International Journal of Multidisciplinary Research and Growth Evaluation.

Evaluating the impact of non-oil tax revenue on Nigerian economic performance

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Article Info

ISSN (online): 2582-7138
Volume: 03
Issue: 01
January-February 2022
Received: 27-12-2021;
Accepted: 15-01-2022
Page No: 310-316
DOI: https://doi.org/10.54660/anfo.2022.3.1.15

Abstract

This study is focused on investigating whether there is any significant relationship between non-oil tax revenue and Nigerian economic performance from 1985 to 2071. Data for this research study were secondary sources generated from the annual reports and statements of the Federal Inland Revenue Service, the Nigerian Bureau of Statistics and the Central Bank of Nigeria. The ordinary least square was used to evaluate the strength of the relationship between the variables. The results of the analysis show a positive and significant relationship between companies' income tax and gross domestic product; however the relationship between personal income tax and gross domestic product is only positive but not significant. The study concludes therefore that non-oil tax revenue has the potential to improve Nigerian economic performance as the explanatory variables indicated a positive signs. Based on the findings and the conclusion drawn, the study recommends among others that the Nigerian government and its revenue agencies should redefine the existing policy on company income tax by having intensified policy direction aimed at encouraging diversification and entrepreneurial development especially in the tourism, entertainment, information communication technology, medical services and solid mineral sectors. Policy direction should also be geared towards the development of the manufacturing and agro-allied sectors. This will not only expand the tax base but also boost the gross domestic product and by extension the economic performance. For personal income tax, it is recommended that tenet of fiscal transparency and accountability of revenue mobilized for the betterment of the people should be employed and implemented to encourage taxable persons to voluntarily and honestly disclose their aggregate incomes for tax purposes.

Keywords: Non-oil tax revenue, companies' income tax, personal income tax, GDP

1. Introduction

The Nigerian government has over the years received about 82% of her revenues from the oil and gas sector to the neglect of the non-oil sector. Heavy dependence on oil and gas revenue have not been the best for the Nigerian economy due to the volatility of oil prices causing the size of public spending to fluctuate. The huge oil windfall has led to pervasive fiscal indiscipline, unethical practices and lack of probity and transparency on the part of the government and the utter neglect of the non-oil sector of the economy.

Despite the huge amount of revenue generated from the oil and gas sector, its impact on aggregate revenue and economic development of Nigeria as regards improved productivity in other sectors and human development remains questionable and debatable. The adequacy and stability of future inflows from oil and gas revenues has increasingly become a big issues because of the intricacies and instability in the oil and gas market. The continued poor performance of the non-oil sector and the influence of extraneous variables and the exogenous sector underscore the imperative of re-evaluating the thrust and contents of the nation development budget, policies and commitments to their diligent execution.

Since 1970 till date, the quantum of revenues generated from non-oil activities in Nigeria is just a small fraction of the aggregate public revenue. It is estimated at 20% while oil and gas accounted for a bulk of 80%. This low percentage of non oil revenues to oil revenues is due to government neglect of the non oil and real sector of the economy to drive economic development over the years. The natural resource (like oil and gas) generate a paradox of plenty when they create dependence and damage other tradable sectors and sources of economic growth and development such as human capital and the real sector -manufacturing and agriculture [1].

Petroleum profit tax has the highest Gross Domestic Product (GDP) rate in Africa. Owing to this, the full capacity of the non-oil taxes revenue is under tapped. More attention is given to oil tax revenues to the neglect of non-oil tax revenues. This created room for various degrees of lapses, poor tax administration, tax avoidance and tax evasion, which influence the revenue that is accruable to government. Besides, considering the technological advancement trend on the global community, if the major crude oil customers' of Nigeria stumble on alternative product or device to crude oil, this may influence their patronage, crash the revenue outcome and expose the economy to a very high risk [2].

