

Assessing the Effect of Tax Reforms on Federally Collected Revenue in Nigeria

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Abstract

Original Research Article

This study examines the effect of tax reforms on federally collected revenue in Nigeria, focusing on the period from 2011 to 2023. It explores how key reforms such as the Value Added Tax (VAT), Petroleum Profit Tax (PPT), Company Income Tax (CIT), and National Information Technology Development Fund (NITDEF) have influenced government revenue generation. The research utilizes a Vector Auto Regression (VAR) model to analyze the interdependencies between these reforms and revenue collection, while addressing issues of tax evasion, inefficiency, and non-compliance. The findings reveal that VAT and CIT reforms significantly contribute to federal revenue, while PPT reforms show limited impact due to global oil price fluctuations. NITDEF reforms also exhibit a positive influence on revenue generation. The study suggests that the Nigerian government should prioritize VAT and CIT reforms, enhance digital tax administration, and expand the tax base to reduce dependency on oil revenue and ensure long-term fiscal sustainability. These insights have significant implications for future tax policy and economic development in Nigeria.

Keywords: Tax Reform, Federal Revenue, VAT, CIT, PPT, NITDEF.

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1. INTRODUCTION

Taxation is a crucial mechanism for promoting economic growth and development through the mobilization of domestic resources. Taxation serves as a principal source of governmental revenue, facilitating the funding of public services, infrastructure, and poverty alleviation programs. In Nigeria, an economy reliant on oil, the necessity of enhancing its tax system has been emphasized by the pressing requirement to diversify revenue sources and diminish dependence on oil earnings. Tax administration in Nigeria has encountered enduring issues, such as insufficient data management, ineffective tax policies, corruption, and prevalent tax evasion and avoidance (Udezo & Onuora, 2021). The Nigerian government must conduct tax changes to enhance system efficacy, expand the revenue base, and elevate tax compliance due to these difficulties.

Nigeria's tax reforms have chiefly concentrated on streamlining the tax system, augmenting administrative capabilities, and modernizing collection mechanisms. These measures seek to optimize tax policies, reduce tax evasion, and eventually enhance government revenue. Since 1991, numerous substantial reforms have been implemented, including the creation of the Federal Inland Revenue Service (FIRS), the introduction of Value Added

Tax (VAT) in 1992, and the imposition of various levies on corporate profits and sectors (Udezo & Onuora, 2021). Furthermore, recent initiatives, like the yearly Finance Acts commencing with the Finance Act of 2019, have aimed to enhance the dynamism and responsiveness of Nigeria's tax legislation in alignment with global best practices (Andersen & Andersen, 2023).

Nonetheless, despite these reforms, Nigeria's tax system persists in grappling with inadequate revenue collection, ineffective tax administration, and extensive non-compliance. The nation's tax-to-GDP ratio is markedly lower than the Sub-Saharan African average, suggesting that a substantial amount of potential tax revenue is uncollected (Ajetunmobi, 2022). The informal sector, which is predominantly untaxed, exacerbates the limitation of government revenue production (Nabena *et al.*, 2022).

The digitalization of tax administration is proposed as a viable means to enhance efficiency, transparency, and tax compliance. However, obstacles including limited infrastructure, insufficient technical competence, and stakeholder resistance have impeded the complete implementation of digital transformation in the Nigerian tax system (Udezo & Onuora, 2021). Moreover, concerns regarding the Petroleum Profit Tax (PPT), Company

Income Tax (CIT), and VAT have prompted enquiries into the efficacy of the tax system, especially in relation to revenue volatility, tax avoidance, and evasion (PLACNG, 2023).

This study seeks to evaluate the effects of tax reforms on federally collected income in Nigeria, concentrating on the period from 2011 to 2023. This research aims to assess the efficacy of tax reforms in enhancing revenue generation, specifically through the Finance Acts, Value Added Tax, Petroleum Profit Tax, Company Income Tax, National Information Technology Development Fund, Stamp Duty, Capital Gains Tax, and Education Tax reforms, in order to elucidate the broader implications of tax reforms for economic sustainability in Nigeria. The study will examine the success of these measures in overcoming the structural and administrative obstacles that have traditionally impeded effective tax collection and compliance.

The subsequent sections of this work are organized as follows: Section 2 encompasses the literature review and hypothesis formulation, Section 3 details the data and methodology, Section 4 presents the outcomes, and Section 5 concludes the study.

2. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

2.1 Conceptual Review

2.1.1 Taxation

Taxation refers to the method by which governments gather financial contributions from individuals and corporations to finance public expenditures. Ifurureze and Ekezie (2014) assert that a government's capacity to generate adequate tax revenue is essential for delivering infrastructure, social services, and other vital functions for its citizens. Awa and Ibeanu (2020) assert that taxation serves not only as a means of revenue generation but also as a mechanism for economic regulation, including the control of inflation, wealth redistribution, and the promotion of targeted industrial activities.

Tax revenues play a crucial role in diminishing the nation's dependence on oil exports, which are vulnerable to fluctuations in global markets. An effectively organized tax system is crucial for achieving economic diversification and stability. The Nigerian government's primary objective of the tax system is to maximize revenue and minimize economic distortions (Afubero & Okoye, 2014).

Tax administration encompasses the implementation and enforcement of tax legislation, along with the collection of taxes by appropriate authorities. Tax administration in Nigeria involves various entities across federal, state, and local levels, with the Federal Inland Revenue Service (FIRS) serving a pivotal function in the collection of federal taxes, including Company Income Tax (CIT) and Value Added Tax (VAT).

2.1.2 Tax Reforms

Tax reforms in Nigeria represent a sustained governmental initiative aimed at rectifying inefficiencies within the tax system, expanding the tax base, and diminishing reliance on oil revenues. The reforms of 1991 and 1992 represented important developments, notably through the implementation of the Value Added Tax (VAT) and the creation of the Federal Inland Revenue Service (FIRS) aimed at improving tax collection efficiency. The Finance Acts enacted in subsequent years expanded upon these reforms, with the objective of enhancing the adaptability and inclusivity of the tax system.

The 1991 reforms, initiated by the Sylvester study group on indirect taxation, replaced sales tax with VAT, thus transforming Nigeria's tax structure from trade-based to consumption-based taxation. The objective of this shift was to enhance the sustainability of the tax system and reduce its susceptibility to variations in global oil prices. The establishment of the Federal Inland Revenue Service (FIRS) represented a significant advancement in the decentralization of tax collection and administration, offering a more specialized and autonomous entity for the federal tax framework (Ebieri & Ekwueme, 2016).

