

Tax Revenue and Economic Development in Nigeria

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Abstract

The study used ARDL model to examine tax revenue and economic development in Nigeria from 1999-2020. Thus, the objective is to determine the impact of indirect tax revenue (import duty and export duty) on economic development in Nigeria. This study employed ex-post-facto research design and used semi-annual data collected from Central Bank of Nigeria (CBN) statistical bulletin. The study adopted the econometric analysis of unit root test and the technique of auto regressive distributed lag (ARDL) model. Based on the empirical results, exports tax revenue positively impacted on economic development, while imports tax revenue has negative and insignificant relationship with economic development in Nigeria during the period of study. The implications of the finding is that the Nigerian government can boost economic growth and development by realizing the need to focus on boosting tax revenue from indirect tax sources while expanding the catchment of those liable to pay indirect taxes. Based on the findings of it was recommended that, government should formulate and implement export policy measures towards exporting goods that are growth and development drivers, particularly, refined goods in the area the nation has comparative advantage in order to make the domestic production viable and compete with the industrialized economy of the world. Also, government should identify administrative loopholes that drain the revenue from custom duties so that import tax revenue will contribute significantly to economic development.

Key Words: *Development, Economic, Exports, Imports, Indirect, Tax revenue.*

I. Introduction

Fiscal policy instrument in the forms of tax revenue is one of the catalysts that speed up the rate of economic development in both the developed and developing economies of the world. In other words, taxes are essential instruments of fiscal policy which serve as a source of revenue generation to finance the activities of government and stimulate economic development of a nation. By means of definition, taxes are mandatory levy backed by law imposed by government on an individual business or his property for developmental purposes. on the other hand, “economic development, involves changes in the composition of output and in the allocation of inputs by sectors and as well improve the material welfare especially for persons with the lowest incomes, the eradication of mass poverty and illiteracy, changes in the composition of inputs and output” (Jhingan, 2013). Thus, development

indicators such as; human development index; physical quality of life and human poverty index are affected in the course of government managing the economy (Abomaye-Nimenibo, Michael & Friday, 2018; UNDP, 2018).

In the words of Yusuf and Udeorah (2021), taxes constitute key sources of revenue to the federation account shared by the federal, state and local governments. Thus, they outlined three possible mechanisms by which taxes can affect economic development. First, “taxes such as corporate and capital gain taxes can inhibit investment rate. Also, taxes can slow down growth in labour supply; and finally, high taxes on labour supply can distort the efficient use of human capital”.

Meanwhile, the Nigerian tax system went through awful periods in the seventies and eighties as revenue from petroleum took central and dominant role within the economy. At such, it was expected that through the introduction of effective indirect tax system such as VAT, the performance of the economy in terms of revenue generation will come back to life (Afolayan & Okoli, 2015).

While revenue from indirect taxes such as VAT, custom duty, and import tax in Nigeria is encouraging, it remains difficult to systematically assess the impact of this tax revenue on the economy in terms of improved human development index (HDI). Some school of thought are of the view that some form of indirect taxes such as VAT leads to business inflation and as well favours capital intensive firms that can meet the global challenges (Obayori & Omekwe, 2020; Olaoye, 2013). Also, recent research works on the impact of taxation on the Nigerian economy showed that revenue from taxes have not be well utilized to propel development in term of improve human development index, poverty reduction and unemployment of their citizens due to corruption or large scale mismanagement of resources (Ewubare & Obayori, 2019).

However, this study examined the impact of indirect tax revenue on economic development in Nigeria by raising the following questions; is there any relationship between the two economic variables? How has indirect tax revenue contributed to economic development in Nigeria? Thus, the objective is to determine the impact of indirect tax revenue (import duty and export duty) on economic development in Nigeria.

2. Indirect Tax and Economic Development

In the economic theory of taxes, the benefit theory is associated with Knut and Lindahl (1967). The theory states that taxes should be proportional to the benefits individuals derive from public goods. Thus, the theory is based on the assumption that there is basically an exchange 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 (Bhartia, 2009). On the other hand, taxes should be allocated on the basis of benefits received.

