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Optimising Tax Revenue for Economic Growth and Development in Nigeria

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Abstract

The study examined optimisation of tax revenue for economic growth and development in Nigeria using Federal Inland Revenue Service (FIRS) as a case study. Primary data were obtained from 235 copies of questionnaire administered on the staff of FIRS. Secondary data on revenue collection performance from 2012 to 2021 were analysed and compared with real Gross Domestic Product (GDP) statistics for the periods. Hypotheses were tested using regression and correlation statistics. Analysis of Variance (ANOVA) was also used to determine the contribution of both oil and non-oil revenue to the real GDP. The results from the study suggest that structure of tax system and actions of tax officials enhance optimum tax collection. Well implemented tax policies and judicious utilization of tax revenue will encourage voluntary tax compliance. Result of the correlation also indicates that there exists positive significant relationship among Petroleum Profits Tax (PPT) (r = .740, p (0.014) < 0.05), non-oil tax revenue (r = .995**, p (0.000) <0.01) and Real GDP. The result of the study suggests that optimisation of taxes will break the trend of mono-economy and overreliance on oil. The study recommends amongst others that the existing tax structure should be improved upon, well implemented and incorporating contributions from all relevant stakeholders; and that the existing tax laws should be reviewed into easy-to-read version that eliminates all complexities and ambiguities.*

Keywords: *Optimising, Tax revenue, Economic growth and development, Federal Inland Revenue Service, Nigeria.*

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1. Introduction

Governments around the world have the duties of providing basic infrastructures for their citizens and one of the most reliable and stable sources of financing government business is through imposition of taxes. Government of nations has the responsibility of meeting the need of their citizens and this largely depends on their ability to generate income from various sources available to them. One of such nations is Nigeria that depends largely on revenue from oil for survival. Oil is the mainstay resource that the government depends on (Agbaeze, Udeh & Onwuka, 2015). However, the serious decline in prices of oil in the recent years has led to a decrease in the funds available for distribution to the tiers of government. Subsequently, this has made the government to explore other sources of revenue, one of which is tax.

Ewoma (2012), defined tax as a compulsory levy imposed by the public authority (government) of a territory (federal, state or local government) on the income or gains accruing to individuals and companies from production, distribution and consumption of goods and services as well as disposal of chargeable assets for the common good of all. It is also referred to as a civic responsibility of all citizens in a country which provide funds for the government to be able to carry out its governmental activities such as to defray expenditures on general cost of administration, maintenance of laws and orders, provision of needed infrastructures, provision of internal security, defense and social amenities (Nzotta, 2007; Adeyeye, Otusanya & Arowomole, 2016; Azubike, 2009; Ewoma, 2012; Ogbonna & Appah, 2012a, 2012b; Akintoye and Tashie, 2013).

Abiola and Asiweh (2012) indicated that taxation among Organisation for Economic Cooperation and Development Countries (OECD) had consistently been designed towards productivity, increased tax revenue, equity and enforceability. In the same vein, Adeyeye (2019) remarked that the main purpose of taxation and its product, tax, is to raise revenue to defray government expenditure and for the government to secure the lives and properties of the citizens against any external aggression or internal insurgencies within its jurisdiction. A number of authors have argued that tax is one of the most stable, reliable and consistent sources of revenue for government (Pfister, 2009; Adeyeye, Otusanya & Arowomole, 2016; Ajape & Adeyeye, 2017).

Taxes are backed by appropriate legislations which vary from one country to the other. Developed nations have thrived as a result of fiscal policy that optimizes tax for economic growth and development. However, African nations' disposition towards natural resources as against tax collection has not helped them. Nigerian economy has substantially been unstable as a result of heavy dependence on revenue accruable from oil and oil boom which has encouraged financial recklessness, neglect of other significant sectors and deterioration in accountability (Agbaeze *et al,* 2015). According to OECD (2012), taxation is a vital tool for promoting sustainable growth and poverty reduction.