The Finance Act serves as an essential instrument of fiscal policy, enacted each year to modify tax legislation and maintain alignment with current economic challenges. Following the implementation of the Finance Act 2019, Nigeria has experienced significant modifications to its tax framework, encompassing a decrease in corporate tax rates, the establishment of new tax categories, and initiatives aimed at enhancing tax compliance. The Finance Act 2023 revised multiple tax regulations, such as the Company Income Tax (CIT), Value Added Tax (VAT), and Petroleum Profit Tax (PPT), with the objectives of addressing revenue leakages, improving collection efficiency, and increasing transparency within the tax system (Andersen & Andersen, 2023). The Finance Act 2023 implemented reforms aimed at enhancing revenue collection, especially from non-oil sectors, through amendments to the provisions concerning VAT, corporate income tax, and capital gains tax. The focus was on enhancing the compliance obligations for multinational corporations and optimizing tax collection from digital transactions, in alignment with global best practices (FIRS, 2014).

The introduction and ongoing amendments of the Value Added Tax (VAT) system represent a critical component of Nigeria's tax reform efforts. The Finance Act 2023 aimed to streamline VAT administration and enhance compliance by granting the Federal Inland Revenue Service (FIRS) the authority to disregard fictitious or artificial transactions. This contributes to the mitigation of VAT evasion, a widespread problem within the Nigerian tax system (Olajide & Associates, 2013). Value Added Tax (VAT) has emerged as a fundamental component of Nigeria's taxation framework; however, issues persist regarding equitable distribution and enforcement mechanisms.

The 2023 reforms to the Company Income Tax (CIT) established new compliance requirements for businesses,

especially in industries like shipping and air transport, which are frequently vulnerable to tax evasion. These reforms underscore the government's emphasis on expanding the tax base by ensuring compliance across various sectors.

The Petroleum Profit Tax (PPT) reforms in the Finance Act 2023 focused on increasing the compliance of companies in the oil sector. The amendments have redefined fiscal oil prices, decommissioning costs, and penalties, enhancing the collection efficiency in a sector that has historically been marred by tax avoidance practices. Despite the importance of oil revenues, the reforms seek to reduce the vulnerability of the government's fiscal position by ensuring that the oil sector contributes fairly to national revenue (Oriakhi & Ahuru, 2014).

Tax reforms have had a mixed impact on federal revenue generation. While some reforms have led to increased tax collection, particularly from VAT and corporate taxes, the overall tax-to-GDP ratio remains low compared to other countries. The reforms' full impact will likely become clearer in the coming years as compliance improves and the economy stabilizes post-pandemic (Andersen & Andersen, 2023). The effectiveness of the Finance Acts in expanding the tax base and improving collection efficiency will play a critical role in determining the future sustainability of Nigeria's fiscal system.

2.1.3 Revenue Performance

Fiscal adjustments, including modifications in tax legislation, enhancements in tax administration, and reductions in tax evasion, are primary factors contributing to improved revenue performance. The most important indicator for assessing a country's revenue performance in light of the recent tax reform is the enhancement of revenue generation, especially non-oil tax revenue (Oti & Odey, 2016). Revenue generation acts as a benchmark for assessing the impact of the recent tax reform and the reorganization of the Federal Inland Revenue Service (FIRS). Following the 2004 reform, tax revenue has experienced an average annual increase of 26%. The current ratio of tax revenue to GDP stands at 8% (Edun, 2023). In contrast, this is unremarkable when compared to the potential in emerging economies, where the ratio varies between 15 and 20% (Okonjo – Iweala, 2012). Adebayo et al. (2022) define revenue generation as the annual or periodic yield of taxes and other income sources collected by a nation, state, or public sector for public use. Revenue constitutes the financial resources required for government operations, derived from diverse sources including taxes, penalties, fees, borrowings, tolls, interest, rates, duties, fines, and other receipts accrued during a fiscal period.

Government revenues originate from taxes imposed on the income and wealth of individuals and corporations, alongside revenues from goods and services produced, exports, and imports. Additionally, non-taxable sources contribute, including income from government-owned corporations, central bank revenue, and capital receipts from external loans and debts obtained from international

financial institutions. In Nigeria, federally collected revenue is categorized into two main types: oil revenue and non-oil revenue. Oil revenue includes all income generated from oil and gas activities within the country, whereas non-oil revenue refers to income derived from sources outside of these activities. Nigeria prioritized oil over non-oil sectors due to its status as the primary revenue source for the nation (Ofurum et al., 2018). Oil revenue constitutes over 80% of the annual revenue for the three tiers of government, despite the diverse revenue sources outlined in the 1999 constitution (Olajide, 2015).

The recent decline in oil prices has adversely affected Nigeria's revenue base (Adebayo et al., 2022) due to the global health crisis (Aifuwa et al., 2020). Federal, state, and local governments are closely monitoring tax revenue to finance an expanding budget and facilitate economic growth and development. The tax structure of government revenue indicates that, in 2021, corporate income tax accounted for the largest share of total tax revenues in Nigeria, contributing 35%. In 2021, the second-largest portion of tax revenues came from taxes on goods and services, excluding VAT, which accounted for 21%, while personal income tax contributed 11% (OECD, 2023).

2.2 Theoretical Underpinning

2.2.1 Expediency Theory

The expediency theory is linked to the tax composition development theory proposed by Hinrichs (1966). The hypothesis posits that enhancements in the tax structure are likely to augment government revenue and foster national economic development (Bhartia, 2009). The theory emphasizes that each tax proposal must meet the criterion of feasibility. Each group endeavors to safeguard and promote its own interests, compelling authorities to modify the tax structure to address these demands. Chigbu et al. (2012) observed that taxes constitute a formidable array of policy instruments for authorities and should be employed judiciously to address economic and social maladies, including income inequality, unemployment, regional disparities, and cyclical swings.

2.2.2 The Socio-Political Theory

Socio-Political Theory, or Political Sociology, is a discipline that investigates the interaction between society and politics. This academic subject emerged in the late 19th century, significantly shaped by numerous scholars throughout its development. The theory examines the impact of socioeconomic variables, including class, race, and gender, on political behavior and institutions. It examines the influence of political decisions and policies on societal structures and human conduct.

