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Tax Revenue and Economic Growth in Nigeria

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Abstract
This study examined the relationship between tax revenue and economic growth in Nigeria. The specific objective of this study was to investigate whether company income tax, petroleum profit tax, and value-added tax have a significant impact on gross domestic product per capita in Nigeria. The study utilized secondary data sources, specifically time series data. Data were gathered from the Federal Inland Revenue Service and the CBN Statistical Bulletin for the study period, 2014-2023. The study employed the Ordinary Least Squares technique in the analysis of data. Findings revealed that company income tax, petroleum profit tax, and value-added tax have a significant effect on gross domestic product per capita in Nigeria. The study recommended, among others, that the Nigerian Federal Inland Revenue Service (FIRS) should preserve the existing framework of Corporate Income Tax and contemplate incentives for profitable enterprises to reinvest in domestic industries, thereby enhancing economic growth, and that the Nigerian government should reform its petroleum sector by improving efforts to process crude oil and only sell refined oil in the international market.

Keywords: Taxation, company income tax, petroleum profit tax, value added tax, economic growth.

Introduction

Governments have numerous duties heavily influenced by the revenue generated from various sources, including taxes. The Nigerian government majorly depends on taxation to finance its activities. Individuals or companies are required to remit taxes to the government, typically levied by the state. As opined by Ayeni and Cordelia (2022), taxes differ from other forms of government revenue due to their nature as a mandatory

levy. Taxation is pivotal in shaping a nation's economic framework, as it influences its current financial condition and forecasts its future growth trajectory. The influence of taxation on economic development is complex and multifaceted, involving not only revenue generation but also a wider range of socio-economic factors. Governments generally use taxation as a fundamental mechanism for financing public projects, enhancing economic stability, and propagating equitable distribution of resources. The structure, effectiveness, and fairness of a nation's tax system have a significant influence on its overall economic development (Ogunsola, 2023).

The scope and diversity of taxation promptly determines the government's capacity to finance essential services; thereby impacting the quality of production, human capital, and general community welfare. The method of tax imposition has a significant impact on the performance of both individual and corporate entities. Taxation should not be viewed as a burden, but rather as a means to promote a healthy society characterized by fairness, equity, justice, and happiness among its constituents (Shehu & Ibrahim, 2025).

Over the years, it has been noted that tax revenue has consistently been insufficient, and the income tax collection in Nigeria has been significantly underestimated (Anisere-Hameed, 2021). Moreover, the Nigerian economy is not expanding at a rate commensurate with its tax collection. The anticipated rise in taxes imposed on individuals, corporations, and goods is intended to enhance the Nigerian government's income generation, thereby fostering economic growth and improving citizens' financial welfare. Nonetheless, this is not true in Nigeria.

Statement of Problem

Corruption, mismanagement, waste, and overall inefficiencies in the management of revenue generated by taxation are the major problems affecting Nigeria. This situation negatively affects the development of the Nigerian economy, resulting in widespread poverty, limited access to quality healthcare services, inadequate education, epileptic power supply, poor road infrastructure, high inflation rates, unstable foreign exchange rates, rising unemployment, a heavy burden of debt servicing, and adverse trade and payment balances, among others (Ogunsola, 2023).

In Nigeria, despite initiatives to improve tax collection, the economy continues to face numerous challenges, including hyperinflation, unemployment, limited access to essential services, uncertainty, and price volatility. The inefficient use of tax funds reduces the concrete benefits that governments can provide to their citizens. Fiscal policy serves as a tool for governments to mobilize and allocate resources, especially in deficit areas, aimed at enhancing the overall welfare of citizens (Obadiaru *et al*., 2024).

Notably, most developing nations have consistently experienced a rising trend in debt crises, accompanied by difficulties in financing fiscal deficits amid declining macroeconomic indicators. This undesirable trend has necessitated governments to devise various adjustments and stabilization policies to enhance economic activities and maintain financial stability, growth, and development (Odu, 2022). Moreover, in light of the recent decline in oil prices,

countries such as Nigeria, which have historically relied on oil revenue, are now contemplating alternative revenue sources to facilitate the provision of infrastructure, social amenities, and an environment conducive to economic development. This study, therefore, examines the relationship between tax revenue and economic growth in Nigeria.