A major effect of the oil boom was the open neglect of the non-oil revenue sources. The observed neglect may have declined the volume of non -oil tax revenue accruable to government and allowed lapses in tax administration among non-oil taxes. This over concentrated attention on oil revenue as against non-oil revenue could have also encouraged tax evasion among the non-oil tax. Consequent on the global market price fluctuation and the tendencies for technological breakthrough among key customers of Nigerian crude oil which could cause reduction in crude oil patronage on the international market; the non-oil revenue taxes became necessary for re-examination in relation to economic development [3].

The Nigerian government has made series of efforts over the years to expand the non-oil sector as part of its policy agenda to diversify the nation's economy from oil and gas to the real sector (manufacturing and agriculture). These objectives and policy thrusts have not produced the desired results. The non-oil sector has huge potentials for foreign exchange earnings and can bring about huge employment generation and poverty reduction through the extensive backward linkages it offers. The instability of government revenue resulting from fluctuation in international oil and gas prices gives credence to the argument in favour of diversification of the nation's economy cum revenue base [4]. An evaluation of the trends and developments in the Nigerian non-oil sector reveals that despite the various policies, strategies and reform programmes of the government, the contributions of the sub-sectors have been abysmal and well below desired expectations.

The development of Nigeria's non-oil sector has been sluggish and not encouraging in the post-independence period. It is averaged about 2.3% during 1960 to 1990 but in relative term, decline systematically as proportion of total exports fell from about 40% in 1970 to about 5% in 2010 [5]. Another notable challenge is the fact that Nigeria having relied on easy oil money for many decades finds it difficult to shift base to the non-oil sector which of course has less developed systems and know-how. Usually, when countries start relying on natural resource wealth, they seem to forget the need for a diversified and skilled labor force that can support other productive sectors during the burst or when resources are fully depleted. The expansion of activities in non-oil sectors or the development of new activities possess significant challenges and required the combine efforts of the government, private sector and international community [6].

This narrative could be changed if the government develops a functional blue print that will enable it not only to formulate policies but also to be committed to its orderly execution. Meaningful outcomes would be achieved if government is systematically committed with utmost political-will to the implementation of plans, policies and programmes that would expand the non-oil sector leading to increase in non – oil tax revenue in Nigeria. The growth level of the non-oil sector has remained abysmal and generally unsatisfactory. Therefore, there is a need for a research in order to address this teething problem. These issues necessitate the examination of the impact of non-oil tax revenue on economic development in a developing country like Nigeria. The study would help to better appreciate and comprehend how non-oil tax revenue could influence economic performance in a developing economy like Nigeria.

The aim and objectives of this study from the foregoing background is to investigate the effect of non-oil tax revenue on economic development in Nigeria. The study has the following specific objectives.

1. To determine the effect of company income tax revenue on gross domestic product in Nigeria.
2. To investigate the effect of personal income tax revenue on gross domestic product in Nigeria.

To achieve the above aim and objectives, the following formulated hypotheses becomes appropriate:

$H0_1$: There is no significant relationship between company income tax revenue and gross domestic product in Nigeria.

$H0_2$: There is no significant relationship between personal income tax revenue and gross domestic product in Nigeria.

2. Literature Review

2.1 Non-oil Taxes

According to Adams [7], non-oil revenue in Nigerian tax system, comprises company income tax, customs and excise duties, and independent revenue sources, which consists of fees, licenses, rent on government property and so on. Ayuba [8] identified non-oil taxes revenue as comprising company's income tax, personal income tax, capital gains tax, stamp duty, value added tax, custom and excise duties, amongst others. Non–oil revenues are usually generated from commodities that are not petroleum related.

2.1.2 Company Income Tax

According to Fasoranti [3], the Company Income Tax Act was first introduced in Nigeria in 1961. It has been amended to the current status as Companies' Income Tax Act, 2007. Ojo [9] added that the taxation of companies is on the preceding year basis at the rate of 30 percent (%) of taxable profits. A reduced rate of 20 percent (%) is applicable to small companies and companies in the real sectors such as those engaged in agricultural and manufacturing activities and those that are into the mining of solid mineral or wholly in export activities, (non-oil sector), having a turnover less than N1,000,000. The 20% tax rate is applicable for the first five years of commencement of business [10].