Max Weber, a German sociologist, was an early advocate of Political Sociology, highlighting the significance of comprehending the interplay between society and politics. Weber's contributions in the early 20th century established the groundwork for Political Sociology as a separate academic discipline. Other significant

contributors comprise Karl Marx, who examined the influence of economic frameworks on political authority, and Emile Durkheim, who investigated the function of social cohesion in political stability.

Numerous authors have employed Socio-Political Theory in their research. Perry Anderson's "Considerations on Western Marxism" (1976) and Michael Burawoy's "Manufacturing Consent" (1979) are foundational texts examining the interplay between social institutions and political authority. Judith Butler's "Gender Trouble" (1990) explores the interplay between gender and politics, emphasizing the influence of social identities on political behavior.

The significance of Socio-Political Theory in analyzing tax reforms and government revenue performance in Nigeria is considerable. Taxation serves as both an economic mechanism and a socio-political instrument that mirrors and influences the dynamics between the state and its population. Utilizing Socio-Political Theory, researchers can examine how social determinants, like class and income disparity, affect tax compliance and the efficacy of tax systems. This method aids in comprehending the wider social ramifications of tax policies and their effect on revenue performance. Research indicates that equitable tax systems that account for socioeconomic inequities tend to attain higher compliance rates and enhance revenue performance (Bamidele, 2020; Ebimobowei & Ebiringa, 2012).

2.2.3 Ability to Pay Theory

The Ability-to-Pay Theory posits that taxation should be based on an individual's financial capacity. This idea posits that individuals, businesses, and corporations with elevated incomes are capable of and ought to contribute a greater tax burden. The approach is based on the notion that individuals with larger financial means should contribute more to the financing of public services and infrastructure, as they can more easily absorb the tax burden without substantially affecting their level of living. The Ability-to-Pay Theory is commonly linked to progressive taxation, wherein tax rates escalate with increasing income levels.

The Ability-to-Pay Theory originates from classical economists such as Adam Smith, who advocated for the concept in his influential work, "The Wealth of Nations" (1776). Smith contended that individuals have to pay to governmental assistance commensurate with their respective capabilities, namely their income or wealth (Kenton, 2019). This principle has been elaborated and enhanced by numerous economists and researchers throughout history.

Numerous authors have employed the Ability-to-Pay Theory in their research. Boluwatife Seriah's literature review on taxation ideas examines the foundations and applications of the Ability-to-Pay Theory, the Benefit Theory, and the Neutrality Theory (Seriah, 2024). Furthermore, KR Chauke, MP Sebola, and NE Mathebula have employed the Ability-to-Pay Theory within the framework of South African municipalities, examining its

significance for revenue generation and service delivery.

The significance of the Ability-to-Pay Theory in the examination of tax reforms and governmental revenue performance in Nigeria is substantial. Taxation serves as both an economic mechanism and a socio-political instrument that mirrors and influences the dynamics between the state and its population. Utilizing the Ability-to-Pay Theory, researchers can examine how socioeconomic determinants, such as income disparity and wealth allocation, affect tax compliance and the efficacy of tax policies. This method aids in comprehending the wider social ramifications of tax policies and their effect on revenue performance. Research indicates that fair tax systems, which take into account individuals' capacity to pay, tend to yield higher compliance rates and enhance revenue performance.

2.3 Empirical Review

Kamara, Kamara & Koroma (2021) investigated the enhancement of revenue collections by tax reforms: evidence from the National Revenue Authority of Sierra Leone. The particular aims were to identify the principal tax reforms in the country, evaluate the effects of tax reforms on revenue generation, and ascertain the degree to which tax reforms influence Gross Domestic Product (GDP). Secondary data were obtained from the Monitoring, Research, and Planning Department of the NRA through a desk survey method, examination of existing records, and analysis of relevant literature. The study employs an exploratory and ex-post facto design, utilizing descriptive statistics for data analysis. The findings indicated that tax changes exhibit considerable shortcomings and compromises; Sierra Leone confronts issues in both tax reform policies and revenue administration, akin to many African nations. Moreover, the nation faces challenges from the expanding informal sector, complicating taxes efforts within this domain. It was advised that for effective tax reform, an interactive forum between the government and taxpayers should be established to ascertain a clear and definitive understanding of what is achievable and what is not. The expedition recommended automating Sierra Leone's tax system to enhance access to tax information for the majority of Sierra Leoneans, thereby deterring corruption and improving the effectiveness and efficiency of tax administration, which would subsequently increase tax collections and generate sustainable revenue.

Ameth (2019) evaluated the impact of reforms on tax revenue performance in Senegal from 1970 to 2014. Considering various aspects of reforms in tax administration, encompassing tax-related and institution-related reforms, and employing inferential statistics such as ordinary least squares, instrumental variable two-stage least squares, and iteratively reweighted least squares for data analysis. The study evaluated the significance of improvements in enhancing tax income. The findings indicate that tax reforms, institutional reforms, and the amalgamation of these reforms have substantially

enhanced tax revenue performance. The primary implication is that more tax reforms and institutional reforms are essential for the sustainable enhancement of tax revenue mobilization.

Inyang, Otuagoma, Jadi, Nwafor, Umagu, and Ekwe (2022) conducted an empirical study entitled “Effect of Tax Policy Changes on Revenue Generation in Nigeria,” which evaluated the impact of tax policy modifications on Nigeria's revenue generation. Time series data was obtained from the statistical bulletin of the National Bureau of Statistics (NBS), the Federal Inland Revenue Service (FIRS), and the Federal Ministry of Finance for the period 2004-2016 (thirteen years). The data were analyzed using a T-test and multiple regression. The findings indicated a statistically significant overall model, and it was also determined that variations in total tax between the periods have statistical significance, with values of 0.002 and 0.007, respectively. The study determined that inadequate policy development and execution, along with the absence of anti-tax avoidance legislation, may contribute to the elevated incidence of tax evasion on the Nigerian tax system. The paper advocates for a methodical strategy regarding voluntary tax compliance and urges the government to intentionally develop tax policies that ensure voluntary adherence and effective administration, along with the macroeconomic goals of taxation.

Eke and Omogbai (2022) analyze the effects of tax reforms on revenue generation in Nigeria, focusing primarily on the influence of these reforms on petroleum profit tax, corporate income tax, and value-added tax as sources of revenue generation in the country. Secondary data was sourced from the Central Bank of Nigeria and the Federal Inland Revenue Service. The paired sample T-test was employed to evaluate the pre- and post-impact of tax reforms on revenue generation in Nigeria. A substantial disparity in PPT, CIT, and VAT was identified between the periods of 2010-2014 and 2015-2021 regarding revenue generation in Nigeria. The report advises that the federal government, via its tax and finance agency, should maintain the existing tax measures to enhance income generation.

