



Federal Inland Revenue Services, Tax Systems and National Economic Development in Nigeria

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Authors' contributions

This work was carried out in collaboration among all authors. All authors read and approved the final manuscript.

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ABSTRACT

The study examined the contributions of FIRS as one of the regulatory bodies to national economic development in Nigeria. The issue of harsh policies which becomes a noticeable threat to manufacturers (main tax payers) for relocating to neighbouring countries coupled with unfriendly tax policies approved by federal government and its attendants' effects on the economy becomes the focus of the study. It employs regression analysis to evaluate the relationship between FIRS' tax policies to national development for the period of 12yrs (2011 - 2021). Real Gross Domestic Product (RGDP) was used as substitute for national development while Petroleum Profit Tax (PPT), Company Income Tax (CIT) and Custom and Excise Duties (CED) were employed as proxy for contributions of FIRS to tax policies. The findings of this study revealed that all explanatory

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variables have significant relationships with dependent variable respectively; PPT- 0.0383, CIT - 0.000 and CED - 0.000. The study concluded that there is significant relationship between FIRS' tax policies to national development in Nigeria. Therefore, recommended that, since policies are meant for the well-being of citizens and progress of the economy, views and objects of tax payers must be well- integrated in the formulation of those policies and the need for constant feedback and review to suit the economy. Also, there is need for a more pragmatic FIRS institution approach to the control and management of evasion, tax avoidance and other illicit practices in the tax system, in order to take advantages of positive effect of taxes on the National Economic Development.

Keywords: Tax system; economic development; FIRS.

1. INTRODUCTION

National economic development is a matter of concern to government all over the world particularly in a developing economy (Richards, 2019). Government promulgates different laws in the economy towards improving the standard of living and by raising the level of per capital income for her citizens. For effective coordination of all activities and compliance to the law in the various sector of the economy the government put in place the various regulatory bodies. The contributions of different regulatory bodies to national development of diverse economies cannot be over emphasized in terms of executing government regulations and assisting government to achieve her fiscal objectives. Regulatory bodies are government agencies or parastatals that are instituted for performing regulatory tasks for particular sector of human activity and promoting a safe environment [1]. They are to offer a safe environment and ensure that citizens respect the laws enacted by the government or public organizations. There are many regulatory bodies but the focus of this paper is on the Federal Inland Revenue Service (FIRS).

“The Federal Inland Revenue Service as one of the regulatory bodies that is established to account for assessing, collecting and accounting for tax and other revenues accruing to the Federal Government. The States Boards of Internal Revenue and the Local Government Revenue Committees carry out similar functions at the State and Local Government levels respectively. The main functions of FIRS include assessment, collection, remittance and accounting for the following taxes amongst other functions: - Petroleum Profit Tax (PPT) - Companies Income Tax (CIT) - Withholding Tax on companies, residents of the Federal Capital Territory and non-resident individuals (WHT) - Value Added Tax (VAT) - Education Tax (ET) - Capital Gains Tax (CGT) - Pay As You Earn (PAYE) for residence of Federal Capital Territory,

Armed Forces, Police and other Paramilitary Organizations” [2].

Sequel to these different types of tax policies implemented by FIRS, national economic development has witnessed a lot of phases. Tax policies are employed by governments to regulate the economy by encouraging or discouraging certain economic decisions. For instance, decrease in taxable personal income by the amount paid as interest on home mortgage loans results in greater construction activity, and generates more employments. The Nigerian tax regulations have witnessed noteworthy changes over the years. There have been diverse tax incentives instituted, occasioned by tax reforms which have implications for the economy [3,4]. Through these policies and interventions, national economic development has been influenced. These can be noticed through the reactions of the contributions of these types of taxes to national economic development. National economic development is the national *programs, policies or activities formed to improve the economic well-being and quality of life for a community*. A national economy is the *production, distribution and trade, consumption of goods and services by different agents of a nation*. According to Nwakanma and Nnamdi [5] taxation is used as a medium of transferring resources from the private to the public sector in order to achieve some of the nation's economic and social objectives.