It provides developing countries with a stable and predictable fiscal environment to promote growth and to finance their social and physical infrastructural needs. Integrated with economic growth, it reduces long-term dependence on aid and promotes good governance and accountability of governments to their citizens. Governments need to optimize taxes to guarantee development for the populace. The political, economic and social development of any country depend on the amount of revenue generated for the provision of infrastructure in the country, and one means of generating the amount of revenue needed for providing the infrastructure for sustainable economic growth and national development is through a well-designed and structured tax system (Ogbonna & Appah, 2012a).

Abata (2014) remarked that developed countries of the world rely more on tax as the mainstay of their economy and that its resistance could make government's worthy programmes unachievable. He stated further that developed countries derive substantial revenue from companies' income tax, value added tax, import duties and various other taxes which is being used to influence and achieve macroeconomic stability and provision of social infrastructures to create prosperity for their citizens.

According to Usman, Abba, Balarabe and Halilu (2019), the Nigerian petroleum industry has been described as the largest among all industries in the country. However, the problem of low economic performance of Nigeria cannot be attributed solely to instability of earnings from the oil sector, but as a result of failure by government to utilize productively, the financial windfall from the export of crude oil from the mid – 1970s to develop other sectors of the economy. In the same vein, Ogbonna and Appah (2012b) remarked that petroleum tax is a source of power in international politics. They stated that from 1970 to 2009, the petroleum industry generated 82% income for Federal Government while 18% came from non-oil revenue. Thus, oil is the dominant source of government revenue, accounting for about 90% of total exports, and this approximates to 80% of total government revenue (Ogbonna & Appah, 2012b).

In addition, Ogbonna and Appah (2012b) argue that the economy has overdependence on the capital-intensive oil sector, which provides less than 25% of GDP, despite providing 95% of foreign exchange earnings and about 65% of government revenues. This makes the management of the economy uneasy and cumbersome because it is subject to price fluctuations in the international market" (Agbaeze *et al,* 2015, p.1**).**

It has been observed that tax is constantly changing, so reforms are vital tools to effect the required changes for national development (Ola, 2001). Therefore, as a result of the problem of low economic performance and uncertainty of revenue structure of Nigeria, tax experts and scholars have advocated for reforms that will promote taxation as the mainstay of the economy (Usman, *et al.*, 2019; Odusola, 2006; Ola, 2001). According to Odusola (2006), the need for tax policy reforms in Nigeria may be summarized as: (i) the compelling need to diversify the revenue portfolio for the country in order to safeguard against volatility of crude oil prices, and (ii) to promote fiscal sustainability and economic viability at the lower tiers of government. This study therefore examines how tax revenue could be optimized for economic growth and development in Nigeria with respect to the activities of the Federal Inland Revenue Service (FIRS) which is the tax revenue generation authority in Nigerian.

1.2 Statement of the Problem

In view of the dwindling revenue accruable to Nigerian government through the available natural resources, strong attention is been placed on other consistent and alternative sources of revenue one of which is tax. However, raising revenue through taxes has been a big challenge in developing countries like Nigeria. As a result of this, developing nations especially in Africa and Nigeria in particular, have been working hard on overhauling their tax system and restructure the relevant authorities in order to motivate taxpayers to voluntary tax compliance. This will help optimize tax revenue for economic growth and development (Oriakhi & Ahuru, 2014). The above explanation suggests that tax revenue is not optimally collected and utilized for the benefit of the general public, hence the motivation for this study to fill the gap identified in previous studies for the purpose of optimizing tax revenue for economic growth and development in Nigeria.

The aim of this study is to examine how tax revenue from oil and non-oil is being optimized for economic growth and development in Nigeria and to proffer possible improvement strategies for optimising tax revenue in Nigeria using the activities of Federal Inland Revenue Service as a case study. The objectives set to achieve the aim of the study are to:

(i) Examine how the structure of tax system enhances optimum collection of oil and non-oil tax revenue and its effect on real gross domestic product (GDP) in Nigeria.

(ii) Investigate the extent to which the actions and/or inactions of tax officials contribute to optimum tax revenue and its effect on real gross domestic product (GDP) in Nigeria.

(iii) Examine the extent to which optimum tax revenue enhances economic growth and development in Nigeria.

(iv) Examine the impact of economic growth and development on voluntary tax compliance in Nigeria.

