# Stamp Duty, Revenue Generation and Economic Growth in Nigeria

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***Abstract***
*This research is on the stamp duty, revenue generation and economic growth in Nigeria. The work determined if revenue generated from stamp duty has effect on total federal revenue collected in Nigeria and if revenue generated from stamp duty has impact on economic growth Nigeria. Time series data were applied in conducting this research. Ordinary Least Square regression analysis was carried out using STATA 13 software. The data were collected from published Central Bank of Nigeria (CBN) statistical bulletin, Federal Inland Revenue Service (FIRS) and National Bureau of Statistic (NBS) reports and NIPOST reports for various year. The finding reveals that revenue generated from stamp duty does not have significant impact on total federal revenue collected in Nigeria. The study also reveals that revenue generated from stamp duty have significant impact on economic growth in Nigeria. The Researcher recommends that the Government should take necessary steps to address the problem of corruption and mismanagement of all proceeds from stamp duty, measures should be taken to check all loopholes and leakages that will reduce revenue generation from stamp duty or under declaration of actual proceeds by agencies in charge. Government also needs to ensure uniformity to the use of stamp duty in various organisations in Nigeria. Also there is need to invest in light, good roads and water supply which are all ingredients of sustainable development.*

***Key words:*** *Stamp duty, Revenue, Act, FIRS, Government.*

## 1.1 Introduction:

It is the expectation of the public to see that government provides basic infrastructure such as good road, network, bridges, airports, seaports etc and other social services like education, electricity supply, pipe-borne water, housing and other services that cannot be executed by private hands. These expectations cannot be actualized except there is an enabling financial resource. It is therefore demanded that government should search for the required substantial amount of funds to meet these obligations. Government usually raises funds from various sources such as issuing of public debt, levying of taxes, fees, fines and specific charges. Country seeking to improve its revenue generation would opt for a concept enabling it to best realize its objectives with due regards to its peculiar socio-economic make-up. One of these ways is by taxation (Adaramola and Ayeni Agbaye, 2015). Taxation is a vital instrument in the economic growth, which provides a steady flow of revenue to finance growth priorities such as strengthening physical infrastructure, and other numerous policy areas, ranging from good governance and formalizing the economy, to spurring growth (Uwuigbe and Olusegun, 2013). One form of tax that has received recognition of recent in Nigeria is stamp duty. Stamp duty is considered a viable source of revenue by the federal government in Nigeria (Solomon, 2014). The accumulated stamp duty revenue is used in meeting recurrent expenditure. Tax occupied a unique position, because it is an important part of government policies. The ability of the government to generate revenue from this sector affects services offered by such a government (Olatunji, 2009).

The stamp duties Act requires that all written instruments, including instances where by property or interest in property is or are transferred or lease to any person, must be stamped. Generally, stamp duties is charged at the rate of 7.5% in Nigeria. Any written document that is not stamped is not allowed to be received in any judicial proceeding in Nigeria until the stamp duty and the resulting penalty for the non-payment of the stamp duty is paid (Adesanya, 20014).

Historically, many countries require that a contract needed to have a stamp affixed to make it valid. The charge for the stamp will either be a fixed amount or a percentage of the value of the transaction. This is what is referred to as a transfer tax. Adedokun, Ajayi and Oyesiji (2015) however noted that this type of tax has been abolished in most countries.

An attempt to transform and diversity the exiting revenue base led to various tax policy reviews in mild 1980s, 1991 and 2003 as well as the yearly amendments give in the annual budget. In spite of the various reforms, the tax system still had some setbacks especially in the structure and administration while tax revenue was still not significant as the diversification while tax revenue was still not significant as the diversification of revenue portfolio was not achieved (Odusola, 2006).

The recent economic down-town and government's need to expand their revenue base brought about the resuscitation of the legal requirement that all written instruments in Nigeria of a contractual nature, must be stamped. As the government of President Muhammadu Buhari reviews its revenue generation process, more attention is now been focused on non-oil tax revenues such as stamp duty in order to meet with is huge budget implementation. According to Emefiele (2016), the CBN governor posits that government expects to raise about ₦2.2 trillion annually from other taxes such as stamp duty, another pot of gold that may become its highest single source of revenue. Sole (2016) revealed that most tax are payable an electronic transfers and cash payments into current accounts.

Thus, tax is increasing being recognized as a tool for raising more revenue by all the three tiers of government especially in this democratic dispensation to enable them increase and their provision of basic infrastructure which will no doubt stimulate economic growth.

The increasing cost of running government coupled with dwindling revenue has led various governments in Nigeria formulating strategies to improve the revenue base. Amongst the source of revenue given due consideration is stamp duty. Although stamp duty is not new in Nigeria, its neglect as a source of revenue for the government has raised concerns. It is therefore pertinent to determine the extent stamp duty can serve as source of revenue for the government and economic growth in Nigeria.