Existing empirical studies revealed that several research explorations had examined the effects of indirect tax on economic development and other macroeconomic variables over different data periods. Such works include; George-Anokwuru, Olisa and Obayori (2020) empirically investigated indirect tax and employment generation in Nigeria from 1999–2019 by using the technique of Dynamic Ordinary Least Square. The empirical result showed that indirect tax measures by value added tax (VAT) has a direct link with employment rate. Also,

custom and excise duties have a significant impact on employment generation in Nigeria. Nmesirionye, Jones and Onuche (2019) looked at indirect taxes and the performance of the Nigerian economy as of 1994 to 2017 with the use of Ordinary Least Square. The findings revealed that VAT has direct impact on GDP of Nigeria while custom and excise duties have significant positive impact on GDP in Nigeria. Also, Ikeokwu and Leyira (2019) examined the influence of indirect taxes on economic growth in Nigeria. Secondary data were extracted from the CBN statistical Bulletin database and FIRS. Ordinary Least Square (OLS) Multiple Regression was adopted to test the data gathered. The study revealed that indirect taxes have a significant influence on economic growth in Nigeria. In a related study, Also, Okoro and Onatuyeh (2018) investigated the nexus between value-added tax and economic growth in Nigeria. The data were sourced from the Central Bank of Nigeria statistical bulletin (growth rate in gross domestic product, investment to GDP ratio, labour force participation, and openness), Nigeria Population Commission (population growth rate), and Federal Inland Revenue Service (value-added tax). The data were tested for stationarity using the Augmented Dickey-Fuller approach, subjected to diagnosis tests, and analysed using the Ordinary Least Square regression technique. The result of the analysis shows that value-added tax is negatively related to economic growth. To test the robustness of the result, we substituted the dependent variable with total tax revenue and total federally collected revenue. Both results were negative and statistically significant. The negative relationship shows that there are leakages arising from the poor administration of value-added tax in Nigeria.

Nwoha, Onwuka, Ejem and Ogbuewu (2018) used error correction model to analyze the causality between Value Added Tax (VAT) and the Nigerian Economy during the period 1994-2015. The data such as VAT and GDP were obtained from CBN statistical bulletin. The results of the findings revealed that VAT exerts positive and significant influence on GDP while there was evidence of unidirectional causality running from VAT to GDP. Also, Okeke, Mbonu and Ndubuisi (2018) used OLS multiple regression analysis to examine tax revenue and economic development in Nigeria between 1994 and 2016. The findings showed that tax revenue has significant impact on life expectancy, labour force and gross fixed capital formation. Gatawa, Aliero and Aishatu (2016) empirically examined the impact of VAT on economic growth in Nigeria. The study uses secondary data which was analyzed using Johansen co-integration test. The study found evidence of a significant positive impact of VAT on economic growth. In the same vein, other government revenues, which include all oil receipts and other receipts into the federation account other than VAT was also found to be positively related to economic growth during the study period.

Akhor and Ekundayo (2016) used ECM to consider indirect tax revenue and Nigeria GDP for the period 1993-2013. They averred that VAT had a direct impact on GDP while excise duty had an inverse impact on GDP. Ibadin and Oladipupo (2015) examined the impact of indirect taxes on the economic growth of Nigeria. The study employed a time series data spanning a thirty-four-year period, from 1981 to 2014. The unit root test and the Error Correction Model were utilized in the study. The study revealed a positive and significant impact of VAT, PPT on the RGDP. In the same vein,

3. Methodology

This study employed ex-post-facto research design in conducting the research and analyzing the data collected. The semi-annual data used for the study was collected from Central Bank of Nigeria (CBN) statistical bulletin and World development report. The study adopted the econometric analysis of unit root test and the technique of auto regressive distributed lag (ARDL) model to determine the impact of indirect tax revenue on economic development in Nigeria. Human Development Index was proxied for economic development, while, imports and exports tax revenues were proxied for indirect tax revenue.

