

TAX REVENUE AND SUSTAINABLE DEVELOPMENT IN NIGERIA

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Email: duoduogodspower6@gmail.com**Abstract**

The study investigates tax revenue and Sustainable development in Nigeria. The objectives of the study is to determine the effect of (CIT), (PIT) and (VAT) Customs and Excise Duties (CED) on Sustainable development in Nigeria. In analyzing the relationship that exists between tax components and sustainable development in Nigeria. In examining tax components and sustainable development in Nigeria, the study made use of a 2- stage econometric procedure. First, the Augmented Dickey-Fuller (ADF) test was undertaken to ascertain the order of integration of the variables, then the Auto Regressive Distributed Lag (ARDL) model was employed to account for a long-run and short-run relationship in the model. The study uses the descriptive statistical approach of central tendencies and dispersion such as mean, standard deviation, minimum and maximum value to organize, summarise and present the data in an informative way to capture the behaviour of the variables. The Result indicated that Petroleum profit tax, Company Income tax and value added had a positive relationship with Real Gross Domestic product both in the short run and long run. There is a significant effect of (CIT), (PIT) and (VAT) Customs and Excise Duties (CED) on Sustainable development in Nigeria and was recommended that : Tax authorities should establish a good relationship with the professional associations involved in tax matters to reduce tax malpractices perpetrated by taxpayers with the connivance and often active support of external auditors and tax consultants. In other to support the cashless economy currently operating in Nigeria and proper accountability, the tax base in Nigeria should be as broad as possible since this can minimise tax distortions and revenue losses. In particular, attention should be carefully given to taxes on production since the study shows that only (CIT), (PIT) and (VAT) has positive impacts on economic growth in Nigeria.

Keyword: Tax Revenue , Sustainable, Development.

INTRODUCTION

The contribution of tax cannot be underrated. Aside from serving as a revenue generator, it also helps the government in achieving both fiscal and monetary macroeconomic objectives of the country (Onakoya & Afintinni 2016). The revenue generated from tax serves as a powerful tool for economic reform and a significant player in every economy of the world. It is dynamic and reflects recent happenings in the economy. The tax system is an opportunity for the government to collect additional revenue besides other sources of

income that is needed in discharging its pressing obligations. A good tax system serves as one of the most effective means of mobilizing a nation's internal resources and also to creating enabling and conducive environment to the promotion of the growth and development of the economy (Ogbonna, 2011). There are two major classifications of the economic effects of tax: The micro effect which 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. Hence, it is important

to note that taxes affect productivity and economic resource allocation (Azubike, 2009). Tax revenue is usually one major source of government financing. In other words, the running of government and provision of public amenities are mostly dependent on the revenue generated through taxation. The current world economic outlook, does not promise good for most economies in the coming years; so as the need to grow government revenue through taxation intensifies, revenue authorities are left with no option than see that both oil and non-oil revenues are collected adequately. Generally, it is understood that tax revenues are generated from both oil and non-oil sources respectively but it has also been established long ago that Nigeria's major tax revenue source is in the oil sector. The oil industry has emerged from being merely the "supportive" economic sector it was in the 1960's to the predominant source of foreign exchange and most viable access to international investment opportunities. The government has used the revenue derived from oil through tax and royalties to carryout developmental projects (Iyohu, 2000). Evidently, non-oil tax revenue in the last 10 years has contributed less to the national economic growth. This excessive dependence has resulted in the government renegeing its statement to make taxation the pivot of national development.

Over the years, the revenue derived from taxes has been shallow. Hence, few physical developments took place to reflect the effectiveness of the taxes realized. Thus, the masses didn't feel much positive impact due to deceitful actions of the personnel collecting the tax and improper knowledge of the reason to pay tax by payees (Afuberoh & Okoye, 2014). However, the relationship between taxation and sustainable development in Nigeria needs to be further investigated. Not only with a view to confirming the results of previous studies: {Anyanwu (1997); Ogbonna and Appah (2012); Yaya (2013); Akwe (2014) indicating a positive relationship between taxation and economic growth or negating the studies

conducted by {Saibu (2015); Gareth (2000); Bonu and Pedro (2009); Saima, Muhammad, Sofia and Amir, (2014)} which showed negative relationship.

Going by the discrepancy in the literature of taxation-growth nexus, it is pertinent to investigate the link between taxation and growth in Nigeria. This study tends to examine tax efficiency and Sustainable development in Nigeria critically. The scope of this study covers 15 years (2008-2023) while the choice of the period is as a result of the unavailability of official data on the various collectible taxes in Nigeria before this period.