Stamp duty tax has brought more controversies and debates by scholars, the public and opposition parties. It has been tagged as a means of exploiting the poor rather improving their welfare while the government has counter such argument seeing stamp duty as an already existing policy that need to be implemented to the fullest in order to generate more revenue and provide more infrastructural development for the poor and general public. These arguments have necessitated this study. Moreover, the arguments have created the gap such as whether stamp duty can help in reduction of tax evasion and avoidance and increase investment in infrastructural development in Nigeria.

## 2. REVIEW OF RELATED LITERATURE

### 2.1 History of stamp duty

Various attempt have been made to trace the history of stamp duty. According to Investopedia (2017), stamp duty was initiated when the stamp Act of the British parliament was passed in 1765. The tax was imposed on American colonists who were required to pay tax on all printed paper, for example licenses, newspapers, a ship's papers or legal documents. At the time, funds collected from stamp duties were used to pay for positioning troops in certain locations of America.

Beesley, Meads, and Surico (2014) in their study indicated that as a form of taxation, stamp duties have a long history. Originally they were applied to transactions of vellum, parchment and paper in 1694 to pay for the war by the United Kingdom with France. According to Besley, Meads, and Surico (2014), success saw the extension of items liable for stamp duty (despite the role of the 1765 Stamp Act in the movement for U.S. independence) with housing transactions incorporated by 1808. Today Stamp Duty is charged on land and property transactions with a varying rate and band structure related to the nominal value of those transactions. Stamp duties are also applied to transfers of shares in listed corporations.

Dagnall (1994) traced he duty to have originated in Spain, being introduction (or re-invented) in the Netherlands in the 1920s, France in 1651, Denmark in 1657, Prussia in 1682 and England in 1694. From the various historical opinions, Dagnall's explanation provided better historical chronology and therefore accepted. In other words, stamp duty can be said to have started in Spain.

In Nigeria, the payment of stamp duties is backed up by legislation the law being the stamp Duty Act 1939 (as amended by numerous Acts and various resolutions and contained in Vol 22 (ap 411 LFN 1990) which also provided a list of documents in it's schedule and the duty payable on each of them. Olutola and Ighodola (2015) noted that under Nigerian law, stamp duty is chargeable on a wide range of instruments with connection to Nigeria. Specifically stamp duties are payable ad variorum on virtually all security documentation. Duty rate range from 0.375% to 1.5% of the amount secured and very with the specific type of security and the nature of the assets involved. Under the stamp duties Act cap 58 laws of Federation of Nigeria (LFN) 2004 (SDA), relevant instruments are required to be stamped within thirty (30) days of execution or where executed outside Nigeria, within thirty (30) days of receipt of the instrument in Nigeria. The obligation to stamp is statutorily imposed on the obliges (the banks): although in practice the burden for the payment of the duty is usually transferred to the Obligor (the borrower). The payment of stamp duty is particularly relevant for the purpose of enforcing the security created by the security documents. This is because instruments that are required to be stamped under the SDA are precluded from being admitted in evidence by a Nigeria court without the required duty and applicable penalties, first being paid. Further, late payment of the stamp duty attracts a penalty of interest at the rate of ten percent (10%) per annum rom the due date up to the time when the amount of interest is equal to the unpaid duty (Olutola and Ighodalo, 2015).

Ajayi (2015) revealed that the legal effect of a document which is duly stamped according to S5.19 of the stamp duties Act is basically that it will be admissible in evidence in a court of law. This excludes documents given as evidence in criminal proceedings and all just exceptions on other grounds (S22 (1) & (4) SDA). It is advised therefore that stamp duty is paid on documents required to be stamped because you never know when a transaction could end up in court. However, S 22 of the stamp duties Act also provides terms on which instruments not duty stamped may be received in evidence; where a judge, referees or

Arbitrator finds a document is insufficiently stamped, payment or the Arbitrator finds a document is insufficiently stamped, payment or the unpaid duty as well as the penalty payable there on and a sum of two naira may be made to the officer of the court or arbitration or referee and received in evidence (Ajayi, 2015).

Thus in order to enforce the security interests created by documents such as a letter of pledge, contract assignment agreement and or deed of large over account in Nigeria, it is imperative that same are duly stamped. Where stamped duty is chargeable at an ad valorem rate of the amount secured, most times, depending on the sum that was borrowed, the borrower may be unable to pay the full stamp duties payable or even where payable the parties may agree that it is prudent to minimize the transaction costs (Olutola and Ighopdala, 2015).

In practice, parties need not secure the entirety of the borrowing company's obligation in the first instance but may agree on a notional amount for stamping purposes and subsequently, where the need arises, up stamp the secured amount to the full obligation. This structure will assure that the parties only incur the full stamp duty obligation where the needs arises. In this regard section 202 of the companies and Allied matters Act cap (20 LFN 2004 (CAMA) permits parties to a registerable charge to determine a figure as the maximum amount secured by the charged particularly where the charge secures fluctuating or uncertain amounts. The provision to section 202 of CAMA further states that the maximum sun deemed to be secured by a registerable charge can be increased at any time prior to the winding up of a company provided additional stamp duty is "subsequently" paid on such increase. It is however pertinent to note that the instrument will only be enforceable in respect of the additional amount, from the date of up stamping here of the additional amount from the date of up stamping thereof and charges registered by third parties over the some asset during the intervening period may claim priority over the additional amount in respect of which the instrument is up stamped (Olutola and Ighodalo, 2015).