Udezo and Onuora (2021) examined the impact of tax reforms on revenue performance in Nigeria utilizing time series data from 1991 to 2018, spanning twenty-eight years. This study aims to assess the impact of tax reforms on revenue performance in Nigeria, with tax reforms quantified through modifications in Petroleum Profit Tax (PPT), Company Income Tax (CIT), Value Added Tax (VAT), and Personal Income Tax (PIT), while revenue performance is indicated by total federal collection revenue. A statistical examination of parameter estimations was performed utilizing descriptive statistics, Augmented Dickey-Fuller (ADF) statistics, co-integration tests, and multiple regression model analysis. An ex-post facto research design was employed, and data for the study were sourced from the National Bureau of Statistics, the Central Bank of Nigeria (CBN) statistical

bulletin, and the Federal Inland Revenue Service (FIRS). The regression analysis indicated that reforms in Value Added Tax (VAT), Personal Income Tax (PIT), and Petroleum Profit Tax (PPT) significantly enhance revenue performance. Reform in Company Income Tax (CIT) has a beneficial although small impact on revenue performance in Nigeria at the 0.05 level of significance. The study concludes that tax modifications significantly impact revenue performance in Nigeria.

Nwala and Gimba (2019) investigated the impact of tax reform on revenue generation in Nigeria. The research used an ex-post facto design utilizing time series data spanning thirty-one years, from 1986 to 2017. Data were acquired from the CBN statistical bulletin and the yearly reports of the National Bureau of Statistics for analytical purposes. Tax reform was represented by Companies' Income Tax (CIT), Value Added Tax (VAT), and Petroleum Profits Tax (PPT), and revenue creation was represented by total federally collected income. The study employs descriptive statistics, the Augmented Dickey-Fuller unit root test, ordinary least squares (OLS) regression, a heteroskedasticity test, and the Variance Inflation Factor for analysis. The research found that tax reform positively and significantly impacts revenue collection in Nigeria. It consequently determined that taxes exhibit an inverse correlation with revenue creation in Nigeria. The study recommended a review of companies' income tax, value-added tax, and petroleum profits tax to address the issue of multiple taxation and enhance accountability and transparency in government operations, thereby restoring taxpayer confidence in the tax system.

3. DATA AND METHODOLOGY

3.1 Research Design and Data Collection

This study employs an ex-post facto research design, suitable for examining the correlation between tax reforms and federally collected income in Nigeria within a specified historical timeframe. An ex-post facto design enables the researcher to examine causal linkages with pre-existing data without altering the independent variables. This design is optimal for evaluating the effects of tax reforms on government revenue results, as these policy measures are immutable and outside the researcher's control. The primary objective of this approach is to assess whether modifications in tax policies, particularly reforms concerning Company Income Tax (CIT), Petroleum Profit Tax (PPT), Value Added Tax (VAT), and the National Information Technology Development Fund (NITDEF), have produced quantifiable impacts on the federal government's revenue generation from 2011 to 2023.

The study utilizes just secondary sources for data collecting, which are suitable for macroeconomic and policy impact analyses of this kind. Data were acquired from the National Bureau of Statistics (NBS) and the Federal Inland Revenue Service (FIRS) reports for disaggregated tax revenue performance. The gathered data were utilized to evaluate the effects of tax policy

adjustments on federally collected income via time-series analysis, enabling an empirical investigation of trends, variations, and possible causal links. This approach and robust data sources assure methodological rigor in analyzing the impact of tax measures on Nigeria's fiscal landscape.

3.2 Measurement of Variables

The variable, proxy, type of variable, measurement of variables used in the model and apriori sign are presented in this section as showed in Table 1 below:

Table 1: Measurement of Variables

Variables	Label	Measurement	Expected Apriori Sign	Source
Value Added Tax (VAT)	VAT	Value Added Tax value in Naira (₦) as reported by the federal inland revenue service	+ve	Musa & Sanusi (2013); Ordu & Omesi (2022); Olatunji & Ayeni (2018)
Company Income Tax (CIT)	CIT	Company Income Tax value in Naira (₦) as reported by the federal inland revenue service.	+ve	Adefunke & Usiomon (2022); Chude & Chude (2015)
Petroleum Profit Tax (PPT)	PPT	Petroleum Profit Tax value in Naira (₦) as reported by the federal inland revenue service.	+ve	Gbegi <i>et al.</i> , (2017); Okoh <i>et al.</i> , (2016)
National Information Technology Development Fund (NITDEF)	NITDEF	National Information Technology Development Fund value in Naira (₦) as reported by the federal inland revenue service.	+ve	Ezechukwu <i>et al.</i> (2022)
Federally Collected Revenue (FCR)	FCR	Estimates or value of revenues collected federally in Naira (₦) as reported by the national bureau of statistics and federal inland revenue service.	+ve	Okoh <i>et al.</i> , (2023); Ama & Omodero (2017); Berembo & Igonikon (2020)
Stamp Duties (SD)	SD	Stamp Duties value in Naira (₦) as reported by the federal inland revenue service.	+ve	Collins (2023)
Education Tax (EDT)	EDT	Education Tax in Naira (₦) as reported by the federal inland revenue service	+ve	Etale & Bariweni (2019)
Capital Gains Tax (CGT)	CGT	Capital Gains Tax value in Naira (₦) as reported by the federal inland revenue service.	+ve	Omesi, I., & Akpeekon (2019); Osho <i>et al.</i> (2019)

3.3 Model Estimates

The empirical framework utilized in this work is constructed on the model proposed by Udezo & Onuora (2021) to empirically assess tax reforms and revenue performance of government in Nigeria. Consequently, the initial model outlined by Udezo & Onuora (2021) is articulated as follows:

$$TFCR_t = \beta_0 + \beta_1 RPPT_t + \beta_2 RCIT_t + \beta_3 RVAT_t + \beta_4 RPIT_t + \mu_t$$

Where, TFCR = Total Federally Collected Revenue, RPPT = Reform in Petroleum Profit Tax (PPT), RCIT = Reform in Company Income Tax (CIT), RVAT = Reform in Value Added Tax (VAT), RPIT = Reform in Personal Income Tax (PIT), β_0 = Intercept, β_1 - β_4 = coefficient of slop or regression coefficient, and μ_t = error term.