However, according to Manufacturers Association of Nigeria, Nigeria's position in the West African market has been eroding due to the closure of its borders since 2019. Similarly, the implementation of stringent policies is also a growing concern. These policies are emerging as a notable threat to the operational landscape of manufacturing companies (MAN, 2020). The implication of this is that a good number of manufacturing companies had relocated; which automatically could reduce and affect major

payers of excise and custom duties negatively. Some of these tax policies approved by federal government were not tax payers friendly and could significantly impair the economy. There is the need to smack a proper balance between the object of revenue generation, citizens' welfare and promotion of the economy. Therefore, the objective of this research is to evaluate the effect of some of these policies on different taxes such as CIT, PPT and EXISE against national economic development and the way forward. A study of this kind is needed to exhibit the contributions of FIRS to National economic development since the institution is the primary agency of the federal government charged with the responsibility for administration, assessment, collection accounting and enforcement of taxes in Nigeria. The study seeks to answer the following research questions: What is the effect of the policies of FIRS on petroleum profit tax on national economic development? To what extent does FIRS policies on company income tax influence national economic development? And how does FIRS policies on custom and excise duties impact national economic development?

2. LITERATURE REVIEWS

2.1 Economic Growth

According to Edewusi and Ajayi [6], growth means an increase in economic activities. Adofu and Alhassan (2018) consider "economic growth as the total assets possessed by an economy through creation of goods and services for the estimation of development in the country. Economic growth is many a time used interchangeably with economic development; economic development is the process of transformation from low-income economies to modern industrial economies". "It can also be seen, as the increase over time of an economy's capacity to produce those goods and services needed to improve the wellbeing of the citizen in increasing numbers and diversity. It is the steady process by which the productive capacity of the economy is increased over time to bring about rising level of national income" [7]. "The short run deviation of economic growth is known as the business cycle" [8]. "A country's economic growth is a long-term increase in capital to supply increasing various economic goods to her population" [1]. Economic growth means the increase of a nation's potential GDP or output.

2.2 The tax system in Nigeria

The tax system in Nigeria is made up of the tax policy, the tax laws and the tax administration. All

of these are expected to work together in order to achieve the economic goal of the nation. According to the Presidential Committee on National Tax Policy (2008), "the central objective of the Nigerian tax system is to contribute to the wellbeing of all Nigerians directly through improved policy formulation and indirectly through appropriate utilization of tax revenue generated for the benefit of the people" [9]. "Other expectations from Nigerian tax system include: encourage economic growth and development; generate stable revenue or resources needed by government to accomplish laudable projects and or investment for the benefit of the people; provide economic stabilization; to pursue fairness and distributive equity; and correction of market failure and imperfection" [10].

2.3 The Nigerian Federal Inland Revenue Service

"The Nigerian Federal Inland Revenue Service was established in 1943, when it was engraved out of the previous Inland Revenue Department that roofed what was then the Anglo-phone West Africa (including Ghana, Gambia and Sierra Leone) during the colonial era. In 1958, the Board of Inland Revenue was created under the Income Tax Ordinance of 1958. After diverse transformations in 1961 and 1993, Federal Inland Revenue Service (FIRS) as the operational arm of FBIR, secured its self-government through the surfacing of FIRS (Establishment) Act 13 of 2007. The commencing date of this Act was April 16, 2007. The Act is a compendium of institution, powers, management, financial provisions, tax administration and other provisions guiding the administration of FIRS" [11,2].

2.3.1 FIRS policies on company income tax and national economic development

"The Companies Income Tax Act (CITA) considers a company as every company or corporation (other than one man business) instituted by or under every law in force in Nigeria or elsewhere" [11]. Dibia and Onwuchekwa (2019) argued that "government often employ CIT incentives such as tax exemptions to attract and retain local and foreign investors to involve in productive operations thereby rising economic growth, and also influence a favourable balance of payment with other economies. Since companies' income tax is progressive (the higher the earnings, the higher the CIT), it encourages economic growth.

Over the years the FIRS kept on upgrading her policies to cope with economic challenges and changes in the business environments. Some of these policies were reviewed under Section 14 of the Finance Act 2019 amended section 33 of CITA to introduce new basis for computing minimum tax moved away from using equity, net assets and revenue-based method to a complete revenue-based approach. The minimum tax is to be computed at a flat rate of 5% of gross turnover less franked investment income. Also, the amendment removed the exemptions granted to companies with imported equity of 25% and above and introduced a minimum tax exemption for small companies with a gross turnover of less than N25, 000,000”.