**2.2 Stamp duty as an instrument of revenue generation in Nigeria**

In recent, stamp duty has been accorded more recognized as a tool for revenue by the federal Government. NAN report that the 2016, 2017 and 2018 medium term expenditure framework and fiscal strategy paper as capture under the non-oil revenue section shows that the Federal government projects to make ₦66.1Billion in 2017 from stamp duty alone. It also project that the revenue would grow to ₦71.8 billion in 2017 to ₦78.5 billion in 2018.

Furthermore, it has been noted that there will be an overhauling of Nigeria's tax regime with a view to hugely enhance income, without hurting the poor, such that loopholes in the previous system will be blocked. According to Odumlami, Mudashizu and Adugho (2016), Government is also hoping to rake in billions of naira from stamp duty transactions. As explained by the CBN the policy is contained in the stamp duty Act 2004 and the federal Government of Nigeria financial regulation of 2009. The federal high courts have jurisdiction over company income tax petroleum profit tax, custom and exercise duties as well as stamp duties and corporate capital gains tax and education tax. Personal income tax (PIT) and capital gain tax and stamp duties payable by individuals are legislated by the Federal government, but collected by state authorities (Micah, Ebere and Umobany 2012).

Stamp duties are basically taxes paid to the federal or state Government on documents (also known as instruments for the purpose of the stamp Duties Act such as conveyances on sale, Bills of Exchange, promissory notes, Agreements contracts or even documents such as letters and certificates of admission, instruments of Apprenticeship insurance policies etc. the payments of stamp Duties is backed up by legislation the law being the stamp Duties Act 1939(as amended by numerous Act and various resolutions and contained in vol 22 cap 411

LFN 1990) which also provides a list for documents in its schedule and the duty payable on each of them.

S4 (1) and (2) of the stamp Duties Act empowers the Federal and State Government to impose, Charge and collect stamp duties in different circumstances. According to Ajayi (2015) the Federal Government has the Yole authority to impose, charge and collect stamp Duties in respect of documents relating to matters between a company and are individual,. Group or body of individuals i.e. whether between XYZ ltd and Mrs X or XYZ Ltd. and NURTW or XYZ Ltd and charity organization. Therefore for documents executed between companies with any of those mentioned above, the place to go is the federal Internal Revenue Service-Stamp Duties Office. Note that the keyword here is "company' which extend to banks and other financial institutions.

The State Government on the other hand has authority to collect stamp Duty in respect of documents executed between individual or persons at such rates imposes or charged a agreed with the federal Government S.5 of the stamp provide that stamp duties paid may be evidenced on a document in various forms as permitted by law which include, adhesive stamps, postage stamps impressed or embossed stamps by the means of a die i.e. plate tool or instrument. These impression are usually on the face of the document. The number or value of stamps on the face of the instrument is usually commensurate to the amount of duty paid through stamps of greater value than is required may be used upon any instrument.

However impressed or embossed stamps by the means of a die could be discontinued and any document stamped with a discontinued die shall be deemed not duly stamped subject to exemptions such as a document stamped as aforesaid which is executed outside Nigeria and bought to a commissioner within 21 days of receipt in Nigeria or documents stamped with a discontinued die, which has been rendered useless by the provision of a new die this may be submitted to the accountant General within six months after the die has been discontinued, the stamp will be cancelled and a refund issued.

Sote (2016) stressed that stamp duty charge is payable on electronic transfer and cash payments into current account. An exception is given to payments by cheque because their stamp duty charges have already been paid. By ramping up infrastructure spending, reducing existing inefficiencies public expenditures, raising non-oil revenues, government seeks to stimulate economic growth, increase competitiveness, and improve human development. There is a clear objective to diversifying the Nigerian economy and using the expected economic gains to increase the welfare of Nigerians, including by reducing youth unemployment and extreme poverty (SY, 2016).

SY (2016) stated that a lean and cost-effective government: spending more is not the only way to have an impact, and the budget rightly emphasizes the need for a "lean and cost-effective government" by targeting efficiency losses associated with the current budget and public expenditure framework. It will enforce the fiscal Responsibility Act requirement for ministries, departments, and agencies (MDAS) to present their budgets in advance and remit their operation surpluses. In a departure from the provisions budgeting approach under which only incremental expenditures have to be justified, a zero-based budgeting approach will also implemented. The efficiency unit will seek to reduce inefficiencies in spending and the government will keep a close eye on personnel and pension costs, including through a new continuous audit process and extension of the integrated personnel payroll information system.

Beyond improvement domestic revenue mobilization, the hope is that the expansionary fiscal stance will help generate growth in the non-oil economy, which then can be taxed. Although the government will not increase the value-added tax rate-one of the lowest in the world-it plans to free up resources by removing fuel subsidies, a politically courageous initiative (SY 2016).