The framework proposed by Udezo & Onuora (2021) has been specifically adapted and customized to align with the unique context and objectives of our current research.

For the purpose of this study all the independent variables and dependent variable were included in the new model with the addition of National Information Technology Development Fund (NITDEF) as independent variable. Also, stamp duties, capital gain tax and education tax as control variables in line with the gap identified in the empirical review and objective of this study. Hence, the modified model from Udezo & Onuora (2021) is expressed as follows:

$$TFCR_t = \beta_0 + \beta_1 RVAT_t + \beta_2 RCIT_t + \beta_3 RPPT_t + \beta_4 RNITDEF_t + \beta_5 SD_t + \beta_6 CGT_t + \beta_7 EDT_t + \mu_t$$

Where: TFCR = Total Federally Collected Revenue, RVAT = Reform in Value Added Tax (VAT), RCIT = Reform in Company Income Tax (CIT), RPPT = Reform in Petroleum Profit Tax (PPT), RNITDEF = Reform in National Information Technology Development Fund (NITDEF), SD = Stamp Duties, CGT = Capital Gains Tax, EDT = Education Tax, β_0 = Intercept, β_1 - β_7 = coefficient of slop or regression coefficient, and μ_t = error

term.

Considering the model estimate technique, the model was disintegrated into four models to estimate each of the reformed variable alongside the control variables:

Model One: to analyze the effect of value added tax (VAT) reforms on federally collected revenue in Nigeria. In order to accomplish this objective, the model is stated in its dynamic forms:

$$TFCR_t = \beta_0 + \beta_1 RVAT_t + \beta_2 SD_t + \beta_3 CGT_t + \beta_4 EDT_t + \mu_t$$

Model Two: to assess the effect of companies' income tax (CIT) reforms on federally collected revenue in Nigeria. In order to attain this objective, the model is stated in its dynamic forms:

$$TFCR_t = \beta_0 + \beta_1 RCIT_t + \beta_2 SD_t + \beta_3 CGT_t + \beta_4 EDT_t + \mu_t$$

Model Three: to investigate the effect of petroleum profit tax (PPT) reforms on federally collected revenue in Nigeria. To achieve this objective the model is specified in its dynamic forms:

$$TFCR_t = \beta_0 + \beta_1 RPPT_t + \beta_2 SD_t + \beta_3 CGT_t + \beta_4 EDT_t + \mu_t$$

Model Four: to evaluate the effect of National Information Technology Development Fund (NITDEF) reforms on federally collected revenue in Nigeria. In order to reach this objective, the model is specified in its dynamic forms:

$$TFCR_t = \beta_0 + \beta_1 RNITDEF_t + \beta_2 SD_t + \beta_3 CGT_t + \beta_4 EDT_t + \mu_t$$

3.4 Model Estimation Techniques

Descriptive and inferential statistics were applied for this investigation. Descriptive statistics were employed to examine the properties of the data. Additionally, a Correlation Analysis Matrix was employed to examine the relationship between tax reforms and government revenue in Nigeria. The Vector Auto Regression model was employed to examine the effect of value added tax (VAT) changes, Companies Income Tax (CIT) reforms, Petroleum Profit Tax (PPT) reforms, and National Information Technology Development Fund (NITDEF) reforms on federally collected income in Nigeria. Granger Causality analysis

was performed to validate the use of the VAR model. The Augmented Dickey-Fuller test was employed to identify the presence of unit roots, autocorrelation, and heteroscedasticity.

4. RESULTS

4.1 Descriptive Analysis of Variables

Descriptive statistics were employed to analyze data from Nigeria's fiscal years spanning 2011 to 2023. The total federally collected revenue (TFCR) is projected to be ₦10,257.93 billion, exhibiting considerable variability in actual figures. This variability may result from variables such as global oil price variations, economic recessions, or modifications in tax policy. The government must create methods to alleviate these external shocks and enhance the resilience of the tax system to diminish volatility in TFCR and secure a steadier income stream.

The Value Added Tax (VAT) has an average value of ₦1,428.344 billion, with an annual mean of ₦1.43 trillion earned during a period of 13 years. The government should fortify VAT administration, improve tax compliance, and contemplate adjustments to the VAT system to diminish variability and secure a steadier revenue stream.

The Petroleum Profit Tax (PPT) has an average value of ₦2,337.845 billion, equivalent to ₦2.34 trillion. The Company Income Tax (CIT) has an average value of ₦1,580.276 billion, equivalent to ₦1.58 trillion. The National Information Technology Development Fund (NITDEF) has an average value of ₦13.893 billion, equating to ₦13.9 billion annually over a span of 13 years.

The revenue from Stamp Duty (SD) has exhibited significant volatility, averaging ₦30.170 billion per annum. The Capital Gain Tax (CGT) revenue exhibits a modest mean of ₦20.319 billion, although a considerable standard deviation of ₦26.330 billion indicates notable variability. The Education Tax (EDT) revenue has a significant mean of ₦246.2177 billion and a considerable standard deviation of ₦153.0255 billion.

Table 2: Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max	Skewness	Kurtosis
TFCR	13	10257.93	3399.161	5616.4	19251.1	1.351058	4.983476
VAT	13	1428.344	894.4369	659.1536	3639.320	1.287252	3.776411
PPT	13	2337.845	868.6839	1157.808	4209.017	0.495098	2.726053
CIT	13	1580.276	1116.087	654.4482	4896.470	2.231585	7.196961
NITDEF	13	13.8932	6.112886	6.748	26.97	0.87787	2.62974
SD	13	30.17032	37.54146	5.903	120.157	1.550662	3.947845
CGT	13	20.31962	26.33002	2.6498	99.4034	2.324136	7.487739
EDT	13	246.2177	153.0255	130.1227	719.44	2.468725	8.341009

4.2 Correlation Analysis

Table 3 indicates that each variable exhibits perfect self-correlation, resulting in diagonal elements of 1.000000. The positive correlations (values approaching 1) from the results signify a robust positive correlation, indicating that an increase in one measure corresponds with an increase in the other. The correlation between VAT and CIT is 0.914049. Simultaneously, a negative

correlation was observed (values approaching -1 signify a robust negative correlation), indicating that when one variable ascends, the other descends; TFCR and CGT exhibit a negative correlation of -0.187674. The correlation between CGT and VAT is 0.003882, signifying an almost negligible link. It is significant that only CGT does not exhibit a correlation with TFCR, the dependent variable.