“Furthermore, Section 13 of finance act 2020 introduced a further amendment to section 33 of CIT by providing a 50% reduction in minimum tax rate from 0.5% of gross turnover less franked investment income to 0,25%. The amendment was effective by the years of assessment (YOA) from 1 January 2020 to 31 December 2021. By implication foreign equity is no more a basis for exemption from the payment of minimum tax. In addition, dormant companies were not exonerated from the payment of minimum tax except in the event of cessation. Also, section 55 of CIT on the legislation of Non-Residential Company (NRC), prior to 1993, the FIRS relied on the provisions of section 30 to apply a turnover basis of assessment (Deemed Profit), ranging from 5% to 10% based on negotiable power of the company, but this has been subjected to different changes over time, in 1996 the government increased the deemed profit to 20% and reduced the income tax rate to 30%. However, in July 2014, the FIRS directed all NRC to start preparing and filling their income tax based on actual profit tax basis. Accordingly, Finance Acts 2019 &2020 affirmed that the incidental incomes of Non – Resident Shipping and Airline companies are liable to tax in Nigeria, not being income from international traffic exempted under article 8 of DTA. Similarly, section, 14 of FA on Gas Utilization Relief on ‘Interest on loan; and ‘Double Tax Reliefs’ restricted to only companies that engaged in trade and business of gas utilization. The tax – free period shall start on the day the trade or business commences operation as certified by the ministry of petroleum resources. There are some of these policies that negate the objectives of ease of business, thus the need for constant review. The review, administration and enforcement of these policies gives credibility to

the efforts of FIRS in increasing revenue generated towards the advancement of national economic development. Currently, the tax rate employed for small firms is 20% on the taxable profit while 30% for a normal trade or business”. FA, 2019; [2].

2.3.2 FIRS policies on petroleum profit tax and national economic development

“Petroleum Profit Tax is the tax levied by government on the profit derived by firms operating in oil industry in the country and this is the most essential tax in Nigeria in terms of its allocation of total income, contributing 75% to 95% of foreign exchange earnings and government takings”. [12]. The administration, care and management of PPT are under FIRS which is to provide legislation to regulate and control the procedure of taxation of petroleum companies. According to Presidential Committee on National Tax Policy, (2008) the core objective of the Nigeria tax system is to contribute to the wellbeing of all Nigerians both directly and indirectly through improved policy formulation and appropriate utilization of tax revenue generated. However, Ogbonna [13] asserted that tax administration in Nigeria has only been focusing on revenue generation to the detriment of promoting economic development. The policies are to be reviewed and improved upon from time to time to stimulate growth in the nation and meet with changes in the economy. The finance Acts 2019 section 24 abolished the exemptions of dividends paid to individuals’ shareholders only; there was paucity of amendments on PPTA in 2019 Act and none in 2020. Nevertheless, constant review is demanded to cope with economic challenges.

2.3.3 FIRS policies on custom and excise duties and national economic development

“Customs duties in Nigeria are the oldest form of modern tax revenue. This can be traced back to 1860 tax system known as import duties, which means taxes on imports into country, charged either as a proportion of the value of imports or as a fixed sum of contingent on quantity” [14,3]. “It is an important component of non – oil revenue before the oil boom and after. It contributes maximally to national development and also a key constraint for facilitation of trade and state sovereignty” [15] “Customs duty is a major source of revenue for the Federal Government which is payable by importers of

specified goods. The duties were imposed on numerous goods to widen the revenue base in Nigeria in 1962 [16]. The excise duties are imperative elements of the non-oil revenue and have remained an essential basis of income prior to and subsequent to discovering of oil in Nigeria and over the years contributed considerably to national development” (Adegbe & Fakile, 2011). The Finance Act, 2019 Section 48 introduced Excise duties on imported goods that are manufactured in Nigeria, excluding raw materials. Also, FA (2020) imposes excise duties on ‘Telecommunication services provided in Nigeria’ which are already liable to VAT at the rate of 7.5%, the implication may resolve to double tax for the services. Similarly, Duty reduction on Tractors: 35% -5%; Cars: 30% -5%; Vehicles for transport of Goods from 35% -10% and Duty free for Commercial Airlines registered in Nigeria for importation of their Spare Parts. The review of the various duty seems to be tax friendly to tax payers. However, the enactment and implementation of these policies should be tended towards promoting economic development and the wellbeing of the citizens.