In terms of model specification, the study was anchored on the benefit theory of tax which states that, taxes should be proportional to the benefits individuals derive from public goods.. The revenue receives should be well utilize to provide sustainable public goods that will enhance economic development. The current study measured economic development with HDI and indirect tax revenue with imports and exports tax revenues.

$$\text{HDI} = f(\text{IDT}, \text{ETR}) \quad (1)$$

The linear form of the model is stated thus;

$$\text{HDI} = \theta_0 + \theta_1 \text{IDT} + \theta_2 \text{EXT} + u \quad (2)$$

The study tried the log-linear specification in order to put all the variables on the same scale and reduce the problem of multicollinearity. Thus, the equation was represented as;

$$\text{LnHDI} = \theta_0 + \theta_1 \text{LnIDT} + \theta_2 \text{LnETR} + u \quad (3)$$

The estimated model was represented in ARDL long-run information as follow:

$$\begin{aligned} \Delta \ln \text{HDI}_t = & \theta_0 + \beta_1 \ln \text{HDI}_{t-1} + \beta_2 \ln \text{IDT}_{t-1} + \beta_3 \ln \text{EXT}_{t-1} + \sum_{i=1}^p \omega_1 \Delta \ln \text{HDI}_{t-1} \\ & + \sum_{i=1}^n \omega_2 \Delta \ln \text{IDT}_{t-1} + \sum_{i=1}^n \omega_3 \Delta \ln \text{ETR}_{t-1} + e_{1t} \quad (4) \end{aligned}$$

Where; HDI = Human Development Index (Economic Development), IDT = Import Duty Tax Revenue, ETR = Export Tax Revenue, θ_0 = Autonomous component HDI, $\omega_1 - \omega_3$ = short dynamic coefficients of the regressors.

The estimated model was represented in an error correction form that allows for inclusion of short-run information as follow:

$$\Delta \ln \text{HDI}_t = V_1 + \sum_{i=1}^g z_1 \Delta \ln \text{HDI}_{t-i} + \sum_{i=1}^g z_2 \Delta \ln \text{IDT}_{t-i} + \sum_{i=1}^g z_3 \Delta \ln \text{ETR}_{t-1} + \Phi \text{ECM}_{t-1} + U_{3t} \quad (5)$$

Where; V_1 = Constant term $z_1 - z_3$ = short run effects of changes, g = optimal lag lengths, ECM = error correction term lagged for one period, Φ = error correction coefficient which measures the speed of adjustment, U_1 = Random disturbance term

A priori Expectation

On the apriori, it is expected that; $z_1 > 0$, $z_2 < 0$ and $z_3 > 0$

4. Results and Discussion

4.1 Descriptive Statistics of the Variables

The descriptive statistics helps to determine the characteristics and nature of the variables under consideration by considering the measure of central tendency and dispersion as well as the measure of symmetry.

Table 1: Analysis of the Descriptive Statistics for the Variables

Measurement	HDI	IDT	ETR
Mean	0.486802	302422.1	9462.069
Median	0.481000	303350.0	9348.750
Maximum	0.540000	438300.0	19280.00
Minimum	0.360000	10150.00	1189.000
Std. Dev.	0.036251	125355.8	5206.900
Skewness	-0.708585	-0.513470	-0.130559
Kurtosis	4.583447	2.107522	1.843273
Jarque-Bera	8.090589	3.316597	2.519443
Probability	0.017505	0.190463	0.283733
Observations	43	43	43

Source: Computed by the researcher's from E-Views 10.

