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NON-OIL TAXES AND ECONOMIC DEVELOPMENT IN NIGERIA FROM 2000 - 2019

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Abstract

The paper investigated non-oil taxes and economic development from 2000 - 2019. Ex-post facto designs and secondary data were used in the study. The study's population and sample size are Nigeria's 36 states and the federal capital territory. Descriptive statistics were used to examine the research questions that were formulated. With the help of E-view, the hypotheses were tested using least square panel data regression analysis (10). According to the study's findings, there is a negative and insignificant relationship in Nigeria between companies income tax (CIT) and the human development index (HDI) and also, there is no statistical relationship between value added tax (VAT) and human development index (HDI) in Nigeria. The following recommendations were made based on the study's findings: the issues of companies income tax corruption, fraud, and financial malpractices should be investigated with the implementation of some punitive measures. The Federal Inland Revenue Service (FIRS) should undergo a major overhaul, with all corrupt officials being relieved of their duties. Tax audits of registered VAT collectors should be conducted on a regular basis to ensure that the tax collected is remitted to the appropriate authorities.

Keywords: Non-oil tax, Economic development, human development index, and companies income tax and value added tax

Introduction

It is widely acknowledged that a country's government's principal job is to provide basic infrastructure for the welfare of its population. These infrastructure facilities, which include security for life and property, good water supply, better healthcare, stable electricity supply, good road networks, and other social amenities, are critical for any society's economic development and development. Government investment on these infrastructure improvements helps to achieve full employment, price stability, and a rise in the production of goods and provision of services within the country, all of which help to sustain real economic growth to a considerable extent.

A solid tax structure is important in the economic success of any country, including Nigeria. These functions, according to Okoli et al. (2014), influence the amount of public and private savings, as well as the volume of resources available for capital development. Tax revenue in Nigeria is divided into two categories: oil and non-oil tax revenue. Oil tax revenues are derived through taxes imposed on the earnings and profits of oil corporations operating in Nigeria. Petroleum Profits Tax (PPT) and royalty from economic rent connected to oil extraction are the two types of taxes. Non-oil tax revenues, on the other hand, are revenues derived from sources other than oil-related taxes. Personal income tax (PIT), corporate income tax (CIT), VAT, capital gains tax, customs and excise fees, and stamp duty are only a few examples.

The revenue received by a country's or state's government via tax arrangements is known as tax revenue. According to Worlu and Emeka (2012), a tax is a fee imposed by the government on a

product, income, or activity. A direct tax is one that is levied directly on the earnings of individuals or corporations. An indirect tax is one that is levied on the price of goods or services. Anyanwu (1997), on the other hand, described tax income as a mandatory transfer or payment to the government from private persons, institutions, or groups. Similarly, Ogundele (1999) described taxation as the transfer of real economic resources from the private to the public sector in order to fund government activities. As a result, the government uses the money raised from various taxes to provide fundamental services like hospitals, schools, and public utility services, to name a few, that benefit everyone (Chigbu et al., 2012).

Economic development, according to Ine-Tonbarapa (2013), is defined as a rise in an economy's capacity to generate products and services over time. The goal of raising the general welfare of citizens in an existing economy is to make quantitative and qualitative changes in human capability, increase literacy ratios, improve infrastructure, health, and other areas. Economic growth can be measured in nominal terms, which includes inflation, or in real terms, which excludes inflation. It's usually expressed as a percentage rise in real gross domestic output (GDP).

Statement of the Problem

Oil revenue has long been the primary source of revenue for the Nigerian government. For the government to ignore the non-oil sector, it has contributed over half of total revenue annually, up to 85%. (Okezie & Azubike, 2016). Although oil revenue is substantial, it is volatile, causing the size of government programs to fluctuate accordingly. As a result of the recent drop in oil prices, funds available for distribution among Nigeria's federal, state, and local governments have decreased (Afuberon & Okoye, 2014). As a result, Nigeria's over-reliance on oil revenue has hampered its ability to achieve long-term economic growth. As a result, Nigerians and the government are concerned about the need to diversify the economy. Prof. Okonjo-Iweala, the formal Finance and Coordinating Minister of the Economy, stated, "While the drop in oil prices is a serious challenge, it is an opportunity for the country to focus on greater diversification and refocus efforts toward non-oil sectors in preparation for a future with less oil revenue." President Muhammadu Buhari said in Guangzhou, China, that "the diversification of the Nigerian economy was long overdue as continued reliance on crude oil exports had always made the economy vulnerable to shocks" (The Sun Newspaper, 2018). The need for the Nigerian government to generate sufficient revenue from non-oil taxes has become critical in order to maintain economic growth.