2.4 Theoretical Issues

There are many theories related to tax systems, government spending, and their impact on national economic development. Three of these prominent theories which includes the Laffer Curve theory, supply-side economics theory and tax rate and government spending theory were reviewed.

2.4.1 Laffer curve theory

The Laffer Curve is a theoretical concept that suggests there is an optimal tax rate that maximizes government revenue. The curve illustrates the relationship between tax rates and tax revenue. At very low tax rates (0% tax), the government collects no revenue, and at very high tax rates (100% tax), there is also no revenue because there is no incentive to work or invest. The Laffer Curve implies that there is a point between these extremes where tax revenue is maximized. However, the precise shape and location of this curve are subjects of debate, as it depends on various economic and behavioural factors.

2.4.2 Supply-side economics

This theory emphasizes the importance of policies that encourage increased supply of

goods and services by promoting savings, investment, and production. It often advocates for lower tax rates, particularly on businesses and high-income individuals, with the belief that these measures will lead to economic growth and increased tax revenue through higher economic activity.

2.4.3 Tax rate and Government spending theory

In this study, the effect of taxation policy on economic growth and development are anchored on the theory which emanates from two schools of thought namely: the traditional economic school and the modern school. The traditional economic school was developed by Robert Barro, and recapped in the study of Slemmond [17]. The theory argues that low tax rates together with low government spending associate with greater growth, holding remaining determinants of growth invariable. This implies that the greater the marginal tax rate, the higher the probabilities of greater income tax payers deflecting additional period from productive activities to leisure operations. However, the modern school argues that greater marginal tax rates necessitate higher economic development in the long-run since government would obtain a greater income which when invest in the society’s education and infrastructural development will improve the economy. These theories provide different perspectives on the relationship between tax systems, government spending, and economic development. Thus, this study is anchored on tax rate and government spending theory. Prioritizing tax rate and government spending theories is justified by their potential to foster sustainable economic growth, stability, and equitable development.

2.5 Empirical Reviews

Ibadin and Oladipupo [18] investigated the impact of indirect taxes on Nigeria’s economic growth, carrying out pre-estimation tests like descriptive statistics, the Dickey- Fuller stationary test and co-integration method.; it used 33-year time-series data (1981 to 2014). The study’s findings revealed that VAT and Petroleum Profit Tax have a significant positive relationship with gross domestic product. The study was limited to indirect taxes without consideration for direct tax that could have more effects on GDP. Also, the effect of FIRS policies on those taxes were not taken into consideration. Etale and Bingilar [19] examined Nigeria’s petroleum profit tax, personal

income tax and economic growth using the ordinary least square method to analyse data for a period of fourteen (14) years to analyse the relationship between Nigeria's petroleum profit tax, personal income tax and economic growth. The findings of the research work revealed that there was a significant positive relationship between petroleum profit tax and personal income tax on economic growth. The authors limited the study to only two variables of taxes whereas there are other variables that could be used for better assessment. Also, the policies were not considered alongside with the growth. Yahaya and Bakare [15] investigated the effect of petroleum profit tax and company income tax on Nigerian economy growth using Fully Modified Least Square (FMOLS) Regression Technique to estimate the model over a 34 years period (1981-2014). The findings of the study revealed that petroleum profit tax (PPT) and company income tax (CIT) have positive significant effect on gross domestic product (GDP) in Nigeria. The authors exact longer years and tend to use more rigorous statistical instrument than the previous authors but it was only limited to two variables and the effects of the policies on those taxes were not reflected. Solanke et al. [20] investigated the effect of petroleum profit tax on the economic growth in Nigeria employing descriptive analysis and co-integration method to evaluate effect on petroleum profit tax on the economic growth. Secondary data were used obtained through central bank of Nigeria and the national bureau of statistics' publications respectively. The study's findings showed that petroleum profit tax has effect on the economic growth at short-run and long-run. The study was narrowed down to PPT while other taxes that could equally have both short and long run effect on economic growth were not considered.

