastructural and technology base: The positive effect of non-oil tax revenue shows that other alternative sectors contribute towards the gross domestic product of Nigeria significantly. The government should therefore increase funding for infrastructural and technological development, this would attract foreign investors and further boost the country's Gross Domestic Product.

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