Various studies, such as Asaolu (2018), Gwa and Kase (2018), Okoli (2014), Ibadin and Oladipupo (2015), Cornelius, Ogar and Oka (2016), Okwara and Amori (2017), have made significant contributions to the existing literature on studies that focused on tax revenue and economic development using related approaches. As a result, this study aims to fill a knowledge gap by examining the impact of different types of non-oil tax revenue (corporate income tax and value added tax) on Nigerian economic development. This research is timely and relevant as Nigeria diversifies and refocuses on non-oil revenue as a substitute for declining oil revenue. Policymakers, as well as those in the research and academic communities, will benefit from this study.

Aim and Objectives of the Study

The general purpose of this study is to investigate non-oil taxes and economic development in Nigeria from 2000 - 2019. Specifically, the study attended to the following objectives:

1. To investigate the relationship between companies income tax (CIT) and human development index (HDI).
2. To investigate the relationship between value added tax (VAT) and human development index (HDI).

Research Hypotheses

The following null hypotheses were tested at 0.05 level of significance.

Ho_1: There is no significant relationship between companies income tax (CIT) and human development index (HDI).

Ho_2: There is no significant relationship between value added tax (VAT) and human development index (HDI).

Conceptual Framework

Non-Oil Tax Revenue

Oil tax revenue and non-oil tax revenue are the two main categories of tax revenue that accrue to economies like Nigeria. Petroleum profits tax (PPT), royalty, and gas tax revenues all contribute to oil tax revenue. Non-oil tax revenue, on the other hand, comes from direct and indirect taxes paid by industries other than the oil industry. Personal income tax (PIT), corporate income tax (CIT), capital gain tax, and education tax are direct taxes, while VAT, customs, and excise duties are indirect taxes.

Taxes, borrowing (loans), profit from government companies and investments, and other miscellaneous sources of government revenue, such as aid from other countries or international organizations, are all examples of sources of government revenue. Taxation is the most important source of government revenue out of all of these. This is because, if properly administered, it accounts for at least half of all government revenue.

In simple terms, "a tax is a mandatory contribution imposed by a sovereign power on the incomes, profits, goods, services, or properties of individuals and corporate persons, trusts, and settlements for which the tax payer receives no direct benefit; such taxes, once collected, are used to carry out government functions." For example, maintaining law and order, infrastructure provision, defense, citizen health and education, or as a fiscal tool for controlling the economy (ICAN 2016).

The non-oil sector, which is defined as those economic activities that are not related to the oil and gas industry, is a vital sector in Nigeria (Ude and Agodi, 2014). The non-oil sector has the potential to feed the world's population, provide raw materials for industries, and thus contribute to economic growth. Non-oil revenues contributed 40. 02 percent to economic growth in the 1980s.

Non-oil revenue increased by 42.27 percent between 1980 and 1985. After a decade, it was 35.27 percent in 1995, with non-oil revenue increasing to 45.09 percent. Furthermore, non-oil revenue increased dramatically from 45.09 percent in 2008 to 48.01 percent in 2014 (National Bureau of Statistics, 2014). This demonstrates that if the government focuses its efforts on non-oil revenue generation, the flow of government revenue will be stable and predictable over time. Non-oil sectors, according to Izuchukwu (2011), have the potential to provide employment opportunities for the teeming population and thus contribute to the economy's growth.