Objectives of the Study

The broad objective of the study is to ascertain the significant effect of tax revenue on economic growth in Nigeria. However, the specific objectives of the study are to:

i. Examine if company income tax has significant effect on Gross Domestic Product (GDP) per capita in Nigeria.
ii. Ascertain if Petroleum Profit Tax has significant effect on Gross Domestic Product (GDP) per capita in Nigeria.
iii. Investigate if Value Added Tax has significant effect on Gross Domestic Product (GDP) per capita in Nigeria.

Taxation

Tax is a non-refundable and mandatory payment made to a nation's government. Both private enterprises and individual consumers make these payments to the state (Agunbiade & Idebi, 2020). In return, the government holds the constitutional power to design and enforce laws and policies that guide the administration of taxes, ensuring all collections are appropriately managed and remitted (Abomaye-Nimenibo *et al.*, 2018). In Nigeria, the state possesses the legal power to levy taxes on its citizens at rates it considers appropriate (Amadi & Alolote, 2019).

Economic Growth

Economic growth refers to the continuous improvement in the standard of living and overall quality of life of individuals within a nation. The extent to which an economy (nation) sustains relevant development depends mainly on its ability to generate adequate income to finance key infrastructural and social projects. Taxation remains one of the most effective and reliable mechanisms for mobilizing domestic resources (Ayeni & Cordelia, 2022). Aside from revenue generation, tax policy serves numerous macroeconomic functions, including investment stimulation, price stabilization, income redistribution, and long-term economic growth. Todaro and Smith (2020) emphasized that development encompasses not only economic expansion but also qualitative improvements in health, education, and social equity.

Company Income Tax and Gross Domestic Product

Company income tax is a vital fiscal instrument adopted by governments to promote economic development. It is levied on the taxable profits of incorporated businesses, as defined under the Companies Income Tax Act (CITA). Over time, CITA has undergone several amendments to reflect evolving economic conditions and policy priorities. The tax liability is calculated on

a company's taxable profit after making adjustments for disallowable expenses, non-taxable income, loss reliefs, and capital allowances applicable to the relevant accounting period. Administration and collection of this tax rest exclusively with the Federal Inland Revenue Service (FIRS), and the rate payable is determined by the provisions of the Act (Gbeke & Nkak, 2021). Empirical studies highlight that effective company income taxation enhances government revenue and supports infrastructure development, while the Organization for Economic Co-operation and Development (OECD, 2022) notes that transparent corporate tax regimes also improve investor confidence and economic stability

Obadiaru *et al*. (2024) investigated the impact of tax revenue on Nigeria's economic growth over a thirty-year period from 1991 to 2021. Data was obtained from the Federal Internal Revenue Service and the Nigerian Bureau of Statistics. The study employed personal income tax, corporate income tax, and value-added tax as indicators of tax revenue, while gross domestic product was used as a proxy for economic growth. The autoregressive distributed lag (ARDL) technique was used to analyze the data. The results of the ARDL test indicated that company income tax had a positive effect. The study recommended that governments and pertinent tax authorities prioritize tax increases as a revenue source and concentrate on sectors that stimulate economic growth.

Ayeni and Cordelia (2022) examined the relationship between tax revenue and economic growth in Nigeria. The study utilized secondary sources of data, sourced from the CBN Statistical Bulletin and the published Federal Inland Revenue Service. The study employed the Vector Error Correction Model to analyze the data, and the findings revealed that company income tax has a negative and significant impact on economic growth. The study recommended that tax agencies should organize training and workshops for companies and the general public on the relevance of tax revenue to the economy.

Aondoakaa *et al*. (2022) ascertained the relationship between taxation and Nigeria's economic growth using an ex post facto research design. The study adopted secondary data obtained from the CBN Bulletin, covering the period from 1999 to 2020. The data were analyzed using the least squares regression method, and the findings revealed that company income tax exerts an adverse effect on economic growth. The study recommended that the Nigerian government reform the petroleum sector by prioritizing crude oil refining and exporting only processed petroleum products.

Confidence and Tovie (2022) examined the effect of Nigeria's tax revenues on economic growth. The study utilized secondary data sourced from the FIRS, covering the years 1999 to 2020. The study employed multiple linear regression, and the results revealed that company income tax has a positive effect on Nigeria's economic growth. The study concluded that effective tax administration requires competent and trustworthy professionals, and emphasized the importance of educating the general public about the role and benefits of taxation. Based on the above discussion, hypothesis one was formulated thus:

HO1: Company income tax has no significant effect on Gross Domestic Product (GDP) per capita in Nigeria.