There are various classes of tax revenues, rules and rates of company's income tax in different economies. This accounts for why many studies abound in a bid to x-ray the impact of companies' income tax on economic development. The performance of tax revenue especially company income tax has not been encouraging and has not met the expectations of government. The Nigerian government has equally expressed this disappointment and has accordingly taken some actions to expand the non-oil tax revenues [11]. Company income tax revenue as a percentage (%) of gross revenue (GDP) was 5.1%, 4.5%, 3.3%, 2.9%, 3.4% and 4.8% for year 2002, 2003, 2004, 2005, 2006, and 2007 respectively [12]. The spread is a show of poor performance as the percentage of company income tax to the gross revenue decreases from 5.1 percent contribution in 2002 to 4.5 percent in 2003, 3.3 percent in 2004. The fluctuation and decline overtime is attributed to tax resistance /evasion poor tax enforcements and fraudulent activities on the part of tax officials as well as the tax payers.

2.1.3 Economic Performance

The objective of any serious government is to achieve economic development, which addresses the fundamental conditions necessary for micro and macro-economic functioning of the entire economy. Large-scale investment on infrastructures, human development and diversification of the economy are required in the attainment of good economic performance.. Efficient tax system and development of the non-oil tax sector must also be given attention. Globally, national governments are faced with the problem of providing adequate infrastructure and increase welfare packages through the implementation of appropriate economic policies to the citizenry. Governments attempt to achieve the national objective of economic development through the provision of public services like quality education, health facilities, security, and provision of public goods and services. The adequacy of these social and economic services and infrastructures is the bedrock for a country's economic growth and development.

Economic performance is usually measured using gross domestic product, per capita income and other economic indices. Gross domestic product which measure economic growth is the total market value of all final goods and services produced within the political boundaries of an economy during a given period. GDP could either be nominal (multiplying the quantity of each product by its price and adding results) or real (adjusting the cost of current year production (2019) based on previous year (2018) prices). However, real GDP depicts a better sense of growth [13]. Generally, good economic performance could be achieved through job creation, diversification of the economy for improved production, mobilization and of sufficient revenues for development and broadening of the tax base.

2.2 Empirical Review

Various scholars most of which have recommended the urgent need to diversify the economy from oil to the non-oil sector in order to harness the untapped non-oil productive potentials have shared many thoughts and insights on the impact of non-oil tax revenues on economic growth and development. While a lot of literature abounds on the relationship between non-oil tax revenue and economic growth, that is not the case with non-oil tax revenue and economic development especially in Nigeria hence the peculiarity of this study.

Awe and Ajayi [14] investigated the effect of non-oil tax revenues on economic development in Nigeria using co-integration analytical test. The major dimensions of the non-oil sectors such as agriculture, manufacturing and solid minerals were tested individually on the aggregate revenue and all indicated a significant relationship except manufacturing. The study further reveal that dynamic relationship exists between the revenue from the non-oil sectors and economic development (measured using the GDP and GDP per capita). They recommended the need to upgrade basic infrastructures to create enabling environment to boost growth and output in the non-oil sector of the Nigerian economy. Based on their empirical outcomes, there is the necessity to boost industrial and agro-allied production to diversify the export market for Nigeria commodities.

Akwe [15] examined the effect of non-oil revenue on economic development in Nigeria for a period covering from 1993 to 2012. Findings reveal that there is a positive relationship between non-oil tax revenue and economic development in Nigeria. He suggested that the Nigerian government and its revenue agencies need to strengthen and oil the wheel of her administrative machineries with a view to minimizing or even eradication internal control weaknesses and other noticeable lapses in the assessment and collection of non-oil taxes in Nigeria.