The underlisted questions are drafted for achieving the objectives of the study.

(i) In what way does the structure of tax system enhances optimum collection of oil and non-oil tax revenue and its effect on real gross domestic product (GDP) in Nigeria?

(ii) To what extent do the actions and/or inactions of tax officials contribute to optimum tax collection and its effect on real gross domestic Product (GDP) in Nigeria?

(iii) To what extent does optimum tax revenue enhance economic growth and development in Nigeria?

(iv) In what way do economic growth and development impact on voluntary tax compliance in Nigeria?

The following null hypotheses are formulated to answer research questions 1 and 2 above while research questions 3 and 4 are explained using descriptive analysis.

H_{01}: The structure of Nigerian tax system does not significantly enhance optimum collection of oil and non-oil tax revenue and its effect on real gross domestic product (GDP) in Nigeria.

H_{02}: The actions and/or inactions of tax officials do not significantly contribute to optimum tax revenue and its effect on real gross domestic product (GDP) in Nigeria.

The study would be of immense benefit to the readers who either read for private purpose or those who read in furtherance of studies in the field of business, accounting, auditing, finance, management and other related discipline. Furthermore, the study will be of immense benefit to the technocrats, government business managers such as civil servants, politician, policy designers/formulators, educators, researchers, tax consultants, professionals and scholars in the field of accountancy. It will help to understand how tax could be optimized for economic growth and development and help taxpayers understand their rights which in turn could influence their voluntary tax compliance.

The study was limited to the activities and taxes collected by the Federal Inland Revenue Service (FIRS) in Nigeria from 2012 to 2021 (a period of ten years). Tax offices in the South-West were randomly selected for the study as it is not economically plausible to cover the offices of the Service in all the states of the federation.

2. LITERATURE REVIEW

2.1 Conceptual Review

Abata (2014) submitted that economic growth and development of a nation is an effort seeking to improve the quality of life by creating jobs, enhance income growth and tax base with indicators such as growing literacy rates, improved life expectancy, reduction in poverty rate, and well-articulated policies to meet broad economic objectives. The objectives include price stability, increase employment rate, expanded tax base, and sustainable growth. It has been argued that tax system is one of the most powerful tools available to any government to stimulate economic growth and development. It offers a steady flow of revenue towards economic revitalization and development, physical infrastructure, policy development, and good governance are guaranteed. Thus, taxation should not be a burden, rather an effective instrument that stimulates a sustained economic growth and development (Pfister, 2009; Abiola & Asiweh, 2012; Soyode & Kajola, 2015). Despite the fact that there are other sources of revenue and finances to government of Nigeria such as proceeds from crude oil, rent and royalty and mining, taxation remains the most stable and reliable source of government funding.

2.2 National Tax System

The national tax system is anchored on a tripod, comprising tax policy, tax laws and tax administration which are expected to help nations achieve and accelerate her goal in economic growth and development (Abiola & Asiweh, 2012). Tax system is designed as an effective tool for revenue generation from the pre-independence days in Nigeria (Micah, Ebere & Umobong, 2012). The Nigerian tax system is expected to contribute to the well-being of all Nigerians and taxes, which are collected by government, should directly impact on the lives of the citizens. This can be accomplished through proper and judicious utilisation of the revenues collected by government (National Tax policy, 2012).

2.3 National Tax policy

Nigeria developed the National Tax policy in 2012. According to Okonjo-Iweala (2012), the National Tax Policy is another giant stride towards the achievement of the Nation's Vision of becoming one of the twenty largest economies in the world. The National Tax Policy provides the guidelines, rules and modus operandi that would regulate Nigeria's tax system, as well as form the basis for tax legislation and tax administration in Nigeria. It is indeed, a vital platform for optimizing revenue generation by the three tiers of government, facilitating socio-economic development, engendering fiscal responsibility and enhancing income re-distribution. It is a crucial instrument for delivering government's Transformation Agenda, in an efficient and equitable manner (National Tax Policy, 2012).