Note: *HDI=Human development index, IDT= Import tax revenue & ETR=Export tax revenue*

The analysis of descriptive statistics of the series in Table 1 indicated that; the approximate mean of human development index (HDI) is 0.4868%; while the corresponding standard deviation is 0.0363%. The approximate mean of import tax revenue (IDT) is approximately ₦302422billion while the corresponding standard deviation is ₦125356billion. In like manner, the approximate mean of export tax revenue (ETR) is approximately ₦9462.069billion while the corresponding standard deviation is ₦5307billion. Based on the analysis above, the standard deviation of HDI, IDT and ETR were not higher than their respective mean. Thus, they converged around their respective mean. The Skewness test result showed negative values for the variables. Meaning that, HDI, IDT and ETR were negatively skewed. Moreover, based on the analysis of the kurtosis; ETR is platykurtic relative to normal, since the approximate value for kurtosis which is 2.519443 is less than 3. This suggested that the variable has short and thin tail, and its central peak is lower and broader. Meanwhile, HDI and IDT all have leptokurtic distributions relative to normal, since the approximate values for kurtosis are more than 3. This indicated a flatter than normal distribution and the variables have large tails. That is, their central peaks are higher and sharper.

However, the probability of Jarque-Bera statistics suggested that the null hypothesis of normal distribution for HDI was accepted at 5% level while the null hypotheses of IDT and ETR were rejected at 5% level. Therefore, it was concluded from the statistical properties of the time series that the variables were largely not normally distributed, which may have resulted from the problem of unit root. This necessitated stability via ADF unit root test.

4.2 Multicollinearity Test

The essence of multicollinearity test is to ascertain the existence of high correlation between two or more explanatory or predictive variables. That is, it mainly helps to determine whether or not the explanatory variables can be regressed together. According to Gujarati and Sangeetha (2008) describes as very harmful to an estimated model. The correlation matrix result is presented in Table 2

Table 2: Multicolliniarity Test for the Series

	HDI	IDT	ETR
HDI	1	0.5742022	0.509486
IDT	0.5742022	1	0.8921971
ETR	0.5094869	0.892197	1

Source: Computed by the researcher's from E-Views 10.

The result presented on the table above showed that the relationship between each of the independent variables as well as the dependent variable is approximately between the range of 0.27 and 0.89. Specifically, IDT and ETR showed a positive correlation of 0.89; IDT and HDI showed a positive correlation of 0.57, while, ETR and HDI showed a positive correlation of 0.509. Given the existence of moderate correlation coefficient between the variables under study, the variables can be regressed together.

4.3 Stationarity Test Results

This unit root test conducted via the Augmented Dickey Fuller (ADF) established the order of integration or stationarity of the variables. The ADF test was conducted based on constant and time trend; at level and first difference at 5 percent critical values. The stationarity status of the data series are presented in Table 3.

Table 3: Results of ADF Unit Root Test for the Model

Variables	Unit Root Test @ Level		Unit Root Test @ First difference		Order of integration
	ADF Statistics	5% Critical Value	ADF Statistics	5% Critical Value	
IDT	-3.166658	-2.936942	Stationary @ level		1(0)
HDI	-1.762139	-2.936942	-6.321196	-2.936942	1(1)
ETR	-1.587090	-2.936942	-4.291211	-2.936942	1(1)

Source: Computed by the researcher's from E-Views 10.

The test of stationarity via the Augmented Dickey Fuller (ADF) unit root test for the variables in the estimated model showed that the variable (IDT) was stationary at level or order zero. This is because the ADF test statistic value is greater than the critical value at 5%. However, variables such as HDI and ETR which were not stationary at level were differenced once and became stationary at first differences; 1(1). Given that some of the variables were integrated of order 1(0) and some 1(1); the requirement to fit in an ARDL model to test for long run relationship is satisfied.

4.3 ARDL Bounds Test for Cointegration

The ARDL Bounds test for co-integration help to determine the long run relationship among the variables in each of the estimated models. In order to do this, the Pesaran and Shin ARDL Bounds test for co-integration was applied in order to determine if the null hypothesis of no co-integration is rejected or otherwise. The result of the ARDL bounds test is presented in Table 4. See the table below

Table 4: Indirect Tax ARDL Bounds Test for HDI Model

Mode		F-Statistic = 12.94129
Critical Values	Lower Bound	Upper Bound
10%	2.72	3.77
5%	3.23	4.35
1%	4.29	5.61

Source: Researcher's Computation Using E-views 10

Note: HDI= Human development index, IDT= Import tax revenue & ETR = Export tax revenue.