Ude and Agodi [16] evaluated the effect of non-oil revenues variables on economic development in Nigeria using annual time series observation covering from 1980 to 2013. The non-oil revenues variables analyzed are agricultural revenue and manufacturing revenues. Findings indicate that agricultural revenue, manufacturing revenue and interest rate have significant impact on economic development in Nigeria. The study concludes that non-oil revenue has the potential to unlock Nigeria's economic morass that chart the forward for development.

Okezie and Azubike [17] evaluated the contribution of non-oil revenue to government total revenues and economic development in Nigeria from 1980 to 2014. The collected time series data were analyzed using the ordinary least square regression. Findings showed a positive and significant contribution of non-oil revenue to economic development and positive but slightly insignificant contribution to government revenues. They recommended among other things the setting up of machineries to drive the policy and strategies aimed at opening up the non-oil productive sector and setting it on track for revenue mobilization and sustainable growth and development.

Salami, Amusa and Ojoya [18] investigated the impact of non-oil revenue on economic growth and development in Nigeria. The study used secondary data covering from 1981 to 2016. The non-oil revenue was adopted as the predictor variable while economic growth was measured using the real gross domestic product and total government revenue. Findings showed that there is a significant relationship non-oil revenue and economic growth at 1 percent level of significance ($t = 26.58$, $p=0.00$). The study also reveal that there was significant relationship between non-oil revenue and total government revenue at 1 percent level of significance ($t=25.25$, $p=0.00$). The study concluded that the Nigerian government should use the revenue mobilized from petroleum to invest in other domestic sectors such as the manufacturing and agriculture in order to expand the revenue source of the economy and increase the revenue base of the Nigerian economy.

Likita, Idisi and Mavenke [19] investigated the impact of non-oil revenue on economic Growth and development in Nigeria from 1981 to 2016. The ordinary least square method was adopted to evaluate the relationship between the variables. Independent variables adopted in the study include company income tax, customs and excise duties tax, agricultural revenue contribution, manufacturing revenue contribution, solid mineral revenue contribution, services revenue contribution, Economic growth was measured using the gross domestic product. Findings showed that agriculture revenue contribution, manufacturing revenue contribution and service revenue contribution have a significant impact on the growth and development of the Nigerian economy. However, company income tax and solid mineral mining contribution were found to have negative relationship on economic growth. Again, customs and excise duties and solid mineral revenue contribution were statistically insignificant. It was thus recommended that the Nigerian government should make efforts to diversify the economy from oil and gas to the non-oil and real sector of the economy. Besides, government needs to be consistent with policies that will promote sustainable expansion of the non-oil revenue as it will culminate into economic growth and development in the long run.

Olurankinse and Fatukasi [20] investigated the impact of Non-oil sector on economic development using the ordinary least square (OLS) statistical analysis tool. Findings reveal that that non-oil revenue had a positive impact on economic growth and development of Nigeria for the period under study. They however decry the below average performance in terms of the revenue mobilization and output level of non oil revenue which they felt is abysmal and below expectation. They recommended among other things that Nigeria need to a paradigm shift from the primitive reliance on oil and gas to a more expanded and sustainable non-oil revenue base.

2.3 Theoretical Review

2.3.1 Cost of Service Theory

This theory according to Jhingan [21] presupposes that that the price paid or the cost incurred by government in providing certain services to the public should be collectively be met by the recipients/consumers of such services. The theory implies that any one excluded from the use and enjoyment of government service, is not under obligation to pay any tax. The cost of service theory has been criticized on the ground that it would be very difficult to determine the average cost of the various services provided by the government to the people. According to Jhingan [21], the theory breaches the accurate definitions and tenets of tax. It also places some forms of restrictions on State services. Government exists to provide welfare services in form of pure public goods, social amenities, health care, education and other public services to the people, especially the less privileged ones. The adoption and application of the cost of service theory would preclude the government from providing these services as the people might be unable to the underlying taxes.