Sote (2016) argued that whereas the is a sales tax, payable to Government for buying a category of consumer items, the stamp duty charged, is a tax payable by the render for making a sale, an equal time tax, if you like. He noted further that if government want to exact taxation, it must urgently do things to enhance the ability of the supply side, or the productive sector, of the economy. Chude Jideonwu submits, at the recent inaugural conference of the Ibadan school of governance and public policy, that "A real government ensures that it provides an atmosphere for its people to proper, knowing that you can't tax poverty. You can only tax wealth that is created … "(Sote, 2016).

## 2.3 Theoretical framework

### Benefit theory

According to Yunusa (2003), the benefit theory was propounded by William Petty in 1992. According to the benefit theory there is basically an exchange relationship between taxpayers and the state. The state should levy taxes on individual according to benefit conferred on them. This means that, the more benefit a person derives from the activities of the state, the more he should pay to the government. This theory seeks to ensure that each individual's or company tax obligations are as far as possible based on the benefits that he or she receives from the enjoyment of public services. The application of these theories in Nigeria is such that there are various taxes (levies) that are collected in the Local jurisdiction example, in market, bus stands which are collected by various local government authorities, at the end this fund is further used to develop social facilities which results to social benefit to the society members. However, this theory faces various critics such as;

Firstly, the assumption that the tax should be paid by an individual in proportion to benefits conferred by the state on that individual, it quite unrealistic because the benefit derived cannot be correctly measured in terms of money. Benefits purely subjective matter and there is no scientific way to measure the magnitude of benefit and its money value.

Secondly, if benefits accrued to an individual is the basis of taxation, the poor must pay higher tax because in a welfare state the poor get more benefits than the rich from the expenditure of the government. This is clearly unjust and as such an unacceptable proposition.

Thirdly, if the state maintains a certain convection between the benefits conferred and the benefits derived, it will be against the basic principle of the tax. A tax is a compulsory contribution made to the public authorities to meet the expenses of the government and the provisions of general benefit. There is no direct quid pro quo in the case of tax.

### Ability to pay theory

Ability to pay theory was developed in 1939 by Kardrick (Pandeto, 2010). The ability to pay theory was developed due to inadequacies in benefit and sacrifice theories of taxation. This is the most popular and commonly accepted principle of equity or in accordance with their ability to pay. It appears very reasonable and just that taxes should be levied on the basis of the taxable capacity of an individual. For instance, if the taxable capacity of a person A is greater than the Person B, the former should be asked to pay more taxes than the letter. It seems that if the taxes are levied on this principles as stated above, then the justice can be achieved. However, there are still some difficulties putting this theory in practice.

Firstly, it is difficult if not impossible to determine the ability of a person to pay taxes. The term "Ability to Pay" is ambiguous. It leads to question such as should the taxes be charged at a uniform percentage for all taxpayers or is it going to be a higher percentage on high income and low percentage on low income?

Secondly, taxes all the government to offer public goods and services and the users to those goods and services should pay taxes according to extent to which the use public goods and services and not on the basis of how much they have earned.

**The sacrifice theory**

In the words of Plesko (2004), the sacrifice theory was developed by Macullah in 1845. The sacrifice theory attempts to determine the burden that rests upon an individual by virtue of his payment of taxes and how much of his or her income remains for purpose of his own subsistence. According to this theory payment of tax is a sacrifice that an individual or company makes towards the support of the government. The measure of such is, giving up of enjoyments, which is giving up a portion of individual's means (income) of satisfying wants (consumption). Practically the sacrifice theory demands that individuals should only pay tax on that portion of individual's means over and above subsistence. Applicability of this theory is conceptually difficult unless it is expressed in terms of income and consumption.

**The cost of service theory**

According to Pandery (2010), the cost of service theory was made popular by Van Hock. Some economists were of the view that, if the state charges actual cost of the service rendered to the people, it will satisfy the idea of equity justice in taxation. The cost of service principle can no doubt be applied to some extent in those cases where the services are rendered out of prices. Also, the theory is rejected because no quid pro quo in a tax.

## 2.4 Empirical review

Ogbonna and Appah (2011) examined the impact of tax reforms on the economic growth of Nigeria from 1994 to 2009. The data collected were analysed using relevant descriptive statistics and econometric models such as white test, Ramsey RESET test, Breusch Godfrey test, Jacque Berra test, Augmented Dickey fuller test, Johansen test, and granger casuality test. The results from the various test shows that tax reforms is positively and significantly related to economic growth and that tax reforms granger cause economic growth. On the basis of the findings, the study concluded that tax reforms improves the revenue generating machinery of government to undertake socially desirable expenditure that will translate to economic growth in real output and per capital basis.

Atwodi and Ojeka (2012) examined the relationship between the growth of SMEs and the tax policy environment such as stamp duty within which they operate. Using business sustenance and expansion as indices of growth, it analyses responses obtained questionnaires distributed to SMES in Zaira, North central Nigeria. Sampling for the survey was done using the non-probability sampling method specifically by judgemental sampling. The hypothesis was tested using spearman's Rank Correlation. Although there is a general perception that tax is an important source of fund for development of the economy and provision of social services, the study revealed a significant negative relationship between taxes and the business ability to sustain itself and to expand.