The National Tax Policy is being constantly reviewed since inception with a view to improving tax revenue in order to mitigate the drop in oil revenue as a result of frequent fluctuations in the prices of crude oil leading to frequent economic crisis and distortion. In line with government’s objective of raising optimum tax revenue, the current National Tax Policy (2017) which is an improvement on the previous ones also provides the fundamental guidelines for the orderly management of the Nigerian tax system. The Policy is expected to achieve the following specific objectives among others: (i) guide the operation and review of the tax system; (ii) provide the basis for future tax legislation and administration; (iii) serve as a point of reference for all stakeholders on taxation; (iv) provide a benchmark on which stakeholders shall be held accountable; and (v) provide clarity on the roles and responsibilities of stakeholders in the tax system.

According to Okonjo-Iweala (2012), there have been several challenges that needed to be addressed in order to create the fiscal policy necessary for sustainable economic growth and development. These include issues of multiple taxation by governments at all levels, which has continued to impact negatively on the investment climate in Nigeria and lack of both accountability for tax revenue and clarity on taxation powers of each level of government. The national Tax Policy provides the platform for tackling these issues resolutely.

The National Tax Policy has taken due cognizance of Nigeria's federalism, particularly, the constitutional provision on jurisdiction of States to legislate on revenue matters. Therefore, the concern that the powers of the States will be usurped is not tenable, since the National Tax Policy has clearly delineated the functions of each level of government on tax matters. The National Tax Policy is only a document which will only realise the benefit if it is implemented effectively. Furthermore, Okonjo-Iweala (2012) remarked that “what is therefore essential, is our collective will, to implement this policy as planned, in order to effectively harness and deploy our resources to grow the economy and provide a better quality of life for all Nigerians, on a sustainable basis" (Okonjo-Iweala, 2012, p. 3).

In an attempt to fulfill the above expectation, the National Tax Policy is expected to be in compliance with the principles of taxation which are the lubricants to effective tax system. According to the Guiding Principles of Nigerian Tax System, all the existing and future taxes are expected to align with the following fundamental features: (i) Equity and fairness; (ii) Simplicity, certainty and clarity; (iii) Low compliance cost; (iv) Low cost of administration; (v) Flexibility; and (vi) Sustainability (National Tax Policy, 2017).

Tax system all over the world faces a lot of threats, even though some threats are inherent and peculiar to Africa due to the developing nature of the economy. Some of these are: poor tax administration; low level of the economy (under-development); poor record keeping; and presentation and/or submission of uncompleted records, and where records were kept at all, they are not reliable. Taxpayer cooperation is also low due to shortage of trained officials, tradition of corruption, and inherent poor service delivery from government services. These discourage taxpayers. As a consequence, countries often develop tax systems that exploit whatever obvious revenue-generating options they have rather than develop modern and efficient tax systems that create wide tax bases from which to draw revenue. Hence, many developing countries often end up with too many small tax sources, too heavy reliance on foreign trade taxes, and a relatively small utilization of income taxes (Abiola and Asiweh, 2012; Micah, Ebere and Umobong, 2012).

2.4 Nigerian Tax Laws

These are legislations passed into laws by the National Assembly to guide and regulate general administration of taxes in Nigeria. Tax laws are designed by government in conjunction with various stakeholders and are enforced by the government through their respective tax authorities. They represent the legal basis for the imposition and collection of taxes. Sources of tax laws are: Laws of the Federation, Finance and Appropriation Acts, various Circulars issued by the Revenue Authorities, Practices of Tax Revenue, English and Common Laws, Custom and Tradition, and various judicial precedence.

The following are the existing tax laws administered by the Federal Inland Revenue Service in Nigeria.

(i) Capital Gains Tax Act CAP C1 LFN 2004; (ii) Companies Income Tax Act CAP C21 LFN 2004; (iii) Education Tax Act CAP E4 LFN 2004; (iv) Personal Income Tax Act CAP P8 LFN 2004 (as amended by Personal Income Tax (Amendment) Act, 2011); (v) Petroleum Profits Tax Act CAP P13 LFN 2004; (vi) Value Added Tax Act CAP V1 LFN 2004; (vii) Stamp Duty Act CAP S8 LFN 2004; (viii) Industrial Development Income Relief Tax Act CAP I7 LFN 2004; (ix) National Information Technology Development Act 2007; (x) Federal Inland Revenue Service (Establishment) Act, 2007; (xi) Approved List of Taxes and Levies Act No. 21 of 1998; (xii) Nigerian Export Processing Zones Act No.63, CAP 107 LFN 1992; (xiii) Oil and Gas Export Free Zones Act No. 8, CAP 05 LFN 1996; and (xiv) Constitution of the Federal Republic of Nigeria, 1999.