There are various types of federal government collectible tax in Nigeria, some of which are: Custom and Excise Duties, Company Income tax, Value Added Tax, Petroleum Profit Tax and Personal Income Tax. However, Jarkir (2011) highlighted some significant roles of taxation such as: Reduction of inequalities in income and wealth, Price stability and accelerated economic growth, Optimum allocation of available resources etc.

This study therefore employs gross fixed capital formation as proxy or measure of economic development on Nigeria, while the different types of tax available to the government will be employed as the regressors in order to capture the tax revenue and Sustainable development in Nigeria. This study will examine tax revenue and Sustainable development in Nigeria.

Statement of the problem

Over the years, revenue from taxes has been very low and no physical development actually took place, hence the impact on the Poor is not being felt. However, with the rise in the volume of economic activities in Nigeria of late, revenue generation from taxes by the government have considerably increased, yet no meaningful physical development can be attributed to the huge sums derived from taxes by government.

Research has shown that economic growth does not in the long run translate to sustainable development mostly in developing countries.

This was attributed to fraudulent activities of tax collectors and those in positions of authority in government. The above mentioned issues will therefore constitute the problem to be addressed by this study on tax revenue and Sustainable development in Nigeria.

Objectives of the Study

The main objectives of this study is to investigate the relationship between tax revenue and Sustainable development in Nigeria.

1. Determine the effect of companies' income tax on Sustainable development in Nigeria.
2. Investigate the effect of personal income tax in revenue on sustainable development in Nigeria.
3. Ascertain the effect of Value Added Tax Revenue on sustainable development in Nigeria.
4. Evaluate the effect of custom and excise duty revenue on sustainable development in Nigeria.

Research Questions

1. What is the effect of company income tax revenue on sustainable development in Nigeria.
2. What is the effect of personal income tax revenue on sustainable development in Nigeria.
3. Does value added tax revenue affect sustainable development in Nigeria?
4. Does custom and excise duty revenue affect sustainable development in Nigeria?

Hypotheses

- Ho1. Company income tax revenue does not positively and significantly affect gross domestic product.
- Ho2. Personal income tax revenue does not positively and significantly affect gross domestic product.
- Ho3. Value added tax revenue does not positively and significantly affect gross domestic product.

- Ho4. Custom and excise duty does not positively and significantly affect gross domestic product.

Conceptual Review

Tax Revenue

Tax revenue is the revenue generated by government of a jurisdiction from oil and non-oil activities. Tax revenue is the receipt from tax structures. Revenues accruing to an economy like Nigeria can be categorized into two main parts: oil revenue and non-oil revenue. Ihendinihu, Ebieri, Amaps and Ibanichuka (2014) confirmed that the federal government revenue is classified into two main sources as oil and non-oil revenue. Oil revenue to the government is revenue derived from royalties, receipts from petroleum profits tax, and local sales and exports of crude oil and gas, while the revenue from non-oil includes revenue from Levies, public debt, grants, Personal Income Tax (PIT), Custom and Excise Duties, (CED), Companies income tax (CIT), Valued Added Tax, Education Tax, aids, amongst others. A country's tax system is a major determinant of the macroeconomic indexes for developed and developing economies; hence, there exist a relationship between the tax structure and the level of economic growth of any nation (Przeworski, 1991).

Concept of Sustainable Economic Development

The sustainability of economic growth is the basis of increasing the prosperity of a given country. It is an economic development that attempts to satisfy the needs of people but in way that sustains natural resources and environment for future generation. Economic growth simply refers to as an increase in the value of goods and services produced by a country over a period and can be used to reflect the size of a country. According to Appah (2022), economic growth is a sustained increase in per capita national output or net national product over an extended period. It implies that the rate of increase in total output must be

higher than the rate of population growth thereby resulting to improvement or increased in standard of living of the citizens. Ningi et al (2019) state that sustainable economy is an economy that meets the needs of the present generation without affecting the ability of future generations to meet their needs. The authors further stated that sustainable economic growth is intended to explore all available sectors of the economy.

Sustainable Economic Growth: The sustainability of economic growth is the basis of increasing the prosperity of a given country. It is an economic development that attempts to satisfy the needs of the people but in a way that sustains natural resources and environment for future generation.