Petroleum Profit Tax and Gross Domestic Product

Petroleum profit tax (PPT) is a fiscal obligation incurred when a company disposes of chargeable oil and gas, including the delivery of such oil to a refinery for processing and refining. PPT is imposed on income generated from petroleum operations under the provisions of the Petroleum Profit Tax in Nigeria. Petroleum operations include exploration, development, production, and the sale of crude oil. PPT is a vital source of federal revenue because petroleum activities constitute the country's primary source of income (Belau *et al*., 2025). Okafor and Uche (2023) opined that effective management of PPT significantly affects Nigeria's fiscal stability and public investment capacity.

PPT is levied to generate revenue for the government and functions as a medium for regulating the petroleum industry while enabling control over public assets (Hussain *et al*., 2024). Ihenyen and Ogbise (2022) noted that this tax applies to upstream operations in the oil sector and is the most significant tax in Nigeria, accounting for 95% of government revenue and 70% of total foreign exchange earnings. The fluctuation in the international market is a significant problem with this type of tax (Hussain *et al*., 2024).

Uchegbu *et al*. (2025) examined the effect of taxation policy on economic growth in Nigeria. An ex post facto research design was employed in the study. The data for this study were obtained from the CBN Bulletin from 2014 to 2023. The study employed the Ordinary Least Squares regression method to test the hypotheses, and the findings showed that the Petroleum Profit Tax has a positive but non-significant effect on Nigeria's Gross Domestic Product. The study recommended that the Nigerian Federal Inland Revenue Service should maintain the current structure of Corporate Income Tax and consider incentives for profitable companies to reinvest in local industries, thereby further boosting economic growth.

Aondover (2025) ascertained the impact of company income tax and petroleum profit tax on the performance of listed oil and gas firms in Nigeria. The study adopted a theoretical framework to analyze the relationships between taxation and profitability, proposing how these taxes might affect the performance of these firms. The findings revealed that company income tax and petroleum profit tax hurt the financial performance of listed oil and gas firms in Nigeria. The study recommended that the government review its tax policies for the oil and gas industry in Nigeria, taking into consideration the impact on the profitability of listed firms.

Hussain *et al*. (2024) investigated the relationship between tax revenue and economic growth in Nigeria using the Ex-post facto research design. Time series data for ten years (2013-2022) were used in conducting the research work. Multiple Regression analysis (Vector Error Correction Model) was adopted. The findings reveal that petroleum profit tax revenue has a significant and negative effect on economic growth in Nigeria. The study recommended that the government consider reducing the rates of customs and excise duty on imports and exports to mitigate the adverse effects on economic growth.

Ideh (2019) examined the correlation between various components of tax revenue and Nigeria's economic development. Using secondary time-series data obtained from the National Bureau of Statistics, the study examined value-added tax, petroleum profit tax, personal

income tax, company income tax, and customs and excise duties as key tax components. The data were analyzed using the Autoregressive Distributed Lag (ARDL) model, and the findings indicated that the petroleum profit tax exhibited a negative relationship with both real GDP and HDI. The study recommended that a substantial share of revenues from PPT and other tax sources be carefully allocated to infrastructure investment to support sustainable growth. From the above discussion, hypothesis two was formulated as follows:

HO2: Petroleum Profit Tax has no significant effect on Gross Domestic Product (GDP) per capita in Nigeria.

Value Added Tax and Gross Domestic Product

Value-added tax is levied on the sale of goods with exemption to the items listed in the First Schedule of the VAT Act. Value Added Tax, widely embraced around the world, not only generates government income but also discourages the consumption of products deemed harmful to human health. VAT is an indirect tax because the ultimate cost is borne by consumers when they purchase taxable goods (Confidence & Tovie, 2022). According to Ideh (2019), VAT is a consumption tax applied whenever additional value is created during the production and distribution stages. In Nigeria, the Federal Inland Revenue Service (FIRS) oversees the tax under the provisions of the VAT Act, collecting it at the prescribed rate. According to Abomaye-Nimenibo *et al*. (2018), sellers collect the tax at the point of sale, deduct the appropriate amount, and remit it to FIRS through designated banks. Ufomadu (2019) further notes that VAT reflects the estimated market value added to a product or service at each stage of manufacturing or distribution. Since businesses cannot reclaim the tax paid on goods and services they consume, the burden ultimately falls on consumers.