2.5 Nigerian Tax Administration

Tax administration has been described as the process of assessing, processing and collection of taxes from individuals and companies by relevant tax authorities in a way that the proper amount is collected effectively and efficiently in a manner that reduces tax avoidance and tax evasion under the relevant tax laws (Soyode & Kajola, 2015; Abata, 2014). Taxes are administered in Nigeria by various tax revenue constituted bodies set up by the three tiers of government (i.e. federal, state and local governments). They are responsible for the administration and collection of various taxes in accordance with the provisions of the law.

A number of authors have argued that efficient and effective tax administration should encourage voluntary tax compliance through self-assessment, filing of records, legal enforcement of compliance, continuous taxpayers' education, partnering with taxpayers, and accountability on the part of government (Edemode, 2009; Adeyeye & Adeyemi, 2015; Adeyeye & Ajibolade, 2016). However, major challenges faced by developing countries like Nigeria in developing an efficient tax system include high level of illiteracy which reduces the options for policy makers, inadequate tax statistics, inability to prioritize tax efforts, poor tax administration, multiplicity of taxes, regulatory challenges, structural problem of the economy, and other underground economic activities (Asuquo, 2012; Micah, Ebere & Umobong, 2012). These are being addressed in the reform programmes in form of autonomy, efficient and effective tax administration, automation of processes, strengthening of audit and investigation, and public enlightenments.

2.6 Nigerian Tax Authorities

In Nigeria, the relevant tax authorities are the Federal Inland Revenue Service (FIRS), the State Internal Revenue Service (SIRS) and the Local Government Revenue Committee. These are responsible for the collection and administration of taxes on behalf of their respective governments. They administer taxes in line with the List of Approved Taxes and Levies Act, No. 21 of 1998. The Federal Inland Revenue Service (Establishment) Act 2007 established Federal Inland Revenue Service as the tax administering authority of the Federal government, an autonomous parastatal, with the mandate of administering various taxes including the functions hitherto performed by the former Federal Board of Inland Revenue (FBIR).

The Act provides that the tax authority will also be referred to as "Service" and be a body corporate with perpetual succession and common seal, which may sue or be sued in its corporate name and may acquire, hold or dispose of any property movable or immovable, for the purpose of carrying out any of its functions under this Act (Section 1, (2)(a), (b) & (c)). The main objectives of the Service are to: access, collect, and account for revenues accruable to the Government of the Federation; and for Related Matters as enacted by the National Assembly (Part 1 Section 1, Federal Inland Revenue Service (Establishment) Act No. 13, 2007).

The Board and management team supervise the Service as specified under the Act. Its membership comprises 15-member who oversees the affairs of the Service. It comprises of the Executive Chairman, eight institutional members representing the government and six members representing the six-geo-political zones of the country (Section 3(1) & (2), Federal Inland Revenue Service (Establishment) Act, 2007). The Board is responsible for policy formulation and overall supervision and the execution of the Service's mandate as prescribed by the Act. The executive Chairman shall execute Board policy and general supervision of the day-to-day administration of the affairs of the Service.

The Board members are entitled to remunerations, allowances and benefits as may be approved by the National Wages, Incomes and Salaries Commission. The functions and powers of the Board are contained in Section 7(1) of FIRS Act, 2007. The management team is headed by the Chief Executive Officer who is also the Board Chairman. He coordinates the day-to-day activities of the Service with a five-group structure, each headed by Coordinating Directors (CDs). The Chief Executive Officer and the Coordinating Directors form the management team. These are: Direct Reports Group (DRG), Support Service Group (SSG), Field Operations Group (FOG), Standard and Compliance Group (SCG), and Modernization Group (MOG). The Service administrative headquarters is located in the Federal Capital Territory (FCT), Abuja and other offices spread across the states of the federation. The law that established the Service provides for a percentage of the non-oil and gas tax revenue collected by the Service as cost of collection to manage the day-to-day activities of the Service. Other financial support also comes by way of grants, aids, gifts, and testamentary dispositions as provided for by the Act (FIRS Act, 2007).