Measurement of Tax Revenue

The mechanisms considered appropriate to measure non-oil tax revenue as used in this study are: Companies' Income Tax (CIT), Personal Income Tax (PIT), Value Added Tax (VAT) and Custom and Excise Duties (CED). They are explained below:

Companies' Income Tax Revenue (CITR)

According to Abogan, Akinola and Baruwa, (2014), a company is defined as any company or corporation (other than corporation sole) established by or under any law in force in Nigeria or elsewhere. The institution responsible for the registration of companies in Nigeria is the Corporate Affairs Commission (CAC). Awe and Ajayi (2009) defines Companies Income Tax (CIT) as a tax levied on the profit of companies (excluding profit from companies engaged in upstream operations) accruing in, derived from, brought into or received in Nigeria in respect of any trade or business, rent, premium, dividends, interest, royalties and any other source of annual profit.

Personal Income Tax Revenue (PITR)

Personal income refers to income of individuals, families or communities arising

from employment, business, trade, profession, or vocation (Nwosa and Ogunlowore, 2013). Personal Income Tax (PIT) (Amendment) Act 2011 defines personal income tax as the tax imposed by the government on the incomes of individuals and corporation soles. This tax is levied on individuals, body of individuals or corporation soles based on their level of income or profits. This tax is easy to collect as it is deducted at source by the appropriate tax authority (Fave and Dabari, 2017). However, despite its ease of collection, it has remained the most disappointing, non-performing, unsatisfactory and problematic in the history of Nigerian tax system (Edame and Efeiom, 2013; Akwe, 2014).

Value Added Tax Revenue (VATR)

Value Added Tax (VAT) is the tax levied on the value which the supplier or seller of goods/services add to the goods/services before selling it. The introduction of VAT was necessitated by the need to boost the revenue of the government from non-oil sources following the fluctuations in the oil revenue due to the glut in the international market. VAT was introduced into the Nigerian tax system in 1994 fiscal year with the promulgation of VAT Decree No. 102 of 1993 to replace the Sales Tax Act, 1986 at the 5% rate and is being administered by the Federal Inland Revenue Services (Sanusi, 2003). Value added tax revenue is a multiple stage tax that is charged on the additional value of goods produced or services rendered as they advance through numerous stages of production & distribution and the rendering of services which is ultimately borne by the last consumer but collected at each phase of production and service chain (Przeworski, 1991). According to Onwualu (2009), value added tax is a tax on estimated market value added to a product or service at every phase of manufacturing or distribution and the additions are eventually added to goods and services which bear the tax burden or the incidence because the tax paid on

consumption of goods and services cannot be recovered

Customs and Excise Duties (CED)

The introduction of Customs duty which is also known as import duty dates back to 1860. In Nigeria, customs duties are the oldest form of modern tax revenue and it consists the main revenue source for the Federal Government which is payable by importers of specified goods (Buyonge 2008). Customs duty are taxes levied on goods and services imported into Nigeria, it is charged either as a percentage of the value of goods or services imports or as a fixed amount of contingent on quantity (unit tax) of goods (Buba, 2007). To further broaden the revenue base of Nigeria, excise duties were also introduced on several goods in 1962 in Nigeria (Manukaji, 2018). Excise duty is a tax levied on locally manufactured goods, sale, or use of locally produced goods (such as alcohol, tobacco, petrol, manufactures, and so on). Excise duties are charges imposed by government on specific commodities produced in a country at differing rates.

Theoretical Review

This study is anchored on the benefit theory of taxation.

The benefits-received theory

The Benefits-received theory was propounded by Erik Robert Lindahl in 1919. The theory assumes that citizens tend to pay more taxes when they feel they have sufficient benefits from the activities of the state. Hence, taxes are collected to achieve economic objectives which will enhance sustainable development. It also enables us to assess the extent to which the Nigerian tax systems conform to this scenario where the link between tax liability and sustainable activities in analyzing the relationship that exists tax components and sustainable development in Nigeria. This taxation theory is based on a relationship between the state responsibilities and liability to tax, it justifies the need for the imposition of

tax to aid the financing of state activities. It also gives need for the cost of service delivery and benefit received theory.

This theory proceeds on the assumption that there is basically an exchange or contractual relationship between tax-payers and the state. The state provides certain goods and services to the members of the society and they contribute to the cost of these supplies in proportion to the benefits received. In this quid pro quo set up, there is no place for issues like equitable distribution of income and wealth. Anyanfo (1996) argues that taxes should be allocated on the basis of benefits received from government expenditure.

