IJNRD.ORG ISSN : 2456-4184
INTERNATIONAL JOURNAL OF NOVEL RESEARCH AND DEVELOPMENT (IJNRD) | IJNRD.ORG
An International Open Access, Peer-reviewed, Refereed Journal

IMPACT OF TAX REFORM ON INDUSTRIAL SECTOR OF NIGERIA

BY

IDOKO,. C. U.(PhD) , DORCAS . O IGONOH OMANYO(Ph.D) AND HANZAT,SALAMI

DEPARTMENT OF ECONOMICS

KOGI STATE UNIVERSITY

ANYIGBA, KOGI STATE NIGERIA

ABSTRACT

This research work examined the impact of tax reform on industrial sector in Nigeria for the period of 1990 to 2022. Tax reform Act of 2014 forms the base year for the analysis. Time series data on various tax measures and binary variable were used for the analysis. The variables went through stationary test using Augmented Dickey Fuller (ADF) unit-root test. The variable were found not stationary at level but were all stable at first difference. This led to test of co- integration using Johansson Co -integration test to confirm the long run relationship among variables. Ordinary Least Square (OLS) method was used for the OLS model regression. The results showed positive and significant relationship between the tax reform and industrial output. The reform also showed positive but not significant impact on various national taxes used such as company income tax, petroleum profit tax and custom excise duties. The study recommended among others that good and holistic tax reform policy should be used tax officers to ensure rapid industrial sector growth for sustainable economic development in Nigeria.

***Key words**: Taxation, Tax Reform, Corporate Income Tax and Industrial Output*

1. INTRODUCTION

In the face of fluctuating global oil price as a result of exogenous oil shock, the oil depending countries have resulted to alternative source of revenue to augment the spending needs of maintaining adequate level of public investments and social services. Therefore taxes have constitute the main source of raising revenue to these countries in order to sustain the earning demands of their raising population growth and low standard of living. The tax system is an opportunity for government to collect additional revenue needed in discharging its pressing

obligations (Edame &Okoi, 2014). Taxation comprises of the allocation of funds from the private sector to the community for the creation of social goods which can improve economic and social goals. Therefore, the tax revenue can be considered to be the utmost controlling charges accessible or reliable sources of revenue available to the government in order to stabilize and promote its economic and social improvement. Recently, the Nigerian government has known the importance of investment on social goods to propel sustainable growth and development for her teaming population (Eluyela, et.al, 2019).

Usually, an effective tax collection needs reflective tax reform. Tax reform is a process of changing the way taxes are collected or managed by the government in order to enhance tax yields capacity.. The primary motivation of tax reforms for revenue mobilization in Nigeria has been the need for diversified tax base and increased revenues. The need to raise more revenue against the backdrop of high expenditure has taken added importance when compared to other sources of resource mobilization such as deficit financing and money creation. This is based on the fact that Nigeria federally collected revenue has been basically from oil. Oil revenue constitutes an average of 70% of the total revenue between 1990 and 2014 (Central Bank of Nigeria [CBN], 2014). The over dependence on oil revenue formed one of the reasons for the establishment of FIRS and the subsequent tax policies aimed at diversifying the revenue based of the country (Ebi & Ayodele, 2017).Thus, tax reform is a necessity in the global dynamism of economic activities of every nations either developed or developing economies.

Nigeria government have carried out a number of tax reforms over the years, some were before independent while others were post independent. Among those reforms are: introduction of income tax in Nigeria between 1904 and 1926; grant of autonomy to the Nigerian Inland Revenue in 1945; the Raisman Fiscal Commission of 1957; formation of the Inland Revenue Board in 1958; the promulgation of the Petroleum Profit Tax Ordinance No. 15 of 1959; the promulgation of Income Tax Management Act 1961; establishment of the Lagos State Inland Revenue Department; the promulgation of the Companies Income Tax Act (CITA) 1979; establishment of the Federal Board of Inland Revenue under CITA 1979 reported by Ogbonna & Ebimobowei, 2017. There were also an establishment of Federal Inland Revenue Service (FIRS) in 1992 through the Finance (miscellaneous taxation provisions) Act No. 3 and Decree No.104 and introduction of value added tax (VAT) in 1992 which was followed by the recommendation of the Dr. Sylvester Ugoh led study group on indirect taxation, imposition of 10% and 2.5% levy on banks' excess profits and on building and construction companies; tax policy and administration reforms amendment2001 and 2004 respectively, (Olajide & Associate, 2013 and Ebi & Ayodele, 2017).