3. Methodology

The study adopted quasi-experimental research design complemented by ex-po facto research design. Reasons being that the data already exist and cannot be manipulated. The population of the study comprises the Federal Board of Inland Revenue (FBIR), the Federal Inland Revenue Service (FIRS), the Joint Tax Board (JTB) and entities chargeable to tax under the federal government taxes such as companies, individuals liable to federal government personal income taxes (FCT residents, Foreign Service officers and the personnel armed forces including the Police). The study used annual secondary data covering the period of 1985 to 2017. This wide range of period is chosen to reduce the degree of measurement errors in order to produce acceptable results. The regression analysis was adopted with the aid of E-views (version 8) to ascertain the relationship between the independent and dependent variables. Since the data are time series in nature other relevant econometric analysis will be used to justify the condition of the data and empirical rationale in the conclusion. Some of the economic analyses that will be determined and explained in the course of the study include the following:

3.1 Model Specification

In order to effectively investigate the relationship between non-oil tax revenue and economic development in Nigeria, a multiple linear model was developed. The model captured the contribution non-oil tax revenue as measured by company income tax and personal income tax to the development of the Nigerian economy. This is represented in the following functions:

Model: GDP = f(CIT, PIT) From the above function, the following model is derived: $GDP = \alpha + \beta_1 CIT_t + \beta_2 PIT_t + \varepsilon$ Where: GDP = Gross Domestic Product; CIT = Company Income Tax: PIT = Personal Income Tax. α is constant β_1, β_2 are the coefficient of the parameter estimate while ε is the error term. The apriori expectations imply that all the non-oil tax revenue components are expected to regress positively with economic development.

4. Results and Analysis

Descriptive Statistics

To meet the specific objectives of the study, a critical evaluation of the data descriptive statistics was performed and the outcomes of the descriptive analysis are shown in the subsequent table.

Table 4.1: Descriptive Statistics of the Variables

	CIT	GDP	PIT
Mean	303.8200	27856.00	257758.3
Median	68.70000	8134.140	38100.00
Maximum	1408.430	113719.2	973200.0
Minimum	1.000000	192.2700	407.6000
Std. Dev.	412.8146	35195.70	380512.5
Skewness	1.228069	1.130767	1.142968
Kurtosis	3.227332	2.896430	2.482101
Jarque-Bera	8.365900	7.047235	7.553867
Probability	0.015253	0.029493	0.022893
Sum	10026.06	919247.9	8506024.
Sum Sq. Dev.	5453307.	3.96E+10	4.63E+12
Observations	33	33	33

Source: Author’s Computation from E-view 8, 2022

The analysis reveals companies’ income tax and personal income taxes have respective mean values of N303.82 billion and N2.6 trillion. The gross domestic product mean value is N27.9 trillion.. The skewness coefficient shows that the entire data variables have skewness value that exceeds one (1). The results show that the data variables adopted for the study is normally distributed. Kurtosis result which measures the degree of peakedness of a distribution in relative terms to a normal distribution confirms the relative normality of the entire data series.. Their kurtosis coefficient is greater than or equals three (3). The p-values for all the variables is significant for the Jarque-Bera statistics.

The proportion of the dispersion of the variables indicates on the overall that personal income tax (380512.5) has the highest standard deviation followed by gross domestic product (35195.70). To ensure that the collected data are fit for the study, the stationarity test was conducted on the data.

4.2.1 Results of Unit Root Test

Table 4.2: Results of Stationarity (Unit Root) Test

Variables	ADF Statistics	Critical values	Integration Order
GDP	-4.501842 (0.0014)	1% = -3.689194 5% = -2.971853 10% = -2.625121	Stationary at second difference
PIT	-6.006115 (0.0000)	1% = -3.661661 5% = -2.960411 10% = -2.619160	Stationary at first difference
CIT	-5.510510 (0.0001)	1% = -3.689194 5% = -2.971853 10% = -2.625121	Stationary at second difference

The output of the unit root test shows that personal income tax (PIT) is stationary at first difference while gross domestic product (GDP) and companies' income tax (CIT) are stationary at second difference. None of the explanatory and explained variables is stationary at level. Therefore, the null hypotheses of non stationary of the variables in the formulated model are not accepted after differencing at the 5% significance level.