Table 4: Correlation Analysis

	TFCR	VAT	CIT	PPT	NITDEF	SD	CGT	EDT
TFCR	1.000							
VAT	0.744	1.000						
CIT	0.736	0.914	1.000					
PPT	0.66	0.225	0.215	1.000				
NITDEF	0.764	0.89	0.922	0.298	1.000			
SD	0.52	0.67	0.622	0.046	0.786	1.000		
CGT	-0.188	0.004	0.015	-0.117	-0.101	-0.112	1.000	
EDT	0.818	0.757	0.85	0.348	0.832	0.686	-0.131	1.000

4.3 Granger Causality Test

The research employed a Granger causality test to determine the feasibility of modelling the variables within a Vector Auto Regression (VAR) framework. The statistics indicate that the variables Granger-cause one another at the conventional significance levels of 1%, 5%, and 10%. A VAR framework can be employed to model the variables.

The Granger Causality findings from the analysis of tax reforms and revenue performance in Nigeria offer significant insights into the correlations between different tax measures and the total federally collected revenue (TFCR). The research employs Petroleum Profit Tax (PPT), Value Added Tax (VAT), Company Income Tax (CIT), and National Information Technology Development Fund (NITDEF) as metrics for tax reforms. Furthermore, Stamp Duty (SD), Capital Gains Tax (CGT), and Education Tax (EDT) are used as control variables.

The findings demonstrate that VAT strongly Granger affects TFCR, with a probability value of 0.0014, indicating that fluctuations in VAT can forecast alterations in total revenue. Nonetheless, TFCR does not Granger induce VAT, as evidenced by the elevated likelihood value of 0.7105. This indicates a unidirectional causality from VAT to TFCR.

The results for PPT indicate no substantial Granger causality in either direction, with probability values of

0.7097 and 0.2104, respectively. This indicates that variations in PPT do not forecast alterations in TFCR and vice versa.

CIT exhibits a slightly significant Granger causation towards TFCR, with a probability value of 0.0961, suggesting that fluctuations in CIT may possess predictive capacity for alterations in total revenue. Nonetheless, TFCR does not Granger induce CIT, as evidenced by the likelihood value of 0.1562.

NITDEF strongly Granger-causes TFCR, with a probability value of 0.0499, indicating that variations in NITDEF can forecast alterations in total revenue. Nonetheless, TFCR does not Granger induce NITDEF, as evidenced by the elevated likelihood value of 0.4267.

Among the control variables, CGT exhibits a slightly significant Granger causality towards TFCR, with a probability value of 0.0962, suggesting that fluctuations in CGT may possess predictive capacity for alterations in total revenue. TFCR does not Granger induce CGT, as evidenced by the probability value of 0.4492.

EDT does not significantly Granger-cause TFCR, evidenced by a likelihood value of 0.5902. TFCR considerably Granger causes EDT, evidenced by a likelihood value of 0.0062, indicating that fluctuations in total revenue can forecast alterations in EDT. The Granger Causality findings underscore the significance of VAT and NITDEF as key determinants of total federally collected revenue in Nigeria.

Table 5: Granger Causality Test

Pairwise Granger Causality Tests
Date: 02/04/25 Time: 10:23
Sample: 2011 2023
Lags: 1

Null Hypothesis:	Obs	F-Statistic	Prob.
VAT does not Granger Cause TFCR TFCR does not Granger Cause VAT	12	20.8188 0.14681	0.0014 0.7105
PPT does not Granger Cause TFCR TFCR does not Granger Cause PPT	12	0.14768 1.86737	0.7097 0.2049
CIT does not Granger Cause TFCR TFCR does not Granger Cause CIT	12	3.45280 2.39440	0.0961 0.1562
NITDEF does not Granger Cause TFCR TFCR does not Granger Cause NITDEF	12	5.12035 0.69288	0.0499 0.4267
SD does not Granger Cause TFCR TFCR does not Granger Cause SD	12	1.78098 2.18181	0.2148 0.1738
CGT does not Granger Cause TFCR TFCR does not Granger Cause CGT	12	3.43546 0.62592	0.0968 0.4492
EDT does not Granger Cause TFCR TFCR does not Granger Cause EDT	12	0.31176 12.6165	0.5902 0.0062
PPT does not Granger Cause VAT VAT does not Granger Cause PPT	12	0.20412 1.90357	0.6621 0.2010
CIT does not Granger Cause VAT VAT does not Granger Cause CIT	12	1.19491 5.97180	0.3027 0.0371
NITDEF does not Granger Cause VAT VAT does not Granger Cause NITDEF	12	2.36006 2.27360	0.1589 0.1659
SD does not Granger Cause VAT VAT does not Granger Cause SD	12	1.08503 3.34182	0.3247 0.1008
CGT does not Granger Cause VAT VAT does not Granger Cause CGT	12	9.68513 0.00135	0.0125 0.9715
EDT does not Granger Cause VAT VAT does not Granger Cause EDT	12	0.36341 6.82398	0.5615 0.0282
CIT does not Granger Cause PPT PPT does not Granger Cause CIT	12	0.00052 2.42890	0.9823 0.1535
NITDEF does not Granger Cause PPT PPT does not Granger Cause NITDEF	12	0.59273 0.61654	0.4611 0.4525
SD does not Granger Cause PPT PPT does not Granger Cause SD	12	0.11152 0.96875	0.7461 0.3507
CGT does not Granger Cause PPT PPT does not Granger Cause CGT	12	0.07496 0.92731	0.7904 0.3607
EDT does not Granger Cause PPT PPT does not Granger Cause EDT	12	0.51524 8.26468	0.4911 0.0183
NITDEF does not Granger Cause CIT CIT does not Granger Cause NITDEF	12	1.85291 0.56403	0.2065 0.4718
SD does not Granger Cause CIT CIT does not Granger Cause SD	12	1.40812 9.36698	0.2657 0.0136
CGT does not Granger Cause CIT CIT does not Granger Cause CGT	12	1.12055 0.37487	0.3174 0.5555
EDT does not Granger Cause CIT CIT does not Granger Cause EDT	12	0.03357 3.63095	0.8587 0.0891
SD does not Granger Cause NITDEF NITDEF does not Granger Cause SD	12	0.00068 11.4535	0.9798 0.0081
CGT does not Granger Cause NITDEF NITDEF does not Granger Cause CGT	12	1.07046 0.35617	0.3278 0.5653
EDT does not Granger Cause NITDEF NITDEF does not Granger Cause EDT	12	0.51807 4.45050	0.4899 0.0641
CGT does not Granger Cause SD SD does not Granger Cause CGT	12	0.01091 0.01223	0.9191 0.9144
EDT does not Granger Cause SD SD does not Granger Cause EDT	12	1.80048 0.00094	0.2125 0.9762
EDT does not Granger Cause CGT CGT does not Granger Cause EDT	12	0.02393 0.24879	0.8805 0.6299

4.4 Unit Root Test

It is imperative that the variables exhibit stationarity in time series data analysis. The stationarity test is necessary as the order of integration of the variables will facilitate the selection of the appropriate model for parameter estimation and will avert false regression. This study employed the Augmented Dickey-Fuller (ADF) test. It indicates that all variables are integrated of order I (1) and also integrated at the first difference I (1) or at the second difference I (2). The study utilized the variables at their original levels to estimate the VAR model.