CHigbu Akujuobi and Appah (2012) examined the causality between economic growth and taxation in Nigeria for the period 1970-2009. The data collected from the secondary sources were analysed using relevant econometric models such as Augmented Dickey-Fuller, Diagnostic Tests, Granger Causality and Johansen Co-integration. The result from econometric analysis reveals that taxation as an instrument of fiscal policy affects the economic growth and taxation granger cause economic growth of Nigeria. On the basis of the econometric result, the study concluded that taxation is very important instrument of fiscal policy that contributes to economic growth of any country.

Ekeocha, Ekeocha, Maladu and Oduh (2012) studied the properties of the Nigerians tax system particularly the basis of the stamp duty, company income tax, value added tax and personal income tax. Their result indicated that their bases are not stable (not persistent and volatile). However while the basis of the company income tax and personal income tax are more sensitive to cyclical Swings (current state of the economy over time), that of value added tax (VAT) is not. The policy implications of these findings support the recent government tax policy reform of a shift in focus in the tax system from direct taxation to indirect taxation with the tax base of VAT being insensitive to the current state of the economy, the revenue therefore will not drop sharply when the economy slows down. It will also shield the government from budgetary shortfalls as it will likely Cushion against sharp declines in aggregate tax revenues.

Olafemi (2014) considered the effects of tax avoidance and tax evasion on Nigeria economic development. A survey research design was adopted and responses were obtained through the use of a well-structured questionnaire administered to 150 Nigerians out of it were tax payer and tax evader. Findings from the analysis using statistic techniques reveal that tax evasion and avoidance have adversely affected economic growth and development in Nigeria and also that lack of good government and unpatriotic act of tax payer, is the basis for which tax evasion and tax avoidance activities is perpetrated. The study therefore recommends that the government should embrace and promote good governance so as to encourage voluntary compliance of tax liability by the tax payers.

Edame and Okoi (2014) in their study assessed the impact of taxation on investment and economic growth in Nigeria from 1980-2010. The ordinary least square method of multiple regression analysis used to analyse the data sourced from the central bank of Nigeria statistical bulletin and NBS. The result of the analysis showed that corporate income tax (CIT) and personal income tax (PIT) appears with negative signs which means that an inverse relationship exist between taxation and investment. The result showed that taxation is negatively related to the level of investment and the output of goods and services (GDP) and is positively related to government expenditure in Nigeria. It recommended that the government of Nigeria should use taxation to achieve its set target that will enhance economic growth and development.

The study of Samuel and Tyokoso (2014) focused on taxation such as stamp duty and revenue generation in selected states in Nigeria using primary and secondary sources of data to present and analyse the information for the study. The testing hypotheses was done using regression analysis with the discovery the taxation has a significant contribution on revenue generation, taxation has a significant contribution on Gross Domestic Product (GDP) and tax evasion and tax avoidance have a significant effect on revenue generation in Nigeria. The research recommends among others that well equipped database on tax payers should be established by the federal, state and local Governments with aim of identifying all possible sources of income of tax payers for tax purpose.

Adaramola and Ayeni-Agbaje (2015) examined the tax structure and economic growth in Nigeria with disaggregated empirical evidence using a time series data spanning from 1986 through 2012. The data for the analysis were collected from CBN statistical bulletin and Federal Inland Revenue Services. The Engel-Granger Cointegration Techniques was used to ascertain the relationships between variables in the model employed in this study. The study finds a linear relationship between economic growth and tax revenue. It suggests a “tax and growth” ranking taxes, confirming results from earlier literature but providing a more detailed disaggregation of taxes. Petroleum income Tax, corporate income tax are found to be most beneficial to growth in Nigeria. On the contrary, personal income tax as well as the custom and excise duties do not promote growth as empirically examined in this study. Revenue neutral growth-oriented tax reform therefore is to shift part of the revenue base from personal income tax as well as the custom and Excise Duties to less distortive taxes aimed at including Local consumption. A major contribution of the study to knowledge is that it has been able justify empirically that taxation economic growth nexus is both per capital income and consumption induced in Nigeria. This therefore closes the knowledge gap induced by inconclusive evidence on the growth effects of taxation composition which most often has resulted in situations where empirical findings of researches done in developed economies are generalized to developing countries. It is therefore recommended that Nigeria should restructure the personal income tax and the custom and excise duties to induce consumption to achieve growth. Furthermore, the level of tax evasion in petroleum profit tax, corporate income tax and value added tax which proved to be very beneficial of growth in Nigeria should be reduced through an efficient and effective tax administration.

Adudu and Ojonye (2015) using time series data between 1990 and 2011, study the impact of tax policy on economic growth in the country. The study adopted Granger-causality and co-integrations approach with findings that efficient tax reforms are necessary conditions for enhanced sustainable economic growth. On the basis of the findings, the study recommends among other issues that improvement in tax regimes, removal of distortions in taxation, discouragement of tax holidays to MNCs and diversification of revenue base as necessary catalysts for sustained economic growth and development.