The Justness of Taxation

The principle holds that each person's share of tax paid for government to provide goods and services should equal the share of benefits reach person receives. Lindahl argued that not only would such a payment scale be just and fair, but it would also lead to the optimal level of government provision.

Empirical Review

Owolabi and Okwu (2011) employed simple regression models as abstractions of the respective sectors considered in the study to examine the contribution of Value Added Tax to Development of Lagos State Economy. The study considered a vector of development indicators as dependent variables and regressed each on VAT revenue proceeds to Lagos State for the study period. Margareta and Asa (2012) deployed the fixed effects regression on a panel data of 25 OECD countries from 1970 to 2010. The study reports that both taxation of corporate and personal income negatively influence economic growth and found out that the correlation between corporate income taxation and economic growth is more robust. Stoilova and Patonov (2012) used panel regression to study the fundamental trends in the distribution of the total tax burden in EU (27) member states from 1995 to 2010. There exists a clear and strongly expressed impact of

the direct taxes on economic growth. Anichebe (2013) conducted a study on the impact of tax on economic growth in Nigeria for the periods 1986 to 2010. He found out that a significant relationship exists between tax composition and economic growth. Umoru and Anyiwe (2013) employed co-integration and error correction methods of empirical estimation with an empirical strategy of disaggregation to examine the effect of tax structure on economic growth in Nigeria. The study found out that a direct taxation is significantly and positively correlated with economic growth while indirect taxation has an insignificant negative impact on economic growth. Emmanuel (2013) examined the effects of VAT on economic growth and total tax revenue in Nigeria between 1994 and 2010. He found out that VAT has a significant effect on GDP and also on total tax revenue. Saima, et al (2014) utilised the Johansen’s co-integration tests for estimation of data and time series data from 1973 to 2010. They found out that high taxes in Pakistan have adverse effects on consumption, investment and GDP. However, the findings of Ugwunta and Ugwuanyi (2015) found out that an insignificant but positive relationship was found to exist between non-distortionary taxes and economic growth of sub – Saharan countries. Ebi & Ayodele (2017) examines the elasticity and buoyancy of the various tax components in Nigeria using the Error Correction Mechanism. The study found out that all tax components were inelastic. They recommend that government should diversify the economy for more development as well as strengthen tax reforms to increase overall tax revenue.

Methodology

This study adopted an ex-post-factor and time series research design. The sources of data was collected from the Central Bank of Nigeria bulletin on 2021. The scope of this study covered a period of fifteen years (2008-2023). This study tends to examine tax efficiency and sustainable development in Nigeria. This study

focuses on CITR, PITR, VITR and CEDR as its independent variables and RGDP as proxy or measures of economic development in Nigeria. The basic model is given as:

$$RGDP_t = \beta_0 + \beta_1 VAT_t + \beta_2 CED_t + \mu \dots\dots (1)$$

Where RGDP= Real Gross Domestic Product
 VAT= Value Added Tax
 CED= Custom and Excise Duties

The above model was adapted and our variables of interest are included to avoid the problem of omitted variables due to their importance. The model includes Petroleum Profit Tax (PPT), Company Income Tax (CP) and Personal Income Tax (PIT) as control variables and respecified as;

$$RGDP = \beta_0 + \beta_1 PPT_t + \beta_2 CP_t + \beta_3 CED_t + \beta_4 VAT_t + \beta_5 PIT_t + U_t \dots\dots (2)$$

The model is presented in a log form as;
 $lnRGDP = \beta_0 + \beta_1 lnPPT_t + \beta_2 lnCP_t + \beta_3 lnCED_t + \beta_4 lnVAT_t + \beta_5 lnPIT_t + U_t \dots\dots (3)$

L = the natural log of the variables
 RGDP= Real Gross Domestic Product
 PPT= Petroleum Profit Tax
 CP= Company Income Tax
 CED= Custom and Excise Duties
 VAT= Value Added Tax
 PIT= Personal Income Tax
 β0, β1, β2, β3, β4, β5 are parameter estimates
 Ut = Error term

A priori Expectation: β1, β2, β3, β4, β5 >0

In examining tax components and sustainable development in Nigeria, the study made use of a 2- stage econometric procedure. First, the Augmented Dickey-Fuller (ADF) test was undertaken to ascertain the order of integration of the variables, then the Auto Regressive Distributed Lag (ARDL) model was employed to account for a long-run and short-run relationship in the model. However, the study uses the descriptive statistical approach of

central tendencies and dispersion such as mean, standard deviation, minimum and maximum value to organize, summarize and present the

data in an informative way to capture the behavior of the variables.