4.2.2 Results of Granger Casuality Test

Table 4.3: Pair wise Granger Causality Tests Sample 1985 to 2017

Null Hypothesis:	Obs	F-Statistic	Prob.
GDP does not Granger Cause CIT	31	6.38491	0.0055
CIT does not Granger Cause GDP		17.5897	1.E-05
PIT does not Granger Cause CIT	31	1.36105	0.2741
CIT does not Granger Cause PIT		8.22412	0.0017
PIT does not Granger Cause GDP	31	5.98191	0.0073
GDP does not Granger Cause PIT		5.29417	0.0118
RESID does not Granger Cause PIT	26	3.57681	0.0460
PIT does not Granger Cause RESID		0.94481	0.4047

Source: E-views (8) output

The granger causality result shows that a dual causality /influence exist between companies' income tax and gross domestic product and companies' income tax, personal income tax and as well as gross domestic product. The result shows that company income tax causes gross domestic product and gross domestic product causes company income tax. It also shows that personal income tax influences the gross domestic product vice versa. By implication, this means that increase investment in companies will increase company income tax revenues and the gross domestic product.

4.2.3 Multiple Regression Analysis

Table 4.4. Ordinary Least Square Results (GDP)

Dependent Variable: GDP				
Method: Least Squares				
	Coefficient	Std. Error	t-Statistic	Prob.
PIT	0.001905	0.004720	0.403523	0.6896
CIT	36.48742	7.201436	5.066687	0.0000
C	296.9008	334.5015	0.783136	0.4401
R-squared	0.995371			
Adjusted R-squared	0.994710			

GDP = 296.9008 + 36.48742(CIT) + 0.001905 (PIT)

All the explanatory variables met the apriori expectations of the study and the R^2 is very strong at 99.5%. This implies the absence of positive serial correlation. The adjusted R^2 of 0.99 (99%) indicates that 99% of the variation in GDP could be explained by the predictor Variables of the study while just 1 % of the variations could be attributed to other factors (error terms arising from chance and unexplained matters).

4.2.4 Test of Hypotheses

Ho_1: There is no significant relationship between company income tax revenue and gross domestic product in Nigeria. In testing this hypothesis, the F-statistics computed in table 4.6 above and the corresponding P-values were used. F- Statistics (calc) = 5.066687 (p-value = 0.0000). This result is statistically significant at 5% level.

Decision: The study rejects the null hypothesis and concludes that there is significant relationship between company income tax and gross domestic product in Nigeria.

Ho$_2$: There is no significant relationship between personal income tax and Nigeria gross domestic product.

In testing this hypothesis, the F-statistics computed in table 4.6 above and the corresponding P-values were used. F-Statistics (calc) = 0.403523 (p-value = 0.6896). This result greater that 0.05 and thus statistically insignificant at 5% level.

Decision: The study accepts the null hypothesis and concludes that there is no significant relationship between personal income tax revenue and gross domestic product in Nigeria.

5.1 Summary of findings: The summary of the research findings on the relationship between non-oil tax revenue and economic development in Nigeria is systematically discussed and interpreted under this section. The discussion is based on each of the hypothesis tested and they are itemized as follows:

1. The first objective of the study is to investigate the effect of company income tax revenue on gross domestic product in Nigeria. Research hypothesis was formulated and the results indicate that there is significant relationship between company income tax and gross domestic product in Nigeria thus leading to non-acceptance of the null hypothesis. This implies that there is significant relationship between company income tax revenue and gross domestic product in Nigeria..
2. The second objective of the study is to determine effect of personal income tax revenue gross domestic product in Nigeria. Findings reveal that there is no significant relationship between personal income tax revenue and gross domestic product in Nigeria (p-value = 0.6896) however the relationship is not negative.