## 3. Materials and method

The scope of this study is limited to stamp duty, revenue generation and economic growth in Nigeria. The study covers the period of 2000-2018.

The study adopted the ex-post facto research design to put a connection between the dependent variable and independent variable based on existing data.

Econometric model was used in analysing data obtained in the study and the methodology was empirical.

The data were collected from published Central Bank of Nigeria (CBN) statistical bulletin, Federal Inland Revenue Service (FIRS) and National Bureau of Statistic (NBS) reports and NIPOST reports for various year.

In analysing the data gathered, regressions model was employed to establish the relationship between stamp duty, revenue generation and economic growth in Nigeria. The ordinary least square (OLS) techniques were employed in obtaining the numerical estimates of the co-efficient in different equation in the model as follows:

REVGEN = f (STAMPDUT)………………… i

The relationship expressed in equation form is

$REVGEN_t = \theta_0 + \theta_1 STAMPDUT_t + U_t$………… ii

GDP = f (STAMPDUT)………………………… iii

The relationship expressed in equation form is

$GDP_t = \theta_0 + \theta_1 STAMPDUT_t + U_t$………… iv

Where; $\theta_1 > 0$

REVGEN = Revenue generation in Nigeria.

STAMPDUT = Revenue generated from stamp duty in Nigeria.

GDP = Economic growth in Nigeria

## 4. Results and discussion

**Table 1. Regression result for model 1**

```
. *(1 variable, 19 observations pasted into data editor)

. *(1 variable, 19 observations pasted into data editor)

. regress revgen stampdut

      Source |       SS       df       MS              Number of obs =      19
-------------+------------------------------           F(  1,    17) =    0.08
       Model |  822241.527     1  822241.527           Prob > F      =  0.7841
    Residual |   180469476    17  10615851.5           R-squared     =  0.0045
-------------+------------------------------           Adj R-squared = -0.0540
       Total |   181291717    18  10071762.1           Root MSE      =  3258.2

------------------------------------------------------------------------------
      revgen |      Coef.   Std. Err.      t    P>|t|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
    stampdut |  -.0646696   .2323687    -0.28   0.784    -.5549247    .4255856
       _cons |   6217.757   1410.913     4.41   0.000      3240.99    9194.523
------------------------------------------------------------------------------
```

**Source:** Author's computation, 2021

On the basis of the above result the regression equation can be written as:

REVGEN = 6217.757 – 0.0646696STAMPDUT

From the result of the analysis for the model, $R^2$ = 0.0045 = 0.45%. This implies that the independent variables of stamp duty (STAMPDUT) included in the model are able to explain insignificantly 0.45% of variation in the dependent variable of total revenue collected in Nigeria (REVGEN) while the remaining 99.55% is accounted for by disturbance terms (error) which are accommodated in the model specified.

This implies that the independent variable stamp duty (STAMPDUT) and explain a very low and insignificant variation in the dependent variable of total revenue collected in Nigeria (REVGEN) and showed a week relationship.

Also, in the above result, the adjusted $R^2$ is -0.0540 which is less than $R^2$ value. This is because it has adjusted for the independent variables in the model on the basis of their association with the dependent variable.

The coefficient of stamp duty is -0.0646696 which implies that with a unit increase in stamp duty, the total revenue collected in Nigeria will decrease by 0.0646696 holding all other factors constant.

From test of the hypotheses, we discover that the p value of stamp duty (STAMPDUT) is 0.784 and is greater than 0.05 at 95% confidence interval in the above analysis, we refuse to accept $H_1$ and conclude that stamp duty (STAMPDUT) has no significant impact on total revenue collected in Nigeria (REVGEN).