Dimensions of the Predictor Variable

Companies Income Tax

Profits of all incorporated entities in Nigeria accruing in, derived from, brought into, or received in Nigeria are subject to corporate income tax. Non-resident companies' profits (both private and public limited liability) accrued from doing business in Nigeria were subject to this type of tax (Appah, 2010). The Companies Income Tax Act (CITA) of 1979 established the CIT, which governs the assessment and collection procedures. It is one of the taxes administered and collected by the Federal Inland Revenue Service (FIRS), and it has made a significant contribution to the government's revenue profile. Profits of Nigeria-incorporated companies are deemed to accrue in Nigeria regardless of where they arose (globally) or whether they were brought into or received in Nigeria (Ugochukwu & Azubike, 2015). Profits from any trade or business; rent or premium arising from the use of property; dividends, interest, royalty, discounts, charges, or annuities; fees, dues, and allowances for services rendered; and any gains arising from the acquisition and disposal of short-term money instruments are all subject to taxation. CIT is currently charged at a rate of 30% for companies with annual turnovers of N100 million or more.

Every company is formed in order to engage in commercial activities with the goal of making a profit. In addition, the government provides essential services and facilities to businesses, such as better road networks, efficient and effective telecommunication systems, electricity, security, and water supply, among other things (Adegbite, 2015). As a result, there is a symbiotic relationship between the government and corporate organizations, in which the provision of goods and services by corporate organizations necessitates some government-provided facilities. Additionally, the government requires funds in order to provide and maintain a favorable business environment in which businesses can thrive. As a result, it is critical for corporations to financially support the government by paying a portion of their profits as tax to the government (Fagbemi et al., 2010). Companies' income tax (CITA) CAP.60. Law of the Federal Republic of Nigeria, 1990 as amended was introduced and regulated in Nigeria. It is charged at a rate of 30% of total profit on all companies operating in Nigeria, with the exception of those specifically exempted by the Act (Adegbite, 2015). The Federal Inland Revenue Service (FIRS) is in charge of enforcing the Companies Income Tax Act (CITA).

Value Added Tax (VAT)

VAT is a tax levied on the number of products and services that the end consumer finally receives, and it is collected at each stage of the manufacturing and delivery process. It means that VAT is a

consumption tax collected from individuals who only pay a small amount of tax, allowing those who pay VAT to avoid bearing the full expense of the charge (Oyedokun, 2016). VAT was established in Nigeria with the introduction of the Value Added Tax Act (VATA) 1993, as defined in No. 102 of the VATA 1993, to replace the sales tax, which was then supported by Federal Government Decree No. 7 of 1986. Nigeria's VAT rate has remained at 5% since its inception in 1993, making it one of the lowest in the world. President Obasanjo's administration proposed increasing the VAT from 5% to 10%, however the plan was rejected by the late President Yar'Adua's administration due to strong public opposition (Pricewater House Cooper, 2020).

One of the key changes in Nigerian VAT management is Section 34 of the Finance Act of 2020, which increased the VAT rate from 5% to 7.5 percent. On January 13, 2020, President Buhari signed the Finance Bill into law, and the Finance Act 2020 took effect on February 1, 2020. VAT is not applied in Bermuda, Cayman Islands, Gibraltar, Greenland, Guernsey, Channel Islands, Hong Kong SAR, Kuwait, Libya, Macau SAR, Oman, Qatar, Turks and Caicos Islands, and the United States, according to Table A1 in Appendix A. (Pricewater House Cooper, 2020).

Nigeria has one of the lowest VAT rates in the world, ranging from 2.5 percent to 9 percent. Bahrain 5%, Fiji 9%, Japan 8%, Jersey, Channel Islands 5%, Liechtenstein 7.7%, Nigeria 7.5%, Panama 7%, Saudi Arabia 5%, Singapore 7%, Sri Lanka 8%, Switzerland 7.7%, Taiwan 5%, Thailand 7%, Timor-Leste 2.5%, and the United Arab Emirates 5% (Pricewater House Cooper, 2020).

Albania 20 percent, Argentina 21 percent, Slovenia 22 percent, Poland 23 percent, Finland 24 percent, Denmark 25 percent, and Hungary 27 percent are among the countries with the highest VAT rates, which vary between 20 and 27 percent (Pricewater House Cooper, 2020).