The co-integration test using human development index (HDI) as the dependent variable showed that the F-statistic value of 12.94129 is higher than the upper bound critical value of 4.35 at 5% level of significance using restricted intercept and no trend in specification for the model. The result showed that all the explanatory variables which measures indirect tax (IDT and ETR) as well as HDI have long run relationship in Nigeria.

Table 5: Estimated ARDL Long Run Coefficients for HDI Model.

Dependent Variable: HDI.

Regressors	Coefficient	t-Statistic	P-Value
Log(IDT)	-0.063486	-0.856744	0.3986
Log(ETR)	0.005448	0.150198	0.8816
C	0.070730	0.097946	0.9226

Source: Researchers' Computed Result from (E-views 10)

Table 5 showed the estimated ARDL long run coefficients to determine the relationship between indirect tax and human development index in Nigeria. The estimated result showed that, import tax revenue has negative and insignificant relationship with human development index in Nigeria. This means that, a percentage increase in import tax revenue will decrease human development index by 0.063486%. But, the result showed that export tax revenue has positive and insignificant relationship with human development index in Nigeria. This means that, a percentage increase in export tax revenue will improve human development index by 0.005448%.

Given the empirical findings above, both import and export tax revenues do not significantly impacted on HDI. This is because; their probability t-statistic values were not statistically significant in explaining the level of human development index in Nigeria. Thus, the influence of these two explanatory variables on HDI in the long-run will not be too evident in Nigeria.

4.4 Short-Run ARDL Estimates for Indirect Tax and Economic Development

The essence of the error correction estimate of the ARDL model was to determine the dynamic short-run behaviors of the independent variables and as well determine the speed of adjustment of the estimated model. The ARDL estimates and short-run parameters for the model were presented in Table 6.

Table 6: Error Correction Representation for the HDI Model
Dependent Variable HDI

Regressors	Coefficients	t-Statistic	P-Value
Log(HDI)	-1.107041	-5.818084	0.0000
Log(IDT)	-0.013850	-1.140390	0.5050
Log(ETR)	0.061272	3;002012	0.0390
ECM (-1)	-0.217445	-2.370957	0.0189
C	0.015380	0.100785	0.9204
Adjusted R ² = 0.8647	Prob(F-statist) = 0.0000	Durbin-Watson Stat	2.237550

Source: : Researchers' Computed Result from (E-views 10)

Note: HDI=Human development index, IDT=Import tax revenue & ETR = Export tax revenue.

The short-run dynamic model presented on Table 6 showed that the coefficient of the adjusted R-squared is 0.8647. Meaning that, the dynamic model is a good fit. Therefore, the variation in human development index brought about by the explanatory variables is about 90%. Thus, the explanatory power of the estimated model is 86%. To buttress this, the overall model is significant; given the probability value of f-statistic (0.0000) which is less than 5% level of significant. Thus, the explanatory variables are significant in explaining improvement in human development index in Nigeria during the period of study.

One of the importance parameter in the estimated ARDL short-run ECM model is the coefficient of the ECM, which theoretical must be negative and statistically significant. From the estimated model, the coefficient of ECM has the hypothesized negative sign and statistically significant at 5% level. Therefore, the deviations from the short-term in HDI adjusted to long run equilibrium, is -0.21744. This showed that the disequilibria in HDI in the previous year were corrected for in the current year at a speed of 21.74%. Moreover, the coefficient of the Durbin Watson (DW) test is 2.237550 which is approximately 2.0; based on rule- of-thumb, implies that, the model is free from positive first order correlation. Thus, the explanatory variables in the model are not serially dependent (correlated). Therefore, the model is valid for policy making and implementation.