**Descriptive statistics of hypothesis 1**

```
. summarize revgen stampdut, detail

                          REVGEN
-------------------------------------------------------------
      Percentiles      Smallest
 1%       680.13         680.13
 5%       680.13        1731.84
10%      1731.84        1906.16       Obs                  19
25%       2575.1         2231.6       Sum of Wgt.          19

50%      5727.51                      Mean           5884.725
                        Largest       Std. Dev.      3173.604
75%       7866.6        9759.79
90%     10654.75       10068.85       Variance       1.01e+07
95%     11116.85       10654.75       Skewness       .0509525
99%     11116.85       11116.85       Kurtosis       1.976956

                         STAMPDUT
-------------------------------------------------------------
      Percentiles      Smallest
 1%      2978.87        2978.87
 5%      2978.87        3044.57
10%      3044.57        3111.68       Obs                  19
25%       3776.7        3130.68       Sum of Wgt.          19

50%      4257.96                      Mean           5149.746
                        Largest       Std. Dev.      3304.939
75%      4917.66        4924.13
90%        13740        5015.02       Variance       1.09e+07
95%        14910          13740       Skewness        2.39672
99%        14910          14910       Kurtosis       7.181371
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**Source:** Author's computation, 2021

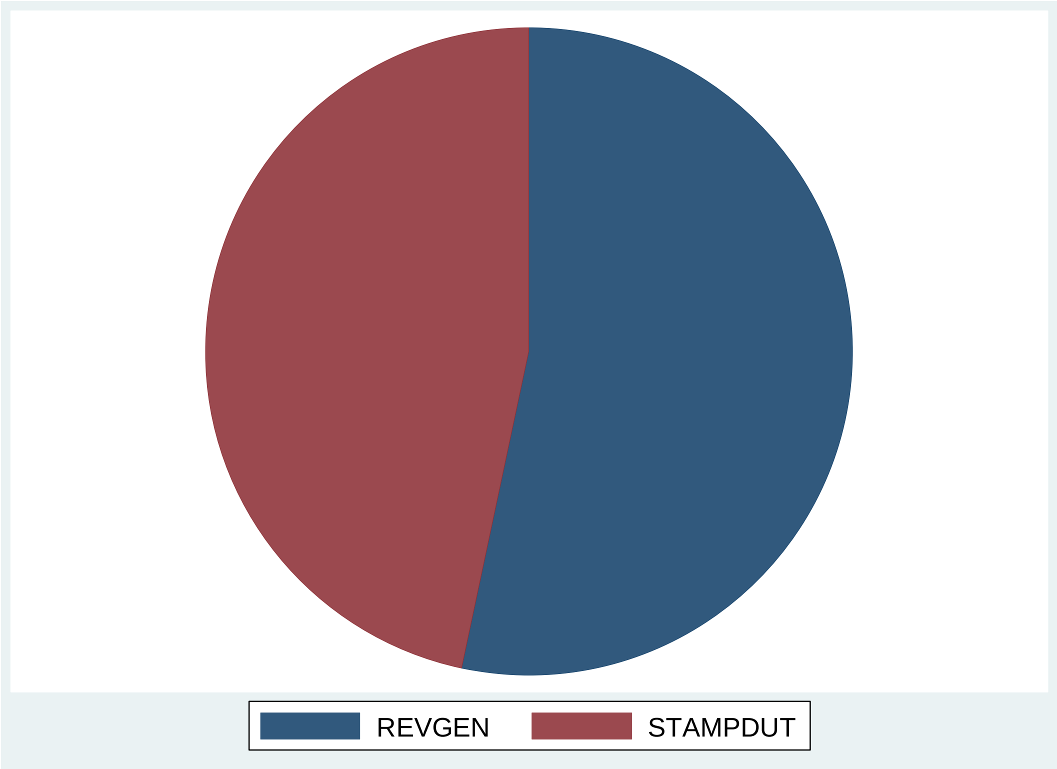


**Fig 4.1** Pie chart of REVGEN and STAMPDUT
**Source:** Author's computation, 2021

Hypotheses 2 was tested using the regression models for GDP and STAMPDUT.

```
. regress gdp stampdut
```

| Source | SS | df | MS |
|---|---|---|---|
| Model | 1.2294e+10 | 1 | 1.2294e+10 |
| Residual | 1.4423e+10 | 17 | 848438957 |
| Total | 2.6717e+10 | 18 | 1.4843e+09 |

| | | |
|---|---|---|
| Number of obs | = | 19 |
| F( 1, 17) | = | 14.49 |
| Prob > F | = | 0.0014 |
| R-squared | = | 0.4601 |
| Adj R-squared | = | 0.4284 |
| Root MSE | = | 29128 |

| gdp | Coef. | Std. Err. | t | P>\|t\| | [95% Conf. | Interval] |
|---|---|---|---|---|---|---|
| stampdut | 7.907505 | 2.077354 | 3.81 | 0.001 | 3.52467 | 12.29034 |
| _cons | 12929.8 | 12613.43 | 1.03 | 0.320 | -13682.21 | 39541.81 |

**Source:** Author's computation, 2020

On the basis of the above result the regression equation can be written as:
GDP = 12929.8 + 7.907505STAMPDUT
From the result of the analysis for the model, $R^2$ = 0.4601 = 46.01%. This implies that the independent variables of stamp duty (STAMPDUT) included in the model are able to explain 46.01% of variation in the dependent variable of economic growth (GDP) while the remaining 53.99% is accounted for by disturbance terms (error) which are accommodated in the model specified.

This implies that the independent variable stamp duty (STAMPDUT) and explain a low but moderate variation in the dependent variable of economic growth in Nigeria (GDP) and showed a week relationship.

Also, in the above result, the adjusted $R^2$ is 0.4284 which is less than $R^2$ value. This is because it has adjusted for the independent variables in the model on the basis of their association with the dependent variable.

The coefficient of stamp duty is 7.907505 which implies that with a unit increase in stamp duty, the economic growth in Nigeria will increase by 7.907505 holding all other factors constant.

From test of the hypotheses, we discover that the p value of stamp duty (STAMPDUT) is 0.001 and is less than 0.05 at 95% confidence interval in the above analysis, we refuse to accept $H_0$ and conclude that stamp duty (STAMPDUT) has significant impact on economic growth in Nigeria (GDP).

Descriptive statistics of hypothesis 1