Moreover, as part of a determined effort to restructure the Service for better productivity and service delivery, the Area Offices and VAT Offices were collapsed into one-stop tax offices named as Integrated Tax Offices (ITOs) and later disintegrated for better services and effectiveness into Large Tax Offices (LTO), Medium Tax Offices (MTO), Micro and Small Tax Offices (MSTO), Government Business Tax Offices (GBTO) and Stamp Duties Offices (SDO). The LTOs handles companies with turnover of one billion and above, MTOs handle companies with above two hundred million turn-over, MSTOs handles companies with below two hundred million turnover and GBTO handles all government businesses including Ministries, Departments and Agencies while SDO handles stamp duties matters. The offices are well dispersed throughout the country for ease of administration.

The operation of the critical changes in the laws and institutions governing tax and its administration started significantly under the Board and management headed by the Chairman of the Service, Ifueko Omoigui-Okauru in May 2004. The reform process resulted into upward growth of non-oil revenue and automation of major processes. The reform restructure the tax authority, designed a workable National Tax Policy document, support an autonomous funding direction referred to as cost of collection, reviewed various tax laws, support continuous taxpayers' education, introduced a Tax Appeal Tribunal (TAT) to mediate on tax dispute resolutions, improve the process of taxpayers registration with the introduction of Unique Taxpayer Identification Number (TIN), support capacity building, automate key operational processes and provided a refund mechanism to mention just a few (FIRS Hand Book, 2012).

New units were created and staffed with competent staff under Process Operations Department. They are Information Communication and Technology Unit, Bank Collection Unit, Return and Payment Processing Unit, Tax Refund Processing Unit, Procurement and Due Process Unit. The Service also established the Audit and Investigation department, a core function of a modern tax reform, and staffed it with qualified Accountants and Tax Auditors. In addition to this, Tax Policy Research and Development Department was created to provide the services with policy research analysis, formulation and evaluation.

2.7 Nigerian Tax Officials

Tax requires laws to function effectively and the workings of the law needs personnel to drive it and makes it deliver as expected. Tax administration comprises various stakeholders whom tax officials must partner with from time to time to ensure effectiveness in the administration of taxes. The Board of FIRS comprises seasoned individuals drawn from various sectors of the economy, ranging from public service, academia, private sectors and tax practitioners who have excelled in their various endeavours. The Board represents various organisations and segments of the economy in line with the provisions of the FIRS (Establishment) Act, 2007. They are expected to formulate broad policies and objectives to be achieved by the Service.

The Service based on the provisions of the Establishment Act has continued to engage, place and deploy competent officials within the various structural organs of the Service.

Recruitment of new staff are also being done as the need arises and based on the approval of the Board. To enhance the capacity of workforce (staff) from time to time, the Service has empowered the Career and Skill Development units to organize and monitor staff training programmes in various functions/activities of the Service. The Service also has performance measuring scale to ensure staff performances are monitored closely. The evaluation system involves target setting, quarterly reviews, annual performance appraisal, remediation/reward, individual development plan and managerial development. These have been entrenched to support staff development, promotion and reward system. (see Tables 4.11 and 4.12, p. 39) in section 4.0 under the Data Analysis and Presentation of Results.

2.8 Tax Revenue Optimization for Economic Growth and Development

Optimization of tax revenue to government appears to be inevitable in order to deliver on the promises made and to secure a better living condition for the citizens. Over the years, the tax revenue authorities have been supporting the government in generating adequate funds that will help in diversifying the economy in order to reduce over reliance on oil proceeds. A number of authors have observed that transition period of FIRS was aimed at transforming and automating processes and that the transformation of processes and procedures has significantly improved the collections of tax revenues by FIRS and also has significant effect on the Gross Domestic Product (GDP) of Nigeria (Okafor, 2012; Oriakhi & Ahuru, 2014; Samuel & Tyokoso, 2014; Adeyeye, 2019; Eme, 2021;).