Ogunsola (2023) ascertained the effect of taxation on economic development in Nigeria using a time-series research approach. Secondary data covering the years 2015-2022 were analyzed using regression techniques. The findings revealed that value-added tax has a positive but statistically insignificant impact on real gross domestic product. The study recommended that government authorities ensure tax revenues are carefully managed and directed toward projects that will meaningfully support economic development.

Omodero (2020) investigated the impact of indirect taxes on commodity consumption in Nigeria. The study, which utilized secondary data from 2005 to 2019, found that the value-added tax discourages the consumption of specific goods and services. Additionally, value-added tax has an insignificant but positive influence on consumption. The study recommended a decrease in the prices of food items to enable consumers to increase their patronage. At the same time, products that attract customs and excise duties should be exempt from these taxes.

Shehu and Ibrahim (2025) investigated the effect of value-added tax on revenue generation and economic development in Nigeria. Time-series data were employed in the study to run the regression for VAT on total tax revenue and GDP. Vector error correction and autoregressive models were employed in the regression analysis. The study revealed that VAT has a

significant impact on total tax revenue, with a two-year lag, and its explanatory power increases over time. The study recommends that the government critically evaluate the VAT collection process, eliminate bureaucratic procedures, and improve transparency, allowing economic units to coordinate their efforts with those of tax authorities.

Belau *et al*. (2025) ascertained the effect of tax revenue on economic growth and development. The study employed the time series data sourced from the CBN Statistical Bulletin from 1992 to 2024. The multiple regression technique was used to analyze the data, and the findings revealed that VAT has a positive and significant effect on the gross domestic product. The study recommended that policymakers consider reducing VAT rates on essential goods and services to minimize the burden on consumers and businesses. This hypothesis was formulated based on the above discussion:

HO3: Value Added Tax has no significant effect on Gross Domestic Product (GDP) per capita in Nigeria.

Theoretical Framework

The study is anchored on expediency theory. The expediency theory of taxation was developed by Buehler in 1936. This theory posits that every tax revenue collection system must meet the criterion of practicability, which should be the sole factor in the government's selection of a revenue collection system. The assertion is that the government's economic and social aims should be deemed inconsequential, as a tax that cannot be levied and appropriately collected is ineffective. This theory is relevant to the study, as the nation anticipates that the tax system will enhance revenue collection by establishing a conducive technological framework that promotes efficient assessment and revenue collection processes. The expediency hypothesis has been criticized for its assertion that the government's economic and social objectives should be deemed irrelevant, as this perspective is impractical due to demands from various economic, social, and political groups. Every group attempts to protect and promote its own interests, and the government is often compelled to adjust its tax structure to accommodate these pressures (Bhartia, 2009).

Furthermore, the administrative framework may lack efficiency in collecting the tax at a cost-effective rate. Taxation provides a robust set of policy tools to the authorities. It should be effectively used to remedy the economic and social ills of society, such as income inequalities, regional disparities, unemployment, and cyclical fluctuations (Bhartia, 2009). The expediency theory of taxation is therefore relevant to the present study, as it seeks to explain the influence of administrative setup, such as an efficient electronic payment system, on revenue collection by KRA, which ultimately affects its performance.

Methodology

This study employed an *ex post facto* research design. This design is suitable because it involves the use of historical data over which the researcher has no control. The design enables the assessment of the relationship between tax revenue (as reflected by Company Income Tax,

Petroleum Profit Tax, and Value Added Tax) and economic growth (measured by Gross Domestic Product per capita) in Nigeria between 2005 and 2024. In this study, the researcher employed secondary sources of data collection. Secondary data were collected from the National Bureau of Statistics (NBS) for various years, as well as from the Federal Inland Revenue Service (FIRS).

The population of this study encompasses the Nigerian economy, specifically its relationship with taxation policies and economic growth indicators. Given that the study focuses on the impact of taxation policies on economic growth, the population includes all the relevant tax policies, economic indicators, and data on Nigeria's GDP within the study period (2014-2023). The sample size is determined by the census approach, where all relevant data points within the study period are considered. The census sampling technique is employed to ensure that the analysis captures the full scope of taxation policies and their effects on economic growth.

The study employs Ordinary Least Squares (OLS) regression analysis to determine the relationship between tax revenue variables and economic growth in Nigeria. The analysis was conducted using E-views statistical software. To establish the joint relationship between the variables, the multiple regression models for this study are specified as:

$$GDP = \alpha_0 + \alpha_1 CIT + \alpha_2 PPT + \alpha_3 VAT + U_t$$

Where:
GDP = Gross Domestic Product (a measure of investment activities)
CIT = Company Income Tax
PPT = Petroleum Profit Tax
VAT = Value Added Tax
U_t = error term for a specified period.