Data Analysis and Discussion of Findings

Table.1 Descriptive Statistics

	LRGDP	LPPT	LCP	LCED	LVAT	LPIT
Mean	12.60479	11.34055	10.62206	10.83925	8.429505	4.528402
Median	12.69104	11.52440	10.83696	11.23198	10.96284	4.580925
Maximum	13.46979	12.25682	11.43981	11.38274	11.95497	5.988202
Minimum	11.04888	9.833466	9.091667	9.549126	0.000000	2.610234
Std. Dev.	0.784533	0.834338	0.767893	0.603286	4.860945	1.050767
Skewness	-0.579756	-0.232634	-0.671003	-0.813546	-1.177905	-
Kurtosis	2.017639	1.533033	2.107837	2.182273	2.432973	1.908129
Jarque-Bera	2.790648	2.861896	3.137961	4.006960	7.094561	1.505828
Probability	0.247753	0.239082	0.208257	0.134865	0.028803	0.470992
Sum	365.5390	328.8760	308.0398	314.3382	244.4556	131.3237
Sum Sq. Dev.	17.23380	19.49136	16.51048	10.19071	661.6059	30.91510

The table 4.1 above showed that the means and medians of all the variables lie within the maximum and minimum values indicating that the variables had high tendency to be normally distributed. The kurtosis statistics showed that RGDP, PPT, CP, CED, VAT and PIT were platykurtic, suggesting that their distributions were flat relative to a normal distribution. Skewness indicates the variables are negatively skewed. The standard deviation also indicates the spread of the model. The Jarque-Bera statistics shows that the series is normally distributed since the p-values of all the series are not statistically significant at 5% level. Thus informing the acceptance of null hypothesis that says each variable is normally distributed.

Short-run relationship between Taxation and Economic Growth

Table 2 ARDL short-run relationship result

Dependent Variable: LR GDP				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
LR GDP(-1)	-0.290831	0.265710	-1.094542	0.3099
LPPT	0.218402	0.070620	3.092629	0.0175**
LPPT(-1)	-0.024237	0.056295	-0.430531	0.6798
LPPT(-2)	0.126257	0.068327	1.847824	0.1071
LCP	0.242029	0.197040	1.228326	0.2590
LCP(-1)	0.065488	0.184890	0.354203	0.7336
LCP(-2)	0.376419	0.222200	1.694056	0.1341
LCP(-3)	0.167858	0.131941	1.272222	0.2439
LCED	-0.501809	0.219541	-2.285714	0.0562***
LCED(-1)	0.290971	0.158875	1.831446	0.1097
LVAT	0.008702	0.007220	1.205227	0.2673
LVAT(-1)	0.026604	0.009122	2.916508	0.0225**
LVAT(-2)	0.020539	0.016412	1.251467	0.2510
LVAT(-3)	-0.022706	0.007836	-2.897785	0.0231**
LPIT	0.017367	0.049321	0.352130	0.7351
LPIT(-1)	-0.089120	0.036669	-2.430422	0.0454**
LPIT(-2)	0.008731	0.030026	0.290791	0.7796
LPIT(-3)	0.051395	0.037727	1.362275	0.2153
C	5.799066	2.198808	2.637368	0.0336**
R-squared	0.999288	Akaike info criterion		-3.854269
Adjusted squared	R-0.997459	Schwarz criterion		-2.934890
F-statistic	546.1545	Durbin-Watson stat		1.954027
(Prob)	0.000000			

The short-run relationship between tax efficiency and sustainable development in Nigeria. The independent variables explained approximately 99.8% of the total variations in the dependent variable indicating that the model had a very high goodness of fit. The result also showed that in the short-run, Petroleum Profit Tax, Company Tax, Value Added Tax and Personal Income Tax have a positive relationship with Gross Domestic Product while Custom and Excise Duties has a negative relationship with Gross Domestic Product. The value of the F-statistic (0.0000) was statistically significant at 1% level indicating that the model was significant. The value of the Durbin-Watson statistic of 1.954027 implies that the model had no serial correlation problem.

The p-value (0.348891) showed that we cannot reject the null hypothesis. Which implies that: variables are normally distributed.