Meanwhile, the coefficient of import tax revenue is negatively related with human development index and statistical not significant. This means that percentage change in import tax revenue will improve the HDI by 1.3850%. Also, the probability value of the t-statistic (0.5050) for the coefficient of import tax revenue is greater than the p-value at 5%; thus, the study concludes that there is no significant relationship between import tax revenue and human development index (HDI) during the period of study. Thus, the null hypothesis of no significant relationship is upheld and the alternative hypothesis rejected. The implication of this result is that import is usually a leakage; most especially in the case of Nigeria whose economy is characterized with importation of finished goods; thus, revenue from such will have little contribution to the Nigeria economy development in term of improvement in the

indicators of HDI such as per capita income, longevity and literacy level in the Nigerian economy,

Furthermore, the coefficient of export tax revenue is positively related with human development index and statistical significant. This means that percentage change in export tax revenue will cause an improvement in HDI by 6.1272%. Also, the probability value of the t-statistic (0.039) for the coefficient of export tax revenue is less than the p-value at 5%; thus, the study concludes that there is a significant relationship between export tax revenue and human development index (HDI) during the period of study. Therefore, the null hypothesis of no significant relationship was rejected and the alternative hypothesis accepted. The finding is in line with the work of Obayori and Omekwe (2020) on indirect tax and economic growth in Nigeria.

4.5 Post Estimation Tests Results

The study employed the Breusch-Godfrey (B-G) Lagrange Multiplier (LM) test for serial correlation and normality test, heteroschedasticity test, Wald test, stability test and normality test as the post-estimation tests to validate the ARDL short and long run estimations tests.

Table 7: Post-Estimation Tests Results for Serial Correlation, Heteroschedasticity, Stability and Wald Tests

Test Type	Test Statistics	P-value	Critical Value @ 5%
Serial Correlation	Chi Square	0.1095	0.05
Heteroscedasticity	Chi Square	0.2625	0.05
Stability	T-statistics	0.1258	0.05
Wald Test	F-statistics	0.0000	0.05

Source: Researchers' Computed Result from (E-views 10)

The various diagnostic test results conducted to validate the estimated long and short runs ARDL model in estimated model was presented in Table 7. Based on the serial correlation, using Breusch-Godfrey test LM test, to test the null hypothesis of no serial correlation, against the alternative hypothesis of serial correlation in the estimated ARDL short run and long-run model at 5% level. The result showed that, serial autocorrelation does not exist in the estimated ARDL model. This is because the chi-square p-value in the estimated model which 0.1095 is greater than the critical value probability of (0.05). In the same way, Heteroskedasticity test which determine whether or not the variance of the residuals in an estimated model is homoscedastic. This was carried out on the estimated models using the Autoregressive Conditional Heteroskedasticity (ARCH) test. The Autoregressive Conditional Heteroskedasticity (ARCH) result presented in Table 7 showed that in the ARDL model, heteroskedasticity is not a problem. This is because the chi-square p-value in the estimated model which is 0.2625 is greater than the critical value probability of (0.05). Also, the stability test results showed that the estimated ARDL model was stable. This is because the t-statistic p-value in model is greater than the critical value probability of (0.05). Based on the Wald test conducted to determine if the explanatory variables are significant in explaining the dependent variable in an estimated model. From the estimated model, the probability of f-statistic value is less than the critical p-value at 5%. Thus, the alternative hypothesis which states that the explanatory variables are significant in explaining the depended variables in the ARDL estimated model was upheld.

Normality Test Results for the Estimated Model

The Jarque-Bera statistic is applied to examine whether the error term in the model is normally distributed. Thus, the probability of Jarque-Bera statistic is compared with the critical p-value at 5 per cent significance level. The null hypothesis is upheld if the probability of the Jarque-Bera statistic is greater than the critical p-value at 5 per cent significance level. The normality test result in Figure 1 showed that, the error term is normally distributed at 5% level of significance. This is because, the probability value of the Jarque-Bera statistic is 0.257282; and this value is greater than 5% critical value. Meaning that, the Jarque-Bera statistic hypothesis of normally distributed residuals in the model is accepted.