According to Oriakhi and Ahuru (2014), tax reform is simply the series of action taken by Nigeria's government to promote the tax system and that the ultimate goal of reforms is the enhancement of public revenue generation for economic growth and development. Furthermore, they remarked that the single most important index to measure the performance and outcome of the tax reform is the improvement in revenue collection especially the non-oil tax revenue. This assertion is corroborated by this current study (see Tables 4.13 and 4.14, pp. 40 and 42) in section 4.0 under the Data Analysis and Presentation of Results.

2.9 Motivation for Taxpayers' Voluntary Compliance

Taxpayers are supposed to pay their taxes voluntarily without been coerced to do so by the enforcement of the law. Soyode and Kajola (2015) explained that modern day tax system must guarantee effectiveness, ease of payment and serve as a means of meeting the ever-increasing needs of public expenditures. However, many taxable individuals see payment of tax as unreasonable and unnecessary giving the complications and complexity of tax policies and administration and injudicious utilization of tax revenue. Akintoye and Tashie (2013) in their study found that people are voluntarily complying with tax payment in Lagos State than in Oyo State.

They identified factors such as trustworthiness of government, availability of basic infrastructure and quality service delivery by government, amongst others as motivating taxpayers in Lagos State. Effective administration of tax system influences the willingness to pay. Taxpayers are motivated to pay when they see prudent utilization of resources by government. They value sound accountability, trustworthiness and quality service delivery as important factors that influence voluntary compliance. Alli (2009) recommended that effective tax system should have an in-built system that enables taxpayer seeks redress against any disputed tax matters. He suggested improved government accountability to the citizen and strong inclusion of all stakeholders in tax administration to give room for transparency and fair representation by all. In the same vein, Adeyeye, Adeoye and Adeyeye (2018) conducted a study to investigate the problems associated with Personal Income Tax Administration in the rural communities and proffer possible solution to the problems. Six Local Government Areas in Ogun State, Nigeria were selected for the study. Their findings revealed that there is a relationship between Personal Income Tax assessment method in the rural communities and voluntary enrolment into the tax net.

It also revealed that there is a relationship between the collection/payment methods and optimal tax revenue; and that the efficiency and effectiveness of the relevant tax authorities has significant impact on the application of Personal Income Tax Act in the rural communities. Abiola and Asiweh (2012) observed that even though payment of taxes does not mean government must do everything in the taxpayer's locality, evidence of development will encourage taxpayer to voluntarily comply and the otherwise will result to tax evasion and various sharp practices. The introduction of a comprehensive database of all taxpayers and business in the country will further assist. Also, constant enlightenment programme through indigenous languages and improvement in power and water supply will equally help. All these will translate into value delivery that will contribute to the taxpayers' voluntary compliance.

They will be seen as evidence of prudent utilization of taxpayers' money. In Nigeria, the government introduced Service Compact with all Nigerians (SERVICOM) in 2004 as a way of institutionalizing effective public service delivery. The unit of government was introduced to serve as watch dog for quality service delivery in government MDAs and the practice of Corporate Social Responsibility (CSR) to support the citizens. These policies are intended to support the taxpayers and encourage them to perform their civic responsibility, which is paying taxes as and when due. It is not just an informative medium to the taxpaying public, but to stimulate confidence in the tax system for voluntary compliance.

2.10 Theoretical Review

A number of theories have been propounded by some authors with the aim of assisting government in taxation processes. These include theories relating to determination of factors for selecting taxes (Socio-political theory), theory that assumes that taxes represent exchanges between taxpayers and the state (Benefit received theory), taxes to be levied on individual regarding ability to pay (Faculty theory); and the one providing a basis for apportioning tax burden between the members of the society (Expediency theory). Bhartia (2009) remarked that the above-mentioned theories may be used to explain tax compliance.