```
. summarize gdp stampdut, detail

                            GDP
-------------------------------------------------------------
      Percentiles      Smallest
 1%      6897.48        6897.48
 5%      6897.48        8134.14
10%      8134.14       11332.25       Obs                  19
25%      17321.3       13301.56       Sum of Wgt.          19

50%     44280.56                      Mean           53651.44
                        Largest       Std. Dev.      38526.36
75%     89043.62       94144.96
90%     113711.6       101489.5       Variance       1.48e+09
95%     127762.6       113711.6       Skewness       .4230327
99%     127762.6       127762.6       Kurtosis       1.904264

                          STAMPDUT
-------------------------------------------------------------
      Percentiles      Smallest
 1%      2978.87        2978.87
 5%      2978.87        3044.57
10%      3044.57        3111.68       Obs                  19
25%       3776.7        3130.68       Sum of Wgt.          19

50%      4257.96                      Mean           5149.746
                        Largest       Std. Dev.      3304.939
75%      4917.66        4924.13
90%        13740        5015.02       Variance       1.09e+07
95%        14910          13740       Skewness        2.39672
99%        14910          14910       Kurtosis       7.181371
```

**Source:** Author's computation, 2020

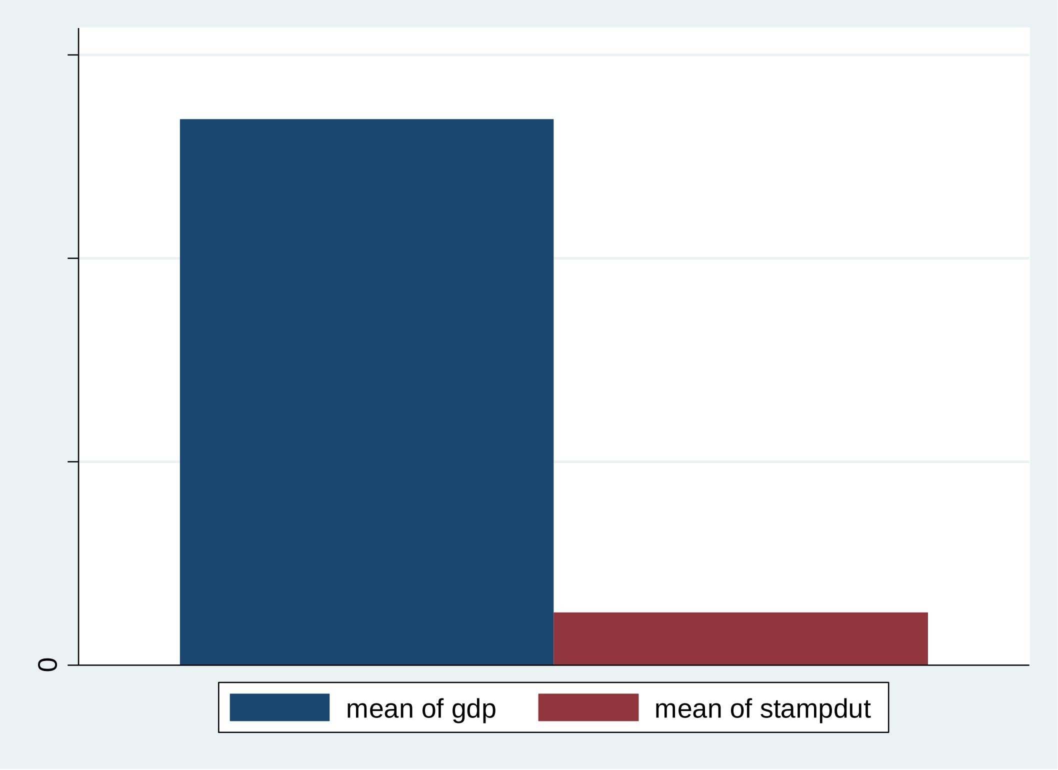


**Fig 4.2** Bar chart of mean of GDP and STAMPDUT
**Source:** Author's computation, 2021

## 5 Conclusion

This study had the broad objective of examining the impact of stamp duty on revenue generation in Nigeria. Two specific objectives which include determining the impact of revenue generated from stamp duty on total federal revenue collected in Nigeria and the impact of revenue generated from stamp duty on economic growth in Nigeria were stated and tested. In analysing the data gathered, regression model was employed to establish the relationship between dependent and independent variables. The study made use of econometric approach in establishing the relationship between stamp duty, revenue generation and economic growth in Nigeria.

From the empirical results obtained, the study reveals that revenue generated from stamp duty does not have significant impact on total federal revenue collected in Nigeria. The study also reveals that revenue generated from stamp duty have significant impact on economic growth in Nigeria. The study recommends that the Government should take necessary steps to address the problem of corruption and mismanagement of all proceeds from stamp duty. Also, measures should be taken to check all loopholes and leakages that will reduce revenue generation from stamp duty or under declaration of actual proceeds by agencies in charge. Stamp duty on on-line transactions should be encouraged.

Although stamp duty can easily avoided, its level of avoidance can be reduced through effective monitoring of documents of transactions, receipts and other legal works carried out by business organisations.

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