Onoja and Ibrahim [12] examined the nexus between tax revenue and Nigeria economic growth; using secondary data and regression to analyse the relationship that exists between Gross Domestic Product (GDP) (as proxy for Economic Growth) and Product Tax Revenue (PTR) (as proxy of Petroleum Profit Tax), Value Added Tax (VAT) and Companies Income Tax (CIT). The study 's findings indicated that Petroleum Profit Tax (oil tax revenue) has a positive but no significant relationship with Nigeria Economic Growth, while Value Added Tax and Companies Income Tax (non-oil Tax Revenue) have significant relationship with Nigeria Economic Growth. The study did not really indicate the number of years for

consideration and the policies influencing the tax performance were not taken into consideration. Thus far, various authors have used different variables and methods to examine the tax system in relation to economic development; this study tends to capture both direct and indirect taxes and the impact of FIRS policies on Custom and Excise Duty (CED) Petroleum Profit Tax (PPT) and Company Income Tax (CIT) for a period of 12yrs covering 2011 - 2021 and determine the effects on economic development.

3. METHODS

3.1 Model Specification

This work used pre-estimation and a panel regression analysis to investigate the contributions of FIRS to National economic development. Petroleum Profit Tax (PPT), Company Income Tax (CIT) and Custom and Excise Duties (CED) are used as proxies for taxation policy carry out by FIRS while Gross Domestic Product (RGDP) is employed as an index for National economic development. The dependent variable is GDP while the various taxes PPT, CTT and CED are the independent variables, the study used the panel data econometric technique to test the significance of various explanatory variables (PPT, CTT and CED) on GDP. The study formulated a model for the purpose of the panel data analysis in this study. The model is specified as follows:

$$GDP = f(PPT, CIT, CED) \dots \quad (3.1)$$

$$GDP = \beta_0 + \beta_1 PPT + \beta_2 CIT + \beta_3 CED + \varepsilon_t \quad (3.2)$$

Where,

GDP = Gross Domestic Product
 PPT= Petroleum Profit Tax;
 CIT=Company Income Tax
 CED=Custom and Excise Duties;
 ε_t =Stochastic error term
 β_0 =Constant/Intercept;
 β_1, \dots, β_3 =Regression coefficients

3.2 Measurement of Variables

Table 1 shows the measurement of variable.

3.3 Data Analysis

This segment underlines a clear description of a stream of findings noted in this study. Firstly, it

Table 1. Measurement of Variable

S/N	Variable	Definitions	Capacity of Variables	Measurements/Proxies	A prior Expectation
1	GDP	Gross Domestic Product	Dependent	Disclosure	NA
2	PPT	Petroleum Profit Tax	Independent	Disclosure	+ve
3	CIT	Company Income Tax	Independent	Disclosure	+ve
4	CED	Custom and Excise Duties	Independent	Disclosure	+ve

List 1. Different variables with their characteristics

S/N	Variable	Definitions	Capacity of Variables	Measurements/Proxies	A prior Expectation
1	GDP	Gross Domestic Product	Dependent	Disclosure	NA
2	PPT	Petroleum Profit Tax	Independent	Disclosure	+ve
3	CIT	Company Income Tax	Independent	Disclosure	+ve
4	CED	Custom and Excise Duties	Independent	Disclosure	+ve

Source: Researcher's Compilations (2023)

Table 2. Descriptive statistics

	GDP	PPT	CIT	CED
Mean	97132.20	1810.798	1258.617	974.8917
Median	91594.00	1715.250	1440.600	406.0000
Maximum	152324.1	4301.200	1791.400	1378.800
Minimum	54612.20	228.2000	153.7000	200.7000
Std. Dev.	31673.43	1337.301	531.2996	420.6521
Skewness	0.460140	0.683119	-0.717618	0.037430
Kurtosis	2.028952	2.517809	2.382417	2.585106
Jarque-Bera	0.894925	1.049557	1.220655	2.238591
Probability	0.639248	0.591686	0.543173	0.326510
Sum	1165586.	21729.57	15103.40	6898.700
Sum Sq. Dev.	1.10E+10	19672118	3105072.	1946430.
Observations	12	12	12	12

Source: Author's computation from E-View 9.5

presents a detailed description of the findings with the aid of the descriptive statistics for testing the normality of the selected variables. Secondly, it presents the product of the correlation analysis (matrix) for testing the relationships among the selected variables.