It is important to remember that the imposition of VAT on all goods and services excludes exempted commodities, which are defined as everything medicinal, in addition to pharmaceutical goods, essential foodstuff, books and learning materials, infant meals, and sustenance as defined in No. 102 of VATA 1993. Agrarian and veterinary medication made in the United States, agricultural equipment and agribusiness conveyance tools, all exports, plants, and machines traded in for use in the export handling industry are all excluded. Plant and equipment purchased for the operation of gas in downstream gasoline processes, tractors, cultivators, and agronomic apparatuses purchased for agricultural tenacities are also exempt from VAT payment under the VATA 1993. Medicinal services, services provided by community banks, the People's Bank, and secured loan organizations, plays and concerts produced by educational institutes, and all exporting facilities are among the relieving services (Laws of the Federation, 1993 & 2007). Non-oil exports, merchandises and services procured by ambassadors, and privileges earned for use in charitable sponsored initiatives are among the zero-rated items and services mentioned by the VATA 2007 (as modified).

By expanding the list of basic food items that are VAT-free, the new Finance Act 2020 has improved the goods and services that are VAT-exempt. Seasonings (honey), dough, mueslis, caterers use oil, gastronomy parsleys, fish, wheat and thickening, and berries are among the other

products on the VAT-free list of essential food goods (fresh or dried). Animal protein sources, milk, nuts, throbs, tubers, saline, spuds, H2O, and domestically made sterile bath sheets, swabs, or wipes are also on the list. Microfinance bank services, kindergarten instruction, and other levels of schooling are among the additional services free from VAT under the new Finance Act. Businesses with a turnover of less than N25 million are excluded from paying VAT under Section 38 of the Finance Act 2020. The states and local governments receive 85 percent of the VAT money, while the federal government receives only 15 percent. The state governments receive 50% of the 85 percent share, while municipal governments receive 35%. The goal of this shared preference for states and local governments is to allow them to fulfill their social and economic responsibilities to residents, which always includes the new minimum wage that state governors have agreed to meet (Akande, 2019).

Economic Development

Economic development, on the other hand, is a policy initiative aimed at improving people's economic and social well-being (Akwe, 2014). As a result, economic development is focused with improving people's quality of life through the introduction of new goods and services employing contemporary technology, infrastructure development, risk reduction, and innovation and entrepreneurship dynamics (Arnold, 2011). Economic development's main goal is to create an environment that allows local communities and regions to develop innovative ways of producing commodities in large enough quantities to be exported to other countries, as well as an atmosphere that allows enterprises to thrive (Afuberoh et al., 2014)

Economic development simply refers to an increase in the value of a country's commodities and services produced through time, and it may be used to measure a country's size. Economic development, according to Dwivedi (2004), is defined as a long-term growth in per capita national output or net national product. It means that the pace of rise in total output must be greater than the rate of increase in population, resulting in an improvement or increase in citizens' standard of living.

Human Development Index (HDI)

The human development index is a statistical composite measure combining indicators such as life expectancy, education, and per capita income that is used to categorize countries into four tiers of human development. When a country's lifespan is longer, its education level is greater, and its gross national income (PPP) per capita is higher, it has a higher HDI. It was created by Pakistani economist Mahbub ul Haq and Indian economist Amartya Sen, and the United Nations Development Programme's Human Development Report Office utilized it to measure a country's development (James, 2019).

The HDI was established to underline that people and their capacities, not just economic progress, should be the final criterion for judging a country's development. The HDI can also be used to examine national policy choices, such as how two countries with the same GNI per capita can achieve such disparities in human development. These disparities have the potential to spark discussion regarding government policy goals. The Human Development Index (HDI) is a measure of average accomplishment in essential aspects of human development, such as living a long and

healthy life, being knowledgeable, and having a decent standard of living. For each of the three dimensions, the HDI is the geometric mean of normalized indices (USAID, 2014).

The human development index (HDI) is a concept that looks beyond GDP to a larger notion of happiness. It is a composite measure of three aspects of human development: living a long and healthy life (measured by life expectancy), being educated (measured by adult literacy and enrolment at the primary, secondary, and tertiary level), and having a decent standard of living (measured by purchasing power parity, PPP, income) (Oziengbe, 2013). Life expectancy is a measure of how long and healthy a person lives.

The health component is determined by life expectancy at birth, whereas the education dimension is determined by the average number of years of schooling for individuals aged 25 and up, as well as the predicted number of years of schooling for children starting school. Gross national income per capita is used to determine the standard of life. The logarithm of income is used in the HDI to show the decreasing relevance of income as GNI rises. The three HDI dimension indices' scores are then combined to form a composite index using geometric mean (Akpokerere & Ighoroje, 2013).