4.5 Vector Auto Regression

The research objectively evaluated tax policies and the revenue performance of the Nigerian government. A VAR model was utilized to estimate the model. The outcomes are elucidated by models.

Model 1 adjusted R-squared value of 0.833976 signifies that 83.4% of the variation in the dependent variable is elucidated by the independent variables, demonstrating a robust fit to the data. The F-statistic of 9.372071 is statistically significant, suggesting that the model's explanatory power is unlikely to be attributable to chance. The model effectively predicts the dependent variable, demonstrating significant correlations between the independent and dependent variables. The delayed values of Total Federally Collected Revenue (TFCR) exert differing influences on the present TFCR. Value-added tax reforms substantially influence the total fiscal capacity ratio in Nigeria. Other tax variables exert differing influences on TFCR, with the Education tax demonstrating a markedly positive correlation, albeit without statistical significance.

Model 2 adjusted R-squared value of 0.858926 signifies that 85.9% of the variance in the dependent variable is elucidated by the independent variables, reflecting strong and dependable correlations. The F-statistic of 11.14746 is statistically significant, demonstrating that the model's explanatory power is not attributable to random variation. The delayed values of Total Federally Collected Revenue

(TFCR) exert differing influences on the present TFCR. The Company Income Tax (CIT) exerts a positive and statistically significant influence on the Total Factor Cost of Regulation (TFCR), indicating that modifications in CIT can substantially affect TFCR in Nigeria. Other tax variables, such as Stamp Duty and Capital Gains Tax, exert differing influences on TFCR, while CIT amendments have a substantial effect.

Model 3 adjusted R-squared value of 0.738068 signifies that 73.8% of the variance in the dependent variable is elucidated by the independent variables, reflecting strong and dependable correlations. The F-statistic of 5.696317 is statistically significant, demonstrating that the model's explanatory power is not attributable to random variation. The model indicates that lagged values of Total Federally Collected Revenue (TFCR) exert differing influences on the current TFCR. The Petroleum Profit Tax (PPT) positively influences the Total Factor Cost of Revenue (TFCR), while the effect is not statistically significant. Additional tax variables, like Stamp Duty and Capital Gains Tax, adversely impact TFCR. Nonetheless, the education tax substantially influences the TFCR.

Model 4 demonstrates an adjusted R-squared value of 0.803073, signifying that 80.3% of the variance in the dependent variable is elucidated by the independent variables, reflecting strong and dependable correlations. The model's F-statistic of 7.796724 is statistically significant, demonstrating that the model's explanatory power is not attributable to random variation. The delayed values of Total Federally Collected Revenue (TFCR) exert differing influences on the present TFCR. The reforms of the National Information Technology Development Fund (NITDEF) exert a favorable and statistically significant influence on TFCR, indicating that these reforms may effectively enhance tax collection in Nigeria. The coefficients of additional tax variables exhibit differing impacts on TFCR, with Stamp duty demonstrating a negative correlation and Education tax reflecting a positive and statistically significant influence.

Table 6: Vector Auto Regression Analysis

TFCR (Dependent Variable)							
Model 1		Model 2		Model 3		Model 4	
TFCR(-1)	0.6955	TFCR(-1)	-0.4251	TFCR(-1)	-0.3777	TFCR(-1)	-0.61188
	(0.9084)		(0.7062)		(0.9617)		(0.8496)
	[0.7657]		[-0.6020]		[-0.393]		[-0.7202]
TFCR(-2)	-0.2369	TFCR(-2)	0.3261	TFCR(-2)	0.08735	TFCR(-2)	0.25346
	(0.478)		(0.4595)		(0.60125)		(0.53959)
	[-0.4957]		[0.70974]		[0.14529]		[0.46974]
C	-11263.9	C	-51917.5	C	-33088.2	C	-34282.1
	(19621.1)		(14699.5)		(19012.3)		(16162.6)
	[-0.5741]		[-3.5319]		[-1.7404]		[-2.1211]
VAT	2.1553	CIT	10462.2	PPT	1.02989	NITDEF	311.1701
	(1.0401)		(4359.18)		(0.91868)		(179.894)
	[2.0721]		[2.40004]		[1.12105]		[1.72974]
SD	-17.6582	SD	-13.1797	SD	-1.67977	SD	-30.3837
	(17.2212)		(15.5085)		(22.0424)		(21.9639)

	[-1.0254]		[-0.8498]		[-0.0762]		[-1.3834]
CGT	-0.3462	CGT	-9.8966	CGT	-1.20374	CGT	-2.19578
	(19.3096)		(18.5678)		(24.4947)		(21.1864)
	[-0.0179]		[-0.5330]		[-0.0491]		[-0.1036]
EDT	6035.941	EDT	12852.8	EDT	18486.8	EDT	18712.9
	(10986.7)		(8172.55)		(10338.0)		(8755.8)
	[0.54939]		[1.57268]		[1.78822]		[2.13719]
R-Square	0.933591	R-Square	0.943570	R-Square	0.895227	R-Square	0.921229
Adjusted R-Square	0.833976	Adjusted R-Square	0.858926	Adjusted R-Square	0.738068	Adjusted R-Square	0.803073
F-Statistics	9.372071	F-Statistics	11.14746	F-Statistics	5.696317	F-Statistics	7.796724

4.6 Discussion of Findings

This analysis demonstrates that Value Added Tax (VAT) reforms substantially influence Total Federally Collected Revenue (TFCR) in Nigeria. A 1% rise in VAT results in a 2.155274% increase in TFCR, suggesting that VAT reforms can effectively enhance revenue generation in Nigeria. The VAT coefficient's magnitude indicates that VAT reforms can enhance income production and diminish the nation's dependence on oil revenue. The research indicates that additional tax variables, including Stamp Duty, Capital Gains Tax, and Education Tax, do not significantly influence TFCR in Nigeria. The results correspond with several tax theories, notably the Expediency Theory, which posits that taxes ought to be imposed to optimize revenue generation while reducing administrative expenses. The Socio-Political Theory posits that VAT reforms may effectively enhance tax collection in Nigeria, as they embody the nation's socio-political ideals. Notwithstanding its regressive characteristics, VAT reforms can nevertheless serve as an efficacious means to enhance revenue collection in Nigeria. The outcome aligns with the conclusions of Udezo & Onuora (2021); Nwala & Gimba (2019); and Eluyela et al. (2018), which indicated that Value Added Tax (VAT) significantly enhances revenue performance.