Table 1: Measurement of Variables

S/N	Variables	Measurement
1.	Gross Domestic Product (GDP)	**It represents the total naira value of goods and services produced overall over a specific period**
2.	Company Income Tax (CIT)	**CIT is a tax on the profit of registered companies in Nigeria. It also includes the tax on the profit percentage of foreign businesses operating in Nigeria**
3.	Petroleum Profit Tax (PPT)	**50% for oil operation and production agreement including ventures**
4.	**Value Added Tax (VAT)**	**This is a consumption tax paid on all goods and services provided in or imported into Nigeria**

Source: Researcher's Computation (2025)

Result and Discussion

Table 2: Summary of Descriptive Statistics

	GDP	CIT	PPT	VAT
Mean	7005503.	0.524533	5.653333	6.894757
Median	3225000.	0.500000	6.000000	5.857365
Maximum	55964000	0.670000	6.000000	0.975635
Minimum	100000.0	0.170000	4.000000	6.976243
Std. Dev.	8796949.	0.092755	0.708162	0.283474
Skewness	2.205032	-0.190670	-1.712649	-4.657245
Kurtosis	8.998484	3.829765	4.186799	6.129458
Jarque-Bera	692.8809	10.42413	164.2645	7.984725
Probability	0.000000	0.005450	0.000000	0.009482
Sum	2.10E+09	157.3600	1696.000	3.485051
Sum Sq.Dev.	2.31E+16	2.572435	149.9467	4.292049

Source: Output of data analysis by author using E-view (2025)

The descriptive statistics of the variables used in the analysis presented in table 1 explains the range, minimum, maximum, mid values, spread and normality of the variables. The mean value of Gross Domestic Product (GDP) is 7005503. It had a maximum value of 55964000 and a minimum value of value of 100000.0 revealing a large variation thereby showing some degree of variability. It was, however, skewed to the right with a value of 2.205032 and is normally distributed at 16.67347. It exhibited positive skewness with a value of 692.8809. The mean values of all the explanatory variables are positive. All the explanatory variables were positively skewed, except for PPT, which had a value of -1.712649. The Jacque-Bera probabilities with $p < 0.05$ are an indication that all the variables are normally distributed.

Table 3: Regression Analysis

Dependent variable: GDP

Method: least squares

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Variable	Coefficient	Std. Error	t-statistic	Prob.
C	13.9566	0.35604	4.53856	0.0000
CIT	1.49023	0.67640	2.93954	0.0004
PPT	0.98396	0.15177	3.19798	0.0031
VAT	0.87654	0.45129	2.65432	0.0401

R –squared	0.83699	mean dependent va	0.792000
Adjusted R-sq.	0.81318	S.D dependent var	0.407510
S.E of reg.	0.45451	Akaike info criterion	0.810675
Sum sq. reg	14.9559	Schwarz criterion	0.946434
Log likelihood	-44.6671	Hannan – Quinn criter.	0.865827

F –statistic	9.78768	Durbin-Watson stat	1.220922
Prob (F-stat)	0.00000		

Source: Output of data analysis by author using E-view (2025)

From the result above, the estimate of β0 is 13.9566. This shows that if the independent variable is zero, the dependent variable would be 13.9566. It implies that there is a direct relationship between the dependent and independent variables.

The estimate of β1 is -1.49023. This implies that there is an indirect relationship between the company income tax and Gross Domestic Product. An increase in the company income tax rate (CIT) would cause 1.49023 changes in Gross Domestic Product (GDP). In other words, CIT and GDP move in the opposite direction. The estimate of β2 is 0.98396. This implies that there is a direct relationship between Petroleum Profit Tax (PPT) and Gross Domestic Product (GDP). A unit change in PPT will bring about 0.983696 changes in Gross Domestic Product (GDP). This implies that a unit change in PPT and Gross Domestic Product (GDP) moves in the same direction.

With a co-efficient of 1.49023, the result indicates that company income tax positively impacts Gross Domestic Product. The probability value of 0.0004 indicates that the positive impact is significant because the p-value is less than 0.05. This leads to the acceptance of the alternative hypothesis that says Companies' income tax has a significant effect on Gross Domestic Product (GDP) per capita in Nigeria.