Other indicators and information contained in the statistical annex of the report must be examined in order to get a more complete view of a country's level of human development.

Nigeria's economic progress is fueled by the extraction of oil and non-oil resources from the country's territory, yet poverty and unemployment remain major concerns. According to UNDP (2016) data, the likelihood of not living past the age of 40 is 39%, adult literacy for ages 15 and up is 30.9 percent, 52 percent of the population lacks access to safe drinking water, and the Human Poverty Index is 37.3 points. While there is evidence that economic progress has led to development in other regions of the world, there is mixed evidence in Nigeria. Nigeria's HDI fell from 0.463 to 0.45 between 2001 and 2003. (UNDP, 2005). The GDP growth rate increased from 4.6 percent to 10.2 percent during the same time period (CBN, 2007). It demonstrates that, while the country's economy grew, it did not lead to development. While official numbers suggest that the Nigerian economy is improving on a daily basis, the average quality of life for Nigerians remains low, as measured by the human development index (Akpokerere & Ighoroje, 2013).

Though economic development means different things to different individuals, Sullivan and Steven's (2003) conceptualization is particularly relevant to this study. Economic development, according to their research, is defined as the growth of a country's or region's economic wealth for the benefit of its people. They stressed that it is a process by which a country improves its people's economic, political, and social well-being. They described economic development as attempts to improve a community's economic well-being and quality of life by creating and/or retaining jobs, as well as supporting or rising incomes and the tax base, from a policy standpoint. Todaro's (1997) conception of economic development is critical for our research. Economic development, according to Todaro, is defined as a gain (or growth) in a given measure such as real national income, gross domestic product, or per capita income.

Theoretical Framework

Socio-Political Theory

This research is based on Adolph Wagner's "Socio Political Theory," which he proposed in 1835. Adolph Wagner (1835-1917), a German political economist, developed a "law of increasing state activity" that was named after him after an experiment on Western Europe at the end of the nineteenth century. Increased industrialisation and economic development, he believes, come before government growth. As a result, government growth is influenced by industrial and economic development. During the process of industrialisation, according to Wagner, the share of public expenditures in total expenditures increases as a nation's real income per capita rises. "As a result of the law's citation of the arrival of modern industrial society, there will be increasing political pressure for social progress and increased allowance for social consideration by industry." Adolph Wagner's Social Political Theory states that when it comes to taxation, social and political goals should be the deciding factors. According to Bhartia (2009), the Social Political Theory encourages that a tax system should be designed to cure the ills of society as a whole, rather than being used to benefit individuals as is commonly assumed. Wagner, a proponent of social political theory, believes that rather than taking an individualistic approach to a problem, an economic problem should be examined in the context of its social and political context and an appropriate solution offered.

Authorities have had to reshape the tax structure to accommodate pressures from economic, social, and political groups to protect and promote their interests, as well as administrative inability to efficiently collect taxes at a reasonable cost. Individuals are essential parts of the larger society, and the society is made up of individuals more than the sum total of its individual members, according to Chigbu, Akujuobi, and Appah (2012), who believe that the tax system should be directed toward the health of the society as a whole. Tax revenue provides governments with a powerful set of policy tools that should be effectively employed to address people's economic and social concerns, such as income inequities, geographical variations, cyclical swings in unemployment, and so on. The socio-political theory of taxation examines how taxes affect the economy as a whole, rather than individual taxpayers. As a result, any decision made at any given time should be based on what the government deems necessary and beneficial to society. This theory is linked to the normal development process and serves as a benchmark against which the empirical evidence from each country can be measured.

Empirical Review

The impact of taxes profits on the development of the Nigerian economy was studied by Uket et al. (2020), for the period 1994 to 2018, the study looked at the influence of three tax income streams – income tax from corporate profits, income tax from petroleum company earnings, and Value Added Tax – on economic development as measured by Gross Domestic Product (at current basic prices) growth. With the support of SPSS 20.0, the study used the Ordinary Least Square statistical method. The study found a positive association, with 99.2 percent of the variation in economic development attributed to the tax revenue streams analyzed. Moreover, while the study

found a significant impact of taxes on profits and Value Added Tax on GDP growth, there is little or no impact of taxes on profits of petroleum companies on GDP growth in Nigeria due to the Organization of Petroleum Exporting Countries' production ceiling on Nigeria's production/sales and global crude oil price shocks over the decade. The study also found tax payer apathy and the occurrence of tax leakages due to tax authorities' corruption and administrative inefficiency.