Table 1 displays the descriptive statistics of statutory taxes (Petroleum Profit Tax (PPT), Company Income Tax (CIT) and Customs and excise duties (CED) and Gross Domestic Product (GDP). The mean values of the data exhibited the level of steadiness as they are

within the minimum and maximum values. The means values of Gross Domestic Product (GDP), Petroleum Profit Tax (PPT), Company Income Tax (CIT) and Customs and excise duties (CED) stood at 97132.20, 1810.798, 1258.617 and 974.8917 correspondingly. The median values of Gross Domestic Product (GDP), Petroleum Profit Tax (PPT), Company Income Tax (CIT) and Customs and excise duties (CED) stood at 91594.00, 1715.250, 1440.600 and 606.0000 correspondingly. Furthermore, they had maximum values of 152324.1, 4301.200, 1791.400 and 1378.800 respectively; and the

minimum values of 54612.20, 228.2000, 153.7000 and 200.7000 respectively. The standard deviation measures the spread of the distribution also stood 31673.43, 1337.301, 531.2996 and 420.6521 for Gross Domestic Product (GDP), Petroleum Profit Tax (PPT), Company Income Tax (CIT) and Customs and excise duties (CED) correspondingly. Most of variables employed are positively skewed to the right of the mean as shown by the coefficient of skewness of 0.460140, 0.683119 and 0.037430 for Gross Domestic Product (GDP), Petroleum Profit Tax (PPT), and Customs and excise duties (CED) respectively except for Company Income Tax (CIT) which is skewed to the left of the average with value of -0.717618. The skewness and kurtosis statistics of the variables were normally distributed as are close to 0 and ± 3 respectively. According to their respective Jarque-Bera (JB) statistics values and their corresponding probabilities, all the variables are normally distributed 0.639248, 0.591686, 0.543173 and 0.3265101 respectively. There are 12 observations in all.

3.3.1 Correlation analysis

Correlation analysis is conducted to spot out any autocorrelation between the taxes and national economic development in Nigeria. Correlation coefficients are employed to check the required associations in order to permit for the abnormality of the variable in question. Moreover, correlation coefficients are projected to test for multicollinearity. The correlation matrix is exhibited in the Table 2.

The Table displays the Pearson correlation matrix for the variables as contained in the analysis. The correlation coefficients demonstrated a positive relationship between Gross Domestic Product (GDP), Petroleum Profit Tax (PPT), Company Income Tax (CIT) and Customs and excise duties (CED).

3.4 Multiple Regression Analysis

A simple regression analysis was employed to look into objective 2 and test the research hypotheses 1 to 3. It was engaged to examine the contribution of FIRS as a regulatory Institution to National economic development using selected variables on Gross Domestic Product (GDP), Petroleum Profit Tax (PPT), Company Income Tax (CIT) and Customs and excise duties (CED). This method is robust

because it handles any existence of a multicollinearity problem related to the entire data. Table 3 presents the results of the simple regression technique in order to analyse the effect of financial regulations on National Economic Development in Nigeria.

Table 3 shows that the contribution of FIRS exhibited significant positive effect on National economic development in Nigeria at F-statistics 9.5419 with Prob.(F-statistic) 0.0051. This is in agreement with *a priori* expectation. Thus, Petroleum Profit Taxes (PPT) has significant positive effect on Gross Domestic Product. Similarly, Companies Income Tax (CIT) exhibited positive effect on Gross Domestic Product. In addition, Custom and Excise Duties (CED) have positive effect on Gross Domestic Product. The simple regression result is also fit with 78% at R². This indicates that the coefficient of determination R² of 0.781574 shows that taxes (PPT, CIT and CED) account for 78% of Gross Domestic Product. The remaining 22% is unaccounted for by other factors included in the disturbance term. Furthermore, the presence of unit root in the residual series usually drives Durbin-Watson test towards zero, but the value of this statistic for OLS (2.3) of approximately 2, is within the acceptable limit for zero autocorrelation and it reinforces the acceptance of the null hypothesis of no serial correlation in the residual model.