The result, with a coefficient of 0.98396, indicates that petroleum profit tax positively impacts Gross Domestic Product. In contrast, the probability value of 0.0031 indicates that the positive impact is significant because the p-value is less than 0.05. This leads to the rejection of the null hypothesis and acceptance of the alternative hypothesis that says Petroleum Profit Tax has a significant influence on Gross Domestic Product (GDP) per capita in Nigeria.

With a coefficient of 0.87654, the residual value-added tax positively impacts Gross Domestic Product, while the probability indicators of 0.0401 indicate that the positive impact is significant. This leads to the rejection of the null hypothesis, thus accepting the alternative hypothesis that says VAT has a significant impact on Gross Domestic Product (GDP) per capita in Nigeria.

Discussion of Findings

The results indicate that almost all the variables are significantly normal distributed at the 5% level of significance. The correlation matrix indicates that the variables have mixed relationships. The results also indicate the absence of multicollinearity.

From the result of hypothesis one, the result indicates that company income tax positively impacts Gross Domestic Product, with the probability value of 0.0004, which indicates that the positive impact is significant. This leads to the acceptance of the alternative hypothesis that companies' income tax has a significant effect on Gross Domestic Product (GDP) per capita in Nigeria. These findings agree with the results of Ayeni *et al*. (2022) and Obadiaru *et*

al. (2024), whose studies revealed that company income tax has a negative and significant effect on GDP. It also corroborates the result of Confidence and Tovie (2022), whose findings revealed that company income tax and value-added tax have a positive impact on Nigeria's economic growth.

Regarding the petroleum profit tax, the result indicates that the petroleum profit tax positively impacts Gross Domestic Product, while the probability value of 0.0031 indicates that the positive impact is significant. This leads to the rejection of the null hypothesis and the acceptance of the alternative hypothesis, which states that the Petroleum Profit Tax has a significant influence on Gross Domestic Product (GDP) per capita in Nigeria. This result is supported by the findings of Hussain *et al*. (2024), whose results revealed that petroleum Profit Tax revenue has a significant and negative effect on economic growth in Nigeria. The study, however, slightly disagrees with the findings of Uchegbu *et al*. (2025), whose results revealed that the petroleum profit tax has a positive but non-significant effect on Nigeria's gross domestic product.

Additionally, the result of the value-added tax analysis indicates that it has a positive impact on Gross Domestic Product, with a probability value of 0.0401, suggesting that this impact is statistically significant. This leads to the rejection of the null hypothesis, thus accepting the alternative hypothesis that says VAT has a significant impact on Gross Domestic Product (GDP) per capita in Nigeria. This corroborates the study by Shehu and Ibrahim (2025), which revealed that VAT has a significant effect on total tax revenue with a two-year lag, and it increasingly explains changes in total tax revenue over time. This result, however, disagrees with the findings of Ogunsola (2023), whose results revealed that the value-added tax has a negative and insignificant influence on the poverty index.

Conclusion and Recommendations

The impact of various taxation regimes on a nation's economic performance is a crucial aspect of economic policy study. In Nigeria, taxes, including petroleum profit tax, company income tax, and value-added tax, significantly influence the economic landscape and offer insights into the efficacy of fiscal policies. The analysis concludes that the petroleum profit tax, corporate income tax, and value-added tax significantly impact gross domestic product. The ramifications of these findings are substantial for policymakers in Nigeria. To foster economic growth, it is essential to evaluate the particular context and structure of tax reform while balancing the necessity for government revenue against its possible effects on economic expansion. The results emphasize the necessity for a varied tax structure that promotes compliance, diminishes the informal sector, and ensures a reliable revenue source for the government. Neglecting these elements may result in detrimental effects on the economy, such as diminished investment, decreased demand for goods and services, and ultimately, sluggish economic growth. The subsequent recommendations are derived from the study's findings:

i. The Nigerian Federal Inland Revenue Service (FIRS) should preserve the existing framework of Corporate Income Tax and contemplate incentives for profitable enterprises to reinvest in domestic industries, thereby enhancing economic growth.

ii. The Nigerian government should reform its petroleum sector by enhancing efforts to process crude oil and only sell refined oil in the international market. This will mitigate the current impact of external shocks resulting from crude oil price fluctuations caused by OPEC's production quotas or financial crises in the global market.
iii. The government should contemplate broadening the scope of the value-added tax to encompass additional sectors of the economy to enhance income and bolster compliance.

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