This analysis demonstrates that adjustments in Company Income Tax (CIT) substantially affect Total Federally Collected Revenue (TFCR) in Nigeria. A 1% rise in Corporate Income Tax (CIT) can result in a substantial increase in Total Federal Collection Revenue (TFCR), suggesting that CIT reforms may serve as an efficient mechanism for enhancing revenue collection in Nigeria. The research indicates that the Nigerian government may employ corporate income tax revisions as a fiscal policy instrument to stabilize the economy, either by lowering the CIT rate during economic recessions or raising it during economic expansions. This discovery corresponds with the Expediency Theory, which posits that taxes ought to be imposed to optimize revenue generation while reducing administrative expenses. The Socio-Political Theory posits that CIT changes can enhance economic development and alleviate poverty, mirroring Nigeria's socio-political principles. The Ability to Pay Theory posits that corporate income tax reforms can enhance revenue collection in Nigeria, given that corporations possess the capacity to remit corporate income tax. Nonetheless, the burden may be transferred to consumers

or employees, thereby affecting the Ability to Pay Theory. The results contradict the findings of Udezo & Onuora (2021), which indicated that Company Income Tax (CIT) has a favorable although insignificant influence on revenue performance in Nigeria at the 0.05 level of significance. Simultaneously, the results of Nwala & Gimba (2019) and Eluyela et al. (2018) align with the conclusions of this study.

The paper analyses the effects of Petroleum Profit Tax (PPT) amendments on Total Federally Collected Revenue (TFCR) in Nigeria. The findings indicate a favorable correlation between PPT and TFCR; however, the impact lacks statistical significance. This may be attributed to the volatility of PPT, which is influenced by variations in world oil prices. The research underscores the significance of Education tax in augmenting TFCR, evidenced by a positive and statistically significant coefficient. This indicates that the Nigerian government can enhance revenue collection by instituting education tax changes, such as raising the education tax rate or broadening the education tax base. The findings indicate that policymakers in Nigeria should consider enacting education tax reforms, as they can significantly influence TFCR and highlight the necessity of investing in education for sustainable economic development. The study challenges prior research, indicating that the government ought to contemplate the socio-political ramifications of its tax policies and assess the capacity of corporations to fulfil tax obligations when formulating these policies. The results align with Adubi's (2017) study, which indicated that education tax significantly affects Nigeria's economic growth. Conversely, the findings of Eluyela et al. (2018) regarding petroleum profit tax differ with our study, which indicates a positive albeit minor impact on Nigeria's revenue performance. The findings of this study regarding petroleum profit tax also contradict the research conducted by Nwala & Gimba (2019), which identified a favorable and significant correlation with revenue performance as evaluated by federally collected revenue.

The research indicates that the National Information Technology Development Fund (NITDEF) and educational tax reforms can substantially enhance Total Federally Collected Revenue (TFCR) in Nigeria. This aligns with the idea that investment in information technology development can enhance economic growth and revenue generation. The research underscores the

significance of educational tax reforms in enhancing TFCR, given that education is essential for economic advancement. The findings hold considerable implications for Nigerian policymakers, indicating that adjustments in NITDEF and education tax can effectively enhance revenue collection and stimulate economic growth. The results correspond with Expediency Theory, which posits that taxes need to be imposed efficiently to save administrative expenses, and Socio-Political Theory, which asserts that taxes should embody society values. The ability to pay argument posits that the Nigerian government can enhance revenue collection by investing in information technology and education, hence avoiding excessive burdens on taxpayers.

5. CONCLUSION AND RECOMMENDATIONS

The research indicates that reforms in Value Added Tax (VAT) and Company Income Tax (CIT) substantially enhance Total Federally Collected Revenue (TFCR) in Nigeria, thereby decreasing reliance on oil revenue. VAT reforms serve as a strategic mechanism for enhancing government revenue while simultaneously diminishing economic activity. CIT reforms effectively enhance revenue collection and diminish Nigeria's dependence on oil revenue. Reforms to the Petroleum Profit Tax (PPT) do not have a significant effect on the Total Fiscal Contribution Rate (TFCR), primarily due to the volatility associated with global oil prices. The Education Tax plays a crucial role in the Total Fiscal Contribution Rate (TFCR), indicating that policymakers ought to prioritize reforms in education tax to improve revenue collection and support sustainable economic growth. The National Information Technology Development Fund (NITDEF) and education tax reforms positively influence the TFCR, thereby fostering sustainable economic development. The findings indicate that policymakers ought to prioritize stable and effective tax reforms to enhance sustainable revenue generation and economic growth in Nigeria.

Based on the study's findings, several recommendations were made to improve the operations of the bank and government.

1. The government should prioritize reforms to increase Value Added Tax (VAT) rates and expand the VAT base to significantly boost Total Federally Collected Revenue (TFCR).
2. Government should implement Company Income Tax (CIT) reforms, such as increasing CIT rates, expanding the CIT base, and improving CIT administration to enhance revenue collection.
3. There should be increase in the Education tax rate and expand the Education tax base to leverage its significant impact on TFCR and promote long-term economic development.
4. Government should invest in National Information Technology Development Fund (NITDEF) reforms to significantly increase TFCR and

support economic growth through information technology development.

5. Given the volatile nature of Petroleum Profit Tax (PPT) linked to global oil price fluctuations, government should consider alternative, a more stable tax options to maximize revenue collection.
6. Ensure effective implementation and continuous monitoring of tax reforms to maximize their impact on revenue collection and economic development.

Increase public awareness and promote compliance with tax reforms to enhance revenue collection and achieve socio-political goals.

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