Petroleum Profit Tax (PPT) has a significant positive relationship with the National Economic Development in Nigeria at the probability level (p-value) of 0.0383 and t-statistic of 2.0855 of the simple regression technique that were lower than 5% significant level. The result basically implies that PPT has significant positive relationship with the National Economic Development in Nigeria. This finding is in conformance with the existing research results of Solanke et al. [20]; Muhammad et al. [21]; Yahaya and Bakare [15]; Etale and Bingilar [19] but not in agreement with the study examined by Onoja and Ibrahim ([12]) Development in Nigeria at the probability level (p-value) of 0.000 and t-statistic of 7.941 of the simple regression technique that were lower than 5% significant level. The result basically implies that CIT has significant positive relationship with the National Economic Development in Nigeria. This finding is in conformance with the existing research results of Onoja and Ibrahim [12]; Yahaya and Bakare [15].

Table 3. Pearson correlation matrix

	GDP	PPT	CIT	CED
GDP	1.000000			
PPT	0.065847	1.000000		
CIT	0.717601	-0.338260	1.000000	
CED	0.275922	0.176435	-0.079019	1.000000

Source: Author's computation from E-View 9.5

Table 4. Simple regression output

Dependent Variable: GDP				
Method: Least Squares				
Date: 02/03/23 Time: 12:10				
Sample: 2010 2021				
Included observations: 12				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
PPT	0.111583	0.053504	2.085500	0.0383
CIT	0.601257	0.075711	7.941463	0.0000
CED	0.998548	0.121126	8.243907	0.0000
C	0.166384	0.074753	2.225781	0.0271
R-squared	0.781574	Mean dependent var		97132.20
Adjusted R-squared	0.699664	S.D. dependent var		31673.43
S.E. of regression	17357.96	Akaike info criterion		22.62269
Sum squared resid	2.41E+09	Schwarz criterion		22.78433
Log likelihood	-131.7361	Hannan-Quinn criter.		22.56285
F-statistic	9.541891	Durbin-Watson stat		2.290858
Prob(F-statistic)	0.005088			

Source: Author's computation from E-View 9.5

Custom and Excise Duties (CED) has a significant positive relationship with the National Economic Development in Nigeria at the probability level (p-value) of 0.000 and t-statistic of 8.2439 of the simple regression technique that were lower than 5% significant level. The result basically implies that CED has significant positive relationship with the National Economic Development in Nigeria. This finding is in conformance with the *a priori* expectation [22,23].

4. CONCLUSIONS AND RECOMMENDATIONS

This study carefully examined the contribution of FIRS as a regulatory Institution to National economic development. On the basis of the research findings, the following conclusions were reached: Petroleum Profit Tax (PPT) has significant positive effect on the National Economic Development in Nigeria. Company Income Tax (CIT) has significant positive effect on the National Economic Development in Nigeria. Custom and Excise Duties (CED)

has significant positive effect liquidity ratio on the National Economic Development in Nigeria.

Based on the findings from this study, the following recommendations are provided: Policy Consistency and feedback: consistency, constant review and adjusting strategies to maximize positive outcomes in tax policies and regulations is essential for attracting investments and fostering a conducive economic environment. The government should strive for stability and predictability in its tax policies. Also, since policies have a significant role to play on the performance of tax payers, the well-being of citizens and progress of the economy, views and objects of tax payers must be well- integrated into the formulation of those policies. Similarly, the explanatory variables used in this study (PPT, CIT and CED) exerted positive and significant impacts on the National Economic Development in Nigeria. This calls for a more pragmatic FIRS institution approach to the control and management evasion and other illicit tax avoidance in order to

take advantages of positive effect of taxes on the National Economic Development in Nigeria.

Optimize Tax Collection and Utilization: Given that Petroleum Profit Tax (PPT) and Company Income Tax (CIT) have been found to have a significant positive effect on National Economic Development, effective collection of these taxes from relevant industries and businesses are imperative and the government should ensure that these tax revenues are efficiently utilized for development projects that contribute to economic growth, such as infrastructure, education, healthcare, and job creation. Furthermore, Strengthen Trade and Revenue Generation: Custom and Excise Duties (CED) have been identified as having a significant positive effect on liquidity ratio and National Economic Development. To leverage this, the government can focus on enhancing trade activities by streamlining customs and excise processes, reducing bottlenecks, and curbing smuggling. This will not only boost revenue generation but also encourage economic growth.

COMPETING INTERESTS

Authors have declared that no competing interests exist.

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