Obaretin and Uwaifo (2020), looked at the impact of the Value Added Tax on Nigerian economic development from 1994 to 2018. A longitudinal research design was used in this study. The data for the study was obtained from the Federal Inland Revenue Service and the United Nations Data Bank, and it was analyzed using the Auto-Regressive Distribution (ARDL) regression estimate technique. The findings reveal that VAT has a favorable and considerable impact on Nigeria's economic progress. According to the report, the government should ensure that VAT income is spent on projects that benefit the country's residents, and tax audits of registered VAT collectors should be conducted on a regular basis to verify that the tax collected is returned to the right authorities.

The direct and indirect effects of taxation on Nigerian economic growth were investigated by Oyeyemi et al. (2017). This study focused on two key goals: the trajectory of direct and indirect taxes, as well as the impact of the Nigerian tax system on economic growth. The descriptive research design was used in this study. Data from the CBN statistical bulletin and yearly reports from 1994 to 2013 was used as a secondary source of information. The ordinary least square regression technique was also used in the study. The first target was achieved using graphical analysis in E-views 7.1, while the second objective was reached using standard least square regression analysis. The findings show both direct and indirect taxes have a positive impact on Nigeria's economy. As a result, it is advised that the government take advantage of taxation and promote the Nigerian tax system.

Mukolu and Ogodor (2021), looked at the impact of Value Added Tax (VAT) on Nigerian economic growth from 1994 to 2018. The information was taken from the Central Bank of Nigeria's (CBN) statistical bulletin. The data was analyzed using a unit root test and the Augmented Dickey Fuller technique of analysis. The empirical conclusion reveals that the value of VAT has a considerable positive impact on Nigeria's economic growth (GDP). The studies also demonstrated that value added tax had a favorable and considerable impact on Nigeria's total revenue, and hence on the country's economic growth and development. Over the same time period, total revenue growth had a considerable impact on economic growth as measured by Gross Domestic Product. As a result, it can be argued that value added tax (VAT), as a subset of Nigeria's overall tax structure, has had a substantial impact on the country's economic growth since its beginning in 1994. It has made a significant contribution to the nation's total revenue by eliminating tax evasion by numerous people.

The relationship between overall tax collection and economic growth in Nigeria was investigated by Ironkwe and Agu (2019), the Central Bank of Nigeria statistics bulletin, the Federal Inland Income Service, and the National Bureau of Statistics provided time series data on various

categories of total tax revenue and economic development from 1986 to 2016. With the help of state version 13, multiple regression analysis was done to analyze the data. The findings show that in Nigeria, there is a significant positive link between total tax revenue and unemployment. The study shows that overall tax income has a positive relationship with unemployment and suggests that the government distribute its social welfare programs in such a way that tax payers benefit directly. This gives people the impression that the government is successfully using the share of their hard-earned money that they have paid for reasons. Appropriate training and the availability of appropriate working materials and facilities are required for the tax official to improve.

Personal income tax contributions to infrastructural development in Lagos state were investigated by Olugbade and Adegbie (2020), to establish the impact of personal income tax on the state's infrastructural provisions. Ex-post facto research was used in this study. From 1997 to 2018, the study looked at Lagos State's personal income tax and infrastructural development. Lagos State Internal Revenue Services (LIRS), Lagos State Ministry of Budget & Planning, and Lagos State Ministry of Finance provided secondary data. Descriptive and inferential statistics were used to analyze the data. The study discovered that personal income tax has a considerable impact on the state's infrastructure development. Given the infrastructure in place; EDH, EDR. On EDH, the adjusted R2 was 0.150, the F-stat was 3.678, and the P-value was 0.008 at the 5% significance level [= 0.380; P – value = 0.008]. Adjusted R2 = 0.315, F-stat = 3.915, Prob (F-stat) = 0.028 on EDR, at 5% significance level [= 0.352; P – value = 0.154]. According to the report, the government spent more of its PIT revenue on housing projects than on other types of infrastructure.