This study however, adopts the expediency theory of taxation to evaluate the extent to which Nigerian tax system can be optimized for economic growth and development. As reported by Chiamaka, Obinna, Friday and Oraekwuotu (2021), the expediency theory of taxation was propounded by Buehler in 1936. The expediency theory of taxation states that every tax revenue collection system must pass the test of practicability and convenience, which must be the only consideration when government is choosing a revenue collection system. The assumption of this theory is that the economic and social objectives of the government should be treated as irrelevant, since it is useless to have a tax which cannot be levied and collected effectively. Thus, economic and social objectives of the state must not be seen as a basis for imposing taxes. The theory links tax liability and state activities together by ensuring that individual pays according to ability for state facilities he enjoys not according to what the state wants to achieve.

However, there are pressures from economic, social and political groups. Every group tries to protect and promote its own interests and government is often forced to reshape tax structure to accommodate these pressures. This theory incorporates all the groups and is expected to assist the country to achieve her developmental objectives (Bhartia, 2009; Chiamaka, *et. al.,* 2021). In the same vein, Libabatu (2014) earlier stated that expediency theory justifies the imposition of taxes for financing state activities and for providing a basis for apportioning tax burden between the members of the society.

This is because the view of an individual may shortchange a particular class or group. However, if all their interests are harmonized together, it will enable the state to impose taxes according to ability, tackle the ills such as income inequalities, regional disparities, unemployment and economic fluctuations in the society headlong and utilize the revenue to foster economic growth and development that will benefit all (Bhartia, 2009; Chiamaka, *et. al*. 2021).

Based on the above explanation, it is anticipated that expediency theory would be appropriate for this study because of its ability to explain the influence of administrative set up with respect to administration and management of taxes which is expected to improve the efficiency and effectiveness of revenue collection by the tax authorities for economic growth and development of the Nigeria.

2.11 Empirical Review
It has been argued logically that tax revenue from oil and non-oil could be optimized to enhance economic growth and development in Nigeria by engaging in some possible tax reform and improvement strategies to increase the internally generated revenue from oil and non-oil related sources in Nigeria (Okafor, 2012; Omodero, Ekwe & Ihendinihu, 2018; Awa & Ibeanu, 2020; Aliyu & Mustapha, 2020; Ewa, Adesola & Essien, 2020). Okafor (2012) conducted a study on the impact of income tax revenue on the economic growth of Nigeria as proxied by the gross domestic product (GDP). The ordinary least square (OLS) regression analysis was adopted to explore the relationship between the GDP (the dependent variable) and a set of federal government income tax revenue heads over the period 1981-2007. The result the study indicated a very positive and significant relationship between federally collected tax revenue and the GDP in Nigeria, even though the actual tax revenue generated in most years fell below the level expected. The author attributed the anomaly to dysfunctionalities in the income tax system, loopholes in tax laws and inefficient tax administration. However, suggestions were proffered by the author as to strategies to be adopted to improve the system of tax administration in order to increase tax revenue generation.

Otu and Adejumo (2013) in their study examines the effect of tax revenue on economic growth in Nigeria, utilizing time series data for the period spanning from 1970 to 2011. The study adopted the Ordinary Least Square (OLS) regression technique and established that tax revenue has positive effect on economic growth in Nigeria. The result also showed that domestic investment, labour force and foreign direct investment have positive and significant effect on economic growth in Nigeria. Based on the outcome of their study it was recommended that efficient tax policy be implemented, policy to improve labour productivity should be sustained and policies to attract foreign investment should be implemented.

Samuel and Tyokoso (2014) conducted a study to assess the effect of taxation on revenue generation in Nigeria, given attention to FCT and some selected states. The study adopted primary and secondary sources of data to present and analyze the information for the study. The testing of hypotheses was done using regression analysis via SPSS version 17.0. The results of their study indicated among others that, taxation has a significant contribution on revenue generation, taxation has a significant contribution on Gross Domestic Product (GDP) and tax evasion and tax avoidance have a significant effect on revenue generation in Nigeria.

The study recommends among others that well equipped database on taxpayers should be established by the Federal, State and Local Governments with the aim of identifying all possible sources of income of taxpayers for tax purpose, the tax collection processes must be free from corruption and embezzlement and stringent penalties should be meted by the federal