These findings are to a great extent in agreement with other researchers such as Awe and Ajayi [14], Akwe [15], Ude and Agodi [16], Okezie and Azubike [17] and many others. Their findings reveal that there is a positive significant relationship between non-oil tax revenue and economic development cum performance in Nigeria.

5.2 Conclusion

This study provides a comprehensive clarification on the linkage between non-oil tax revenues and economic performance in Nigeria. The underlying empirical and theoretical reviews touch on the relationship between non-oil tax revenue and economic development. Oil tax revenues have dominated the Nigeria tax system over the years. Nigeria's capacities and potentials in crude oil and gas as well as other natural resources is incontrovertible , however the development of electric-driven cars climate change , and the development of bio-gas have raised the debate on how sustainable oil and gas revenues can be and hence questioned its overreliance.. It is on this premise that this study investigated the impact of non-oil tax revenues on economic development in an attempt to ascertain its productivity, flexibility and its possibility of improving the Nigerian tax base.

The results of the analysis show a positive and significant relationship in line with our expectations. The study concludes therefore that non-oil revenue has the potential to improve Nigerian economic performance as the explanatory variables indicated a significant impact of non-oil revenue on economic performance. The result suggests that if the economy is diversified and non-oil export volume increases, there would be significant improvements in the performance of Nigerian economy thus charting the way forward and positioning it for economic development. Though setting the Nigeria's economy on a broad base, more balance and diversified growth part is not a one day affair, however pragmatic efforts should be made to promote fiscal responsibility, sound corporate governance and ease of doing business, which are indispensable tools that can be used to harness the huge potentials of non-oil resources abounding in Nigeria.

5.3 Recommendations

Based on the research findings and the conclusion drawn from the study, the following recommendations become very important to be considered.

1. Since the research findings show that company income tax revenue has significant effect on gross domestic product, the Nigerian government and its revenue agencies are thus advised to redefined the existing policy on company income tax by having intensified policy direction aimed at encouraging diversification and entrepreneurial development especially in the tourism, entertainment, information communication technology, medical services and solid mineral sectors. Policy direction should also be geared towards the development of the manufacturing and agro-allied sectors. This will not only expand the tax base but also boost the gross domestic product.

In a similar vein, government should reemphasize and strengthen industrial revolution plan with a redefined goals and strategies to develop sectoral plan for the nonoil and the real sector of the economy to free the nation from the dominance of oil and gas. This presupposes that the economy should be diversified from oil to agro-allied, manufacturing, information communication technology (ICT) and other hallowed sector that is capable of improving the Nigerian economic performance. Such diversification should be strategic and aimed at revenue productivity especially in aspect of company income tax.

2. The research findings show that personal income tax revenue has no significant effect on gross domestic profit in Nigeria. Hence it is recommended that tenet of fiscal transparency and accountability of revenue mobilized for the betterment of the people should be employed and implemented to encourage taxable persons to voluntarily and honestly disclose their aggregate incomes for tax purposes.

Besides, government and revenue agencies should institute sound corporate governance in the administration of personal income taxes, company income taxes and other non oil taxes. Equity in the distribution of tax burdens and resources should be promoted. Independence and fiscal transparency should be clearly evident in the management of tax and other public resources. This will encourage tax payers especially personal income tax payers to pay their taxes regularly and voluntarily.

5.4 Contribution to Knowledge and Policy Implication

The results of this research are far enriching as it suggest they could be of immense help to the Nigerian government in adopting a sound policy that will lead to a strategic diversification of the Nigerian economy from oil to the solid minerals and mining, manufacturing, agro-allied and other real sectors of the Nigerian economy. It would help the Nigerian revenue agencies in blocking grey areas in the tax legislations as well as help the government to conscientiously directing tax reforms towards investment stimulation and entrepreneurial development aimed at broadening the Nigerian tax base.

Competing Interests

Authors have declared that no competing interests exist.

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