Etim et al. (2020), looked studied the long-term link between petroleum profits, corporate income taxes, and Nigerian economic growth from 1980 to 2018. This is based on an understanding of the importance of taxation in an economy's fiscal policy framework. — Approach/Design/Methodology: Secondary data for a period of 39 years. The ADF unit root-test, Engle Granger Procedure Cointegration test, Parsimonious Error Correction Mechanism (ECM), Durbin-Watson statistic, and over parameterized model were used as analytical tools. Findings: In reference to independent factors integrating with the dependent variable at first order, the findings of the study demonstrate a positively significant connection of examined variables with (0.9844) and (0.9471) co-efficients for petroleum profit tax and firms income tax, respectively. This denotes a long-term relationship. Also, for t-values of CIT and PPT on economic growth, the parsimonious results reveal positive co-efficients of (3.6344), (2.7644), and (2.7629). Originality/Value: In light of the findings, the government's delicate treatment of tax-related issues is recommended in order to foster extra investments, entrepreneurial activity, and innovation. By enhancing our knowledge and comprehension of the relationship that exists between taxes revenue and economic growth, the study adds to the field of taxation and fiscal policy research.

Methodology

Research Design

Ex-post facto designs were used in the study. As a result, the study's population and sample size comprise the whole 36 states of Nigeria, as well as the federal capital area. The federal government of Nigeria's non-oil taxation and economic development index in Nigeria spans twenty years

(2000-2019). Specifically, non-oil tax revenue collected by the federal government (corporate income tax, value added tax, and personal income tax) throughout a twenty-year period, as well as economic development (real gross domestic product, and human development index). From 2000 to 2019, annual time series data was gathered from the Statistical Bulletin of the Central Bank of Nigeria (CBN), the National Abstract of Statistics (NAS), www.countryeconomy.com, the National Bureau for Statistics, and www.knoema.com. Descriptive statistics were used to examine the study topics that had been created. With the help of E-view, the hypotheses were tested using least square panel data regression analysis (10).

3.7 Model Specifications

Thus, on the basis of the theoretical framework, the study adopted the regression formula adopted in the work of Ujah, et al. (2018) and Onyinyechi (2011), etc with some modifications. The model is specified as:

$$\mathbf{Y = f (ao + bX_1 + cX_2 \ldots\ldots\ldots n) + Et}$$

Where:

y	=	Dependent variable
f	=	Function
x	=	Independent (explanatory) variables
a	=	Intercept
b	=	Slopes

The First Model: The first hypothesis test model; shows the relationship between human development index and companies income tax (CIT) and value added tax (VAT).

$$HDI = ao + b(\text{CIT})_1 + c(\text{VAT})_2 + Et \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots (1)$$

Where:

HDI	= Human Development Index
CIT	= Company Income Tax
VAT	= Value Added Tax
a_0	= Constant term (y intercept)
b,c,d	= Coefficient of the independent variable
Et	= Error term (causes of dependent variable not explained by independent variables in the model)

Hence:

In order to reduce the base of the independent variable to match the dependent variable, a logarithm transformation of the values shall be made. Hence the final econometric equations as shown below:

$$NLHDI = ao + b(NLVIT)_1 + c(NLVAT)_2 + d(NLPIT)_3 + Et \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots (2)$$

Where;

NLHDI	= Natural logarithm of Human Development Index
NLCIT	= Natural logarithm of Company Income Tax
NLVAT	= Natural logarithm of Value Added Tax

Data Analysis

Descriptive Statistics

The descriptive statistics of the data used were first critically examined in order to achieve the specific objectives stated earlier in this paper. The sample statistics such as mean, median, minimum, maximum value, skewness, kurtosis, and Jarque-Beta statistics were included in the data series description statistics.

Table 1 Descriptive Statistics

	Mean	Median	Maximum	Minimum	Std. Dev.
CIT	7890.322	4031.106	11700.00	223.03254	2641.706
VAT	6789.503	2174.442	668.6700	1.150000	218.9673
HDI	0.336943	0.420000	0.539000	0.001000	0.219996

Source: Researcher's Statistical Computation from E-view (v.12).