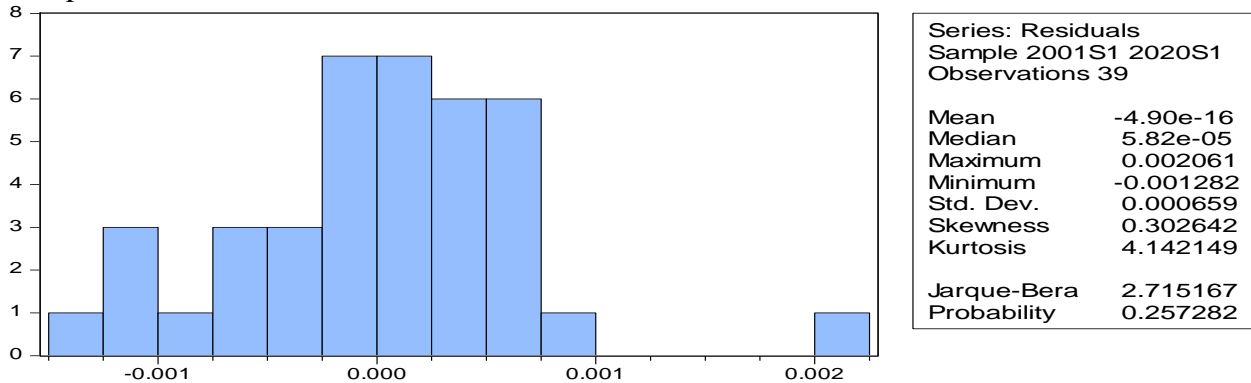


Figure 1: Normality Test for the Estimated Model

4.5 Discussion of Findings

The analysis of the empirical long-run results showed that in the long-run, indirect tax revenue measured by export tax revenue has positive relationship with human development index (HDI) in Nigeria during the period of study. But, import tax revenue is negatively related with human development index and does not impact on human development index in Nigeria. Thus, over importation has negative consequence on human development index. The finding is in support of the scholarship of Nmesirionye, Jones and Onuche (2019) who averred that indirect taxes have positive impact on the Nigerian economy.

Moreover, the ARDL short-run result showed that export tax revenue has positive and significant impact on human development index. This means that percentage change in exports tax revenue will improve the HDI. The implication of this result is that, exports tax revenue has a direct contribution to economic development in Nigeria. Thus, profitable use of revenue from exports will improve the indicators of HDI such as per capita income, health (longevity) and education attainment (literacy level) in the Nigerian economy, On the contrary, the coefficient of both import tax revenue is negatively related with human development index and statistical not significant. The implication of this result is that in an open economy model, import is usually a leakage; most especially in the case of Nigeria whose economy is characterize with import dependent, there will be little or no contribution of tax revenue from such finished imported goods to the Nigeria economy development in term of improvement in the indicators of HDI such as per capita income, longevity and literacy level in the Nigerian economy,

5. Concluding Remarks

The study used the ARDL model to examine tax revenue and economic development in Nigeria from 1999-2020. Given, the increasing cost of running the government, fluctuation in oil price and economic recession that ravage the Nigerian economy, attention of managers of the nation's economy have returned to the importance and sustainability of taxes, especially indirect tax system to generate more revenue with the high hope of developing the economy in the long-run. Based on the empirical results, the study concludes that, indirect tax revenue is an important driver of economic development in Nigeria. Meanwhile, exports tax revenue is impacted on economic development than imports tax revenue. The implications of the finding is that the Nigerian government can boost economic growth and development by focusing on boosting tax revenue from indirect tax sources while expanding the catchment of those liable to pay indirect taxes. Based on the findings of this work, the following policy recommendations were suggested; since indirect tax in the forms of export tax revenue significantly impacted on economic development, government should formulate and implement export policy measures towards exporting goods that are growth and development drivers, particularly, refined goods in the area the nation has comparative advantage in order to make the domestic production viable and compete with the industrialized economy of the world. Also, given the fact that indirect tax in the forms of import tax revenue is negatively related with economic development, therefore, government should identify administrative loopholes that drains the revenue from custom duties so that import tax revenue will contribute significantly to economic development in terms of achieving good standard of living, good education and quality health status and as well environment devoid of insecurity.

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