The passage of the FIRS (establishment) Act 2014, granted the body financial and administrative autonomy from civil service bureaucracy in terms of funding, personnel and material resource management (FIRS, 2014). The enactment of FIRS Act 2014in Nigeria changed the tax system to a global standard of tax practices. It is a fact that despite these major tax reforms and restructuring in Nigeria, Nigeria's fiscal deficit is still ever increasing and the revenue base highly moved in favor of oil-revenue.

It is on this base that the study examined the impact of tax reform Act of 2014 on the corporate income tax and its effect on industrial output for economic development in Nigeria.

2. LITERATUREREVIEW

2.1Theoretical review

Literature has shown that a lot of theories have been put to the body of knowledge in this area to explain the relationship between government policies and tax**.** Notable among them are Socio-political theory, the Expediency theory, Benefit received theory, Cost of service theory, Faculty theory**, w**hich Bhartia (2009) and Anyanfo (1996) classified as the theories that explained relationship that exist between tax paid and benefits received from state activities. These theories provide links between the benefits derived from the paid taxes to the state in a well-organized economy.

The listed theories above are quite difference from those ones that put into consideration investment, income and output in are economy. Lipsey (1976) opined that the determents of investments are national income, rate of investment and expectations. The level of demand for goods is the prime determinant of investment. He argues that the higher the level of demand and income, the higher the willingness amongst firms to invest, because of the favorable expectations about the future. This has giving a verified facts linking income of consumer to investment thereby giving acceleration theory a base in tax theories. The accelerator theory on the other hand assumes a capital output ratio and that the industry would be operating at its full capital if demand for its products increases and the industry is to produce the higher level of output, capital stock must increase and this necessitate new investment. Firms in most cases finance their investment with borrowed funds, as long as the rate of return on capital (marginal efficiency of capital) is greater than the interest rate charged on borrowed funds. Firms would also like to add to their existing capital to be equal to that rate of discount which would make the present value of the series of annuities given by the returns expected from the capital assets during its life just equal to the supply price (Edame & Okoi, 2014). The supply price incorporating tax burden has a direct link to consumer wellbeing. Therefore, higher the market price of the goods and services supplied when the income of consumer remains the same, the lesser consumption thereby reducing the standard of living of the general populace. Therefore, accelerator theory among others gives a theoretical base for this study since it provides a link between company income tax and industrial out of an economy.

2.4 Empirical Review

Reasonable studies have been carried out to analyze the impact of taxes on economy growth and manufacturing or industrial outputs. While few on the other hand, were carried out to analyze tax reform on economy growth and none has been done on the impact of tax reforms on sectorial performance or economic development. Among the

empirical studied done to analyze taxes and economy growth are Anyanwu (1997), Engen &Skinner (1996), Tosun & Abizadeh (2005) and Arnold (2011). They all provided different explanations of taxes on economic growth. Engen & Skinner (1996) in their study of taxation and economic growth of U.S. economy, large sample of countries and use of evidence from micro level studies of labour supply, investment demand, and productivity growth. Their result suggests modest effects on the order of percentage points 'differences in growth rates in response to a major reform. They stated that such small effects can have a large cumulative impact on living standards.

Tosun & Abizadeh (2005) in their study of economic growth of tax changes in OECD countries from 1980 to 1999 reveal that economic growth measured by GDP per capita has a significant effect on the tax mix of GDP per capita using OLS for data analysis. The result indicate that while the shares of personal and property taxes have responded positively on economic growth, shares of the payroll and goods and services taxes have shown a relative decline

.Arnold (2011) in their study found that short term recovery requires increase in demand while long run growth requires increase in supply. As short term concessions can be hard to reverse, this implies that policies to alleviate this crisis could compromise long run growth.

Edame & Okoi(2014) carried out a study on the impact of taxation on investment and economic growth in Nigeria from 1980-2010. The ordinary least square method of multiple regression analysis was used to analyze the annual time series data. The result of the analysis showed in conformity to our prior expectation because the parameter estimates of corporate income tax (CIT) and personal income tax (PIT) appears with negative signs, this means that an inverse relationship exist between taxation and investment. Consequently, an increase in PIT will result in decrease in the level of investment. Finally, the result therefore showed that taxation is negatively related to the level of investment and the output of goods and services (GDP) and is positively related to government expenditure in Nigeria. They also observed that taxation statistically is significant factor influencing investment, GDP and government expenditure in Nigeria..

Eze & Ogiji (2013) examined the impact of fiscal policy on the manufacturing sector output in Nigeria. An ex-post facto design (quantitative research design) was used to carry out this study. The results of the study indicate that government expenditure significantly affect manufacturing sector output based on the magnitude and the level of significance of the coefficient and p-value and there is a long-run relationship between fiscal policy and manufacturing sector output. It was that the expansionary fiscal policies are to be encouraged as they play vital role for the growth of the manufacturing sector output in Nigeria

were analyzed using relevant descriptive statistics and econometric models such as Ogbonna &Ebimobowei (2017) carried out a research in Nigeria to analyze the impact of tax reform on economic growth in Nigeria using time series data from the period of 1994-2009.The data collected White test, Ramsey RESET test, Breusch Godfrey test,Jacque Berra test, Augmented Dickey Fller test, Johansen test, and Granger Causality test. The results from the various test shows that tax reforms is positively and significantly related to economic growth and that tax reforms granger cause economic growth. On the basis of the findings, the study concluded that tax reforms improves the revenue

generating apparatus of government to undertake socially desirable expenditure that will translate to economic growth in real output and per capita basis. Therefore, it was recommended that sustainable economic growth cannot be attained with tax reform processes except obsolete tax laws and rates are reviewed in line with macroeconomic objectives, corrupt-free and efficient tax administrative machinery with personnel's and accountability and transparency of government officials in the management of tax revenue.

Ebi & Ayodele (2017) in their research work titled "Tax Reforms and Tax Yield in Nigeria". This study estimates elasticity and buoyancy of various tax components as well as the impact of tax reforms on tax components in Nigeria between 1981 and 2014. Error correction mechanism (ECM) technique was employed in analyzing the data. The results revealed that: All the tax components were inelastic, there was a general improvement in post-reformed tax elasticities compare to pre-reform tax elasticities. Tax reform was further confirms to improve tax revenues by positive and significant coefficients of the dummies. Based on the findings, the study submitted that: Government should diversify the economy for more development as well as strengthening tax reforms in order to increase overall tax revenue.

Muriithi & Moyi (2003) analyzed the productivity of Kenya's tax structure in the context of the tax reforms. The findings suggest that tax reforms had a positive impact on the overall tax structure and on the individual tax handles, even though the impact of the reforms was not always uniform. The study confirms that the reforms had a bigger impact on direct taxes than on indirect taxes, suggesting that revenue leakage is still a major problem for indirect taxes. The study also submitted that the better responsiveness of direct taxes is attributed to the relative effectiveness of the reforms in direct taxes, which not only made the tax system simpler but also complex.

Choifor (2008) conducted a study on the indirect tax reforms and revenue mobilization in Cameroon. Annual time series data was used in the study spanning from 1980 to 2003 in order to investigate if the tax reforms did improve the initial tax revenue situation or rather helped to engineer the response of the tax system to changes in the tax bases for the purpose of raising sufficient revenue requirement for the economy; and to identify which indirect tax hurdles become more responsive (flexible) or remain rigid after the tax reform, as well as which of the indirect taxes responded to revenue increases depend on discretionary power influence than by natural response (elasticity). From the findings of the study, it was summarized that, Cameroon tax system was inelastic.

Ogbonna &Ebimobowei (2017),Ebi&Ayodele (2017),Muriithi &Moyi (2003) andChoifor (2008) carried out their separate studies to explain the impact of tax reform on economic growth in their various countries, Nigeria inclusive but none among the studies relates tax reform on sectorial performance or economic development of an economy. This is an obvious gap this research filled to enrich the literature and add to the existing knowledge in tax policies and implementation in Nigeria .It also extended the study period to 2022.

3 METHODOLOGY

3.1 Types and Sources of Data

This study utilized a quantitative approach to empirically examine the impact of Tax Reform on Industrial Output for economic development in Nigeria. These study used secondary data from the national bureau of statistics (NBS), central bank of Nigeria (CBN) statistical bulletin and World Bank development indicators (WDI) 2022 respectively.

3.2 Method of Estimation

The study employed Ordinary Least Square in estimating the Multiple Linear Regression Model adapted for this study. Preliminary test of stationary and co integration of variables using the Augmented Dickey Fuller (ADF) and co integration test using the Johanson Cointergration technique was employed to avoid spurious regression. Post Estimation tests of normality test, serial corroralation test, stability test and heteroscedacity test were all carried out to ensure robustness of the model and estimation parameters for this study.

3.3 Model Specification

The specification of economic model is always based on economic theory or any available information in relation to the phenomenon being studied thus model specification used for this investigations follows the industrial output is function of company income tax, petroleum profit tax and custom excise duties and binary variable to measure the impact of tax reform.

Based on this, a model specified include industrial output (measured as a percentage of GDP) is expressed as a function of company income tax, petroleum profit tax and custom excise duties and Dummy variable as proxy for Tax Reform policy of 2014 is adapted from the work of Ajayi (2018).

The structural form of the model is;

$IND = f(CIT,PPT,CED, D)$ ……..……..…… 3.1

Expressing equation 3.1 is modified in logarithm and linear econometrics form as:

$logIND_t = \beta_0 + \beta_1 logCIT_t + \beta_2 logPPT_t + \beta_3 logCED_t + \beta_4 D + U$…… 3.2

Where

IND= Industrial Output (as a percentage of GDP)

CIT= Company Income Tax

PPT= Petroleum Profit Tax

CED= Custom Excise Duty

D=Dummy Variable

β_0 = Constant term

β_1 - β_4 = the estimation parameters

U= the disturbance of stochastic error term

4. DATA ANALYSIS AND DISCUSSION OF RESULTS

4.1 Data Analysis

The Augmented Dickey-Fuller test was used to test stationarity of the data. All the variables were regressed on trend and intercept to determine if they have trend, it was discovered that the four variables have trend and intercept, hence the unit root test involve trend and intercept. The result is presented below,

4.2.1 Stationarity Result

Table 4.1: Results of ADF Test

Variables	At Level	First Difference	Order Integration
logIND	-2.093698	-4.237679***	I(1)
logCIT	-1.385832	-5.357521***	I(1)
logPPT	-0.961671	-7.390548***	I(1)
logCED	-1.211221	-8.850959***	I(1)

Notes: ***,**and * denote 1%, 5% and 10% significance level. The critical values for rejection of hypothesis of unit root were from MacKinnon (1991) as reported in e-views 10.

Source: Author's Computation using E-Views 10.

The four variables (Industrial Output, Company Income Tax, Petroleum Profit Tax, Custom Custom and Excise duty) went through unit root test using the Augmented Dickey-Fuller (ADF) test. As is the case most times, all the variables were found to be non-stationary at levels but were all found to be stable at first difference. Since all the variables were integrated at first difference I(1), this requires the co-integration test.

4.2.2 Co-integration

The co-integration test was used to test for the existence of long run relationship among variables. The results of the co-integration test using Johanson Co-integration technique is given below.

Table 4.2: ***Co-integration Test Result***

Unrestricted Co-integration Rank Test (Maximum Eigen value)

Hypothesized No. of CE(s)	Eigenvalue	Max-Eigen Statistic	0.05 Critical Value	Prob.**
None *	0.631774	30.97083	27.58434	0.0176
At most 1	0.259119	9.297358	21.13162	0.8078
At most 2	0.138592	4.624799	14.26460	0.7882
At most 3	0.079210	2.558216	3.841466	0.1097

Max-eigenvalue test indicates 1 cointegrating eqn(s) at the 0.05 level
* denotes rejection of the hypothesis at the 0.05 level
**MacKinnon-Haug-Michelis (1999) p-values

Source: Author's Computation using E-Views 10.

From the Johansen co-integration test result above, the trace test statistics indicates non co-integrating equations at 5% level of significance while the Max-Eigen value indicates one (1) co-integrating equation at 5% critical level. Since these variables are co-integrated, it means that there is long run relationship among the variables of interest. Therefore, long run relationship exists among variables employed for this study. Thus, the regression of the multiple linear regression model using OLS regression technique at below.

4.2.3 OLS REGRESSION OF THE MULTIPLE LINEAR REG MODEL

Table 4.3: OLS Regression Result

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	4.468869	0.66433	6.726883	0.0000
LOG(CIT)	0.119533	0.061398	1.946849	0.0629
LOG(PPT)	0.300936	0.079456	3.787471	0.0009
LOG(CED)	0.425232	0.10247	4.149815	0.0003
LOG(CIT)*D01	-0.085576	0.313307	-0.273138	0.7868
LOG(PPT)*D01	0.58308	1.101254	0.529469	0.6008
LOG(CED)*D01	-0.137899	0.311153	-0.443186	0.6612
D01	-0.396486	0.223382	-1.774924	0.0881

REGRESSION STATISTICS			
R-squared	0.952486	Mean dependent var	15.05107
Adjusted R-squared	0.944884	S.D. dependent var	1.566951
S.E. of regression	0.367869	Akaike info criterion	0.988832
Sum squared resid	3.383191	Schwarz criterion	1.222365
Log likelihood	-9.832487	Hannan-Quinn criter.	1.063542
F-statistic	125.2914	Durbin-Watson stat	1.656001
Prob(F-statistic)	0.000000		

Source: Author's Computation using E-Views 10.

From the table above, apart from the individual variables impacts on industrial output in Nigeria, the dummy (D01) variable measures the impact of tax reform on industrial output and the various tax variables in the model.

Table 4.5*Serial Correlation LM Test*

Breusch-Godfrey Serial Correlation LM Test:

F-statistic	2.057072	Prob. F(2,26)	0.1481
Obs*R-squared	4.508405	Prob. Chi-Square(2)	0.1050

Source: Author's Computation using E-Views 10.

Table 4.5 shows the post estimation of serial correction LM test has a probability value of 0.1481 which is greater than 0.05. This suggest that the null hypothesis of absence of serial in variables in the model cannot be rejected. This revealed the absence of serial correlation in the model of the study.

4.3.2Heteroskedasticity Test

Table 4.6 *Heteroskedasticity BreuachTest*

F-statistic	2.689337	Prob. F(4,28)	0.4515
Obs*R-squared	9.159360	Prob. Chi-Square(4)	0.0572
Scaled explained SS	6.964822	Prob. Chi-Square(4)	0.1378

The heteroskedasticity test table shows that the probability value of the test is 0.4515 which implying that null hypothesis of absence of heteroskedasticity in the model cannot also be rejected. Therefore, there is absence of heteroskedasticity in the model. Therefore, the parameter estimates are good for decision making.

4.3.3 Normality Test

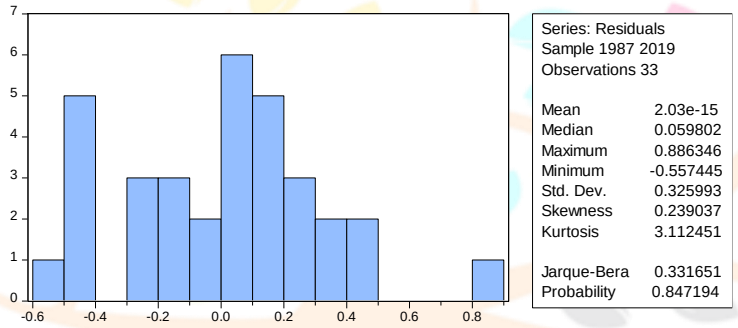

Fig.4.1: Normality Test

Source: Author's Computation using E-Views 10.

Furthermore, fig 4.1 shows that Jarque- Bera value and its probability are 0.331651 and 0.847194 respectively. Hence, the null hypothesis that the error terms of the data used in the study are normally distributed cannot be rejected. Therefore the model variables are normally distributed and the parameter estimates are very robust for focasting.

4.3.4 Stability Test

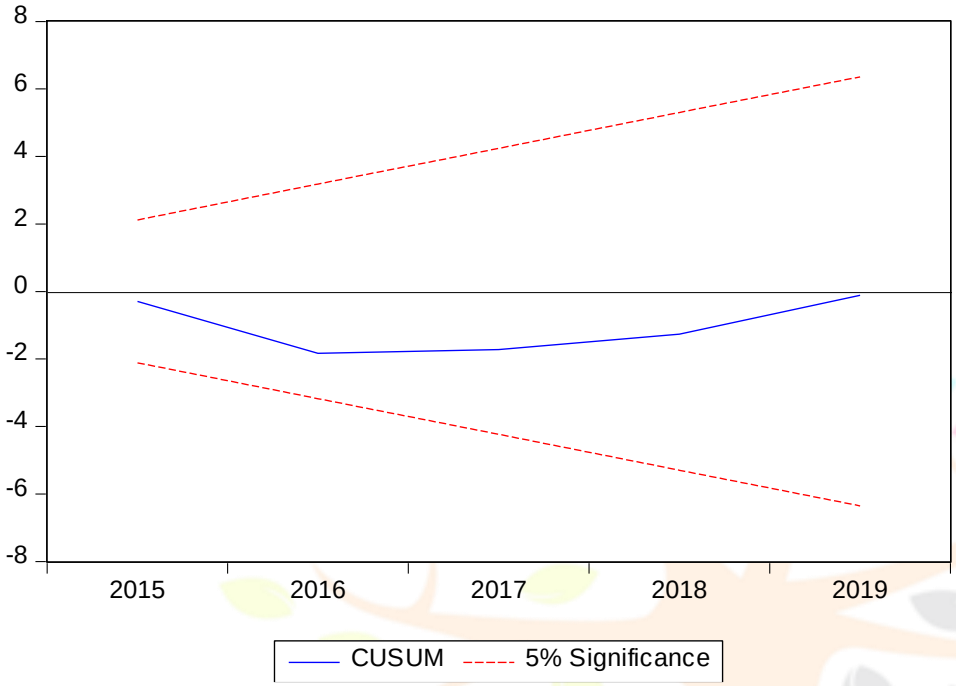

Fig 4.2: CUSUM PLOT.

Source: Author's Computation using E-Views 10.

The CUSUM square for stability test shows the model is stable during the period of as the CUSUM plot is within the critical line of 5%. Therefore, this could be concluding that the estimated parameters for this study are stable over the period of investigation.

4.4 Discussion of Findings

Multiple Linear Regression Model was used to show the impact between Industrial Output and tax reform in Nigeria through the approach of binary variable as dependent variable. From table 4.1, there is positive relationship and impact between Company Income Tax (CID) and Industrial Output (IND) Nigeria. This implies that one percent change in company income tax will lead to 11% increase in Industrial output in the country at the period of study. This result is also statistically significant at 10% level of significance. This is against a prior expectation of negative relationship but the result is agreement with findings of Oladapo et.al, (20019), Veronika & Lenka, 2012; Haruyaman & Itaya, 2006 and, Lin & Russon, 1999.

The result from the research also shows that there exist a positive relationship between Petroleum Profit Tax (PPT) and Industrial output in Nigeria. This result implies that one percent increase in Petroleum Profit Tax will lead to 30% increase in Industrial output. The result is statistically significant at 1% level of significance. The findings of this research also shows that they exist positive impact between the custom excise duty and industrial output. One percent increase in custom excise duty in Nigeria will lead to 43% increase in industrial output in the country at period of study. The result is statistically significant at 1% level of significance.

In addition and importantly is the impact of 2014 tax reform on the industrial output. The result shows the reform has positive impact on industrial output in Nigeria at period of study. It is a summation of the coefficients of both the intercept and binary variable i.e (4.468869 + (-0.396486)) of the regressed model which is 4.072383. The segregated impact of tax reform on the model explanatory variables shows positive impacts. The implies that 2014 tax reform act has positive impacts on Company income tax, Petroleum Profit Tax and Custom excise duty within the period of study. The impacts are not statistically significant except its general impact on the dependent variable of the model (Industrial Output) which is significant at 10% level of significance.

The value of coefficient of (R^2) is 0.952486 which implies that 95% of the total variation in Industrial Output (IND) is explained by the Company Income Tax (CIT), Petroleum Profit Tax (PPT) and Custom Excise Duty (CED) Dummy Variable (D01) in Nigeria. While the remaining 5% unexplained is captured by the stochastic variable or the error term of the model.

The value of the Adjusted-R^2 used in measuring the goodness of fit of the estimated model shows that after adjusting for degree of freedom, about 94% of the systematic variation in Industrial Output is explained by those variables measured above while the remaining 10% is explained by other variables not included in the model but been accounted by the error term. This means that the explanatory power of the model is high.

Durbin Watson Statistics of 1.656001 with other post estimation test indicators show that the estimated parameter is free from autocorrelation, serial correlation, and heteroscedacity problem, normally distributed and having stable parameters estimate. These have gone in along to justify that our estimated parameters are good for decision making and future prediction of Industrial Output in Nigeria.

CONCLUSION AND RECOMMENDATION

5.2 Conclusion

Results from the research showed the reverse case of the expected negative impact of the tax reform on the industrial output. This has change the policy direction of the government toward holistic and fare tax policies that are not dangerous to the Nigeria populace which form the larger percentage of consumption hemisphere of the country. It's of not good realizing huge revenue from tax collection and citizen welfare suffers.

5.2 Recommendation

From the result of the analysis, the following recommendations are made,

i. Government should embark on fiscal policy that is fair, just and holistically because the reverse consequences of upward tax reform policy are usually burn by final consumers of good and services of industrial output.

ii. The major reason according to literatures and findings of studies is that government imposes taxes and reforms to enhance generation of revenues to execute her responsibilities. The findings of this research have shown that final consumers suffer the tax burden mostly and thus, money realized from tax collection should be channeled appropriately for betterment of Nigeria masses. This will go in along of reducing the suffering of final consumers.

iii. It's also recommended that capital projects necessary for industrial efficiency should be provided by government in order to easing the tax payment liabilities of industries in the country. The will variably reduce production cost and low prices of goods and services in the country.

iv. The positive impact and effect of the reform on industrial outputs revealed that high tax will translate directly higher industrial outputs. Base on that conclusion, its recommend that tax holiday or waver should be accord to infant industries and some small businesses in order to with stand market competition in the industry.

References

Ajayi, O. D. (2018). The collapse of Nigeria's manufacturing sector. *The Voice NewsMagazine*. Retrieved online at www.the voicenewsmagazine.com on 15/06/2012

Anyanfo, A.M.O. (1996). Public Finance in a Developing Economy: The Nigerian Case. Department of Banking and Finance, University of Nigeria, Enugu Campus. Enugu.

Anyanwu, J.C. (1997). Nigerian Public Finance. Joanne Educational Publishers, Onitsha.

Arnold, J.M. (2011). Tax policy for economic recovery and growth. *Econ. J*., 121: 59-80

Bhartia, H.L. (2009). Public Finance. 14th Edn., Vikas Publishing House PVT Ltd, New Delhi.

Choifor, I.S. (2008). Indirect Tax Reforms & Revenue Mobilization in Cameroon. Master Thesis Department of Economics, University of Oslo, Republic of Cameroon.

Central Bank of Nigeria Economic and Financial Review (2014)

Ebi, B. O. & Ayodele, O. (2017). Tax Reforms and Tax Yield in Nigeria.*International Journalof Economics and Financial Issues*, 7(3), 768-778.

Edame, G. E. & Okoi, W. W. (2014). The Impact of Taxation on Investment and Economic Development in Nigeria. *Academic Journal of Interdisciplinary Studies, 3(4).*

Eluyela, D.F., Adetula, D.T., Oladipo, O., Nwanji, T.I., Adegbola, O., Ajayi, A., & Falaye, A. (2019). Pre and post adoption of IFRS based financial statement of listed small medium scale enterprises in Nigeria. *International Journal of Civil Engineering and Technology, 10*(1), 1097-1108 Engen, E. &J. Skinner, (1996). Taxation and economic growth. Nat. Tax J., 49(4): 617-642.

Eze, O. R. & Ogiji, F. O. (2013). Impact of fiscal policy on the manufacturing sector output in Nigeria: An error correction analysis, *International Journal of Business and Management Review (IJBMR)*1(3), 35-55

Haruyama, T., & Itaya, J. (2006). Do distortionary taxes always harm growth? *Journal of*

Economics, 87(4), 99-126.
Lin, H.C., & Russo, B. (1999). A taxation policy toward capital, technology and long-run growth. *Journal of Macroeconomics, 21*(3), 463-49.

Lipsey, R. G. (1979). Tax evasion and its effects on the economy. Joanee publishers Ltd.

Onitsha. Miscellaneous taxation provision Decree 1985.

Muriithi, M.K., Moyi, E.D. (2003), Tax Reforms and Revenue Mobilization in Kenya. AERC Research Paper 131, Nairobi. May; 2003.
National Bureau of Statistics (2019). *Nigerian Manufacturing Sector Summary Report: 2010- 2019.*
Ogbonna, G.N. &Ebimobowei A. (2012): "Impact of Tax Reforms and Economic Growth of Nigeria: A Time Series Analysis", *Current Research Journal of Social Sciences*, 4(1):
62-68.
Oladipo, O. A., Iyoha, O. A., Fakile, A. S., Asaleye, A. J., Eluyela, D. F., (2019).Do government taxes have implications on manufacturing sector output? Evidence from Nigeria.*Journal of Management Information and Decision Sciences*. 22(3).

Olajide &Associates. (2013), Nigeria Tax Reform. Available from:
http://www.olajideassociates,com.
Tosun, M.S. and S. Abizadeh (2005). Economic growth and tax components: An analysis of tax change in OECD. Appl. Econ., 37: 2251-2263.
Veronika, B.& Lenka, J. (2012). Taxation of corporations and their impact on economic growth: The case of EU countries. *Journal of Competitiveness, 4*(4), 96-108.

World Bank Indicator (219)

Null Hypothesis: IND has a unit root
Exogenous: Constant
Lag Length: 1 (Automatic - based on SIC, maxlag=2)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		1.378945	0.9985
Test critical values:	1% level	-3.661661	
	5% level	-2.960411	
	10% level	-2.619160	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(IND)
Method: Least Squares
Date: 02/18/21 Time: 12:03
Sample (adjusted): 1989 2019
Included observations: 31 after adjustments