The descriptive statistics of the data obtained for the independent variable's dimensions of the study are shown in Table 1. The mean value of corporate income tax (CIT) and value added tax (VAT) is 7890.322 and 6789.503, respectively, with a median value of 4031.106 and 2174.442 respectively. The standard deviation values of 2641.706 and 218.9673, on the other hand, indicate that the data deviates from the mean values of the three study dimensions, implying that the data has a large dispersion from the means because the standard deviation is closest to the mean.

The table also shows that the human development index (HDI) real has a mean value of 0.336943, a median value of 0.420000, and maximum and minimum values of 0.539000 and 0.001000, respectively, for the study's dependent variable. The standard deviation values of 0.219996, on the other hand, indicate that the data deviates from the mean values of the two study measures, implying that the data is dispersed from the means because the standard deviation is closed to the mean.

Multivariate Analysis and Results Interpretations

The Model: The hypothesis test model; the relationship between human development index and companies income tax and value added tax:

$HDI = ao + b(\text{CIT})_1 + c(\text{VAT})_2 + Et$……..*(xii)*

Table 2

Dependent Variable: NLHDI
Method: Least Squares
Date: 01/08/22 Time: 0:42
Sample: 1985 2019
Included observations: 35

Variable	Coefficient	Std. Error	t-Statistic	Prob.
NLCIT	-2.54E-05	1.72E-05	-1.421785	0.1240
NLVAT	1.030274	0.000323	3.436826	0.1728

C	0.311051	0.032586	4.450432	0.1010

R-squared	0.830431	Mean dependent var	0.033461
Adjusted R-squared	0.803582	S.D. dependent var	0.313111
S.E. of regression	0.211196	Akaike info criterion	-0.791223
Sum squared resid	0.634530	Schwarz criterion	-0.418772
Log likelihood	13.04521	Hannan-Quinn criter.	-0.430563
F-statistic	8.602812	Durbin-Watson stat	2.104233
Prob(F-statistic)	0.000006		

Source: Researcher's Statistical Computation from E-view (v.12), 2021

NLCIT has a Prob value of 0.1240, indicating that the relationship between NLCIT and NLHDI is not statistically significant at the 5% level. Furthermore, at the 5% significant level, the Prob values of NLVAT and NLHDI 0.1728 are not statistically significant.

The coefficient of determination (R2), which measures the goodness of fit, was found to be 0.830431, indicating that the dimensions of the independent variables can explain 83 percent of the variation in the dependent variable (NLHDI). The results show that the model is appropriate for the research. The results of F-statistics and probability of F-statistics of 8.602812 and 0.00006 respectively support the model goodness of fit and appropriateness. The absence of serial autocorrelation is further indicated by the Durbin-Watson statistics of 2.104233.

Summary of Null Hypotheses Result Findings of the First Model Tested at 0.05 Level of Significance

Ho_1: There is no significant relationship between companies income tax (CIT) and human development index (HDI) in Nigeria.

Ho_2: There is no significant between value added tax (VAT) and human development index (HDI) in Nigeria.

Summary Results Findings

Table 3; Summary Computation of Hypotheses Results

Hypotheses	Coefficient	Std. Error	T-Stat	P-Value 0.05	Statistical Decision	Remark
$H0_4$	-2.54E-05	1.72E-05	-1.421785	0.1240	Insignificant	Accept $H0_6$
$H0_5$	1.030274	0.000323	3.436826	0.1728	Insignificant	Accept $H0_3$

Source: Researcher's Computation, 2021

Conclusion

The research focused on non-oil taxation and economic development. Its goal was to look into the scope of the relationship between company income tax, value added tax, as dimensions and human development index, which served as the dependent variable's measure. The research

was guided by two objectives and two hypotheses.

Recommendations

Following the study's findings, the following policy recommendations are made:

1. The issue of corporate income tax evasion, fraud, and financial malpractices must be addressed by the imposition of some punitive measures. The Federal Inland Revenue Service (FIRS) should undergo a substantial shake-up, which should include the removal of any corrupt personnel from their positions.
2. Tax audits of registered VAT collectors should be conducted on a regular basis to guarantee that tax collected is submitted to the relevant authorities.

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