Discussion of Finding

The Result indicated that Petroleum profit tax, Company Income tax and value added had a positive relationship with Real Gross Domestic

product both in the short run and long run. While the relationship with Custom & Excise duties, Personal Income Tax and Real Gross Domestic Product on the other hand were negative which implies that, the tax revenue from the department of customs to promote economic growth wasn't remitted and cannot be accounted for due to leakages in the unit.

Emmanuel (2013) examined the effects of VAT on economic growth and total tax revenue in Nigeria between 1994 and 2010. He found out that VAT has a significant effect on GDP and also on total tax revenue.

Anichebe (2013) conducted a study on the impact of tax on economic growth in Nigeria for the periods 1986 to 2010. He found out that a significant relationship exists between tax composition and economic growth.

Umoru and Anyiwe (2013) employed co-integration and error correction methods of empirical estimation with an empirical strategy of disaggregation to examine the effect of tax structure on economic growth in Nigeria. The study found out that a direct taxation is significantly and positively correlated with economic growth while indirect taxation has an

insignificant negative impact on economic growth.

The calculated t is lower than tabulated t -tabulated as such the null hypothesis two is rejected thereby affirming that:

- There is a significant effect of (CIT), (PIT) and (VAT) Customs and Excise Duties (CED) on Sustainable development in Nigeria

Conclusion

This article investigated tax revenue and Sustainable development in Nigeria. However, Personal Income tax must be flexible enough so that the taxpayers won't evade taxes which will lead to decrease in the revenue generated from tax which follows the theoretical proposition of Arthur Laffer in his Laffer curve which shows the relationship between tax rate and tax revenue. He suggests that taxation should be moderately high till its revenue elasticity is not significantly lower than one otherwise it will be disastrous to the economy. This study hereby recommends that the government should maintain the optimum income tax rate at which tax revenue will be at its peak in order to enhance sustainable growth. Also, there should be strong institutional reforms in the department of customs to plug the manifest leakages. The tax collection mechanism used by tax officials must be free from corruption and embezzlement in order to plug the loopholes in order to make the revenue collected from tax reach the desired point and to contribute immensely to the sustainable development.

The wide divergence between the effective and statutory tax rates in Nigeria indicates that there is scope for raising tax revenue without increasing tax rates by enforcing tax and customs administrations, reducing tax exemptions (especially in the areas of manufacturing), and fighting fraud and corruption. Nevertheless, one must be realistic in terms of improvement in revenue ratios that can be reasonably expected to be achieved in Nigeria, given the low level of development

and the heavily agricultural and informed character of the sustainable development.

Recommendations

1. Tax authorities should establish a good relationship with the professional associations involved in tax matters to reduce tax malpractices perpetrated by taxpayers with the connivance and often active support of external auditors and tax consultants.
2. All taxes should be remitted via direct payment to the various tax authorities' accounts or via an e-payment system in order to eradicate income inequalities as one of the major goals of sustainable development by the year 2030.
3. The tax base in Nigeria should be as broad as possible since this can minimise tax distortions and revenue losses. In particular, attention should be carefully given to taxes on production since the study shows that only (CIT), (PIT) and (VAT) has positive impacts on economic growth in Nigeria.
4. Government should be more serious with tax collection by rolling new tax reforms that would enhance the collection of company income tax and also ensure that those mechanisms put in place would check tax evasion and tax avoidance.
5. Since Nigeria is oils and gas dependent, the government should formulate adequate and thorough measures and reforms that would enhance the collection of petroleum profit tax. If petroleum profit tax is properly harnessed, economic development in Nigeria will be enhanced through the increase in gross fixed capital formation in Nigeria.
6. Government should reduce customs and excise duties which will in turn encourage importers to import more and also encourage domestic manufacturers to produce more and contribute towards economic development in Nigeria by

increasing the volume of gross fixed capital formation in Nigeria.

Implication of the Study/contribution to scholarship

The purpose of the study is to investigate Tax Revenue and Sustainable Development in Nigeria. The result indicate that Petroleum Profit Tax, Company Income Tax, and Value Added Tax have a positive relationship with real Gross Domestic Product both in short and long run. There is a significant effect of (CIT), (PIT) and (VAT) Customs and Excise Duties (CED) on Sustainable Development in Nigeria. The study review that government should maintain Optimal Income Tax Rate at which tax revenue will be at its peak in order to enhance economic growth. In its contribution to knowledge, there should be a strong institutional reform in the Department of Custom to plug the leakages. The tax collection mechanism used by tax officials must be free from corruption and embezzlement in order to plug the loopholes and make the revenue collected from tax reach the desire point and contribute immensely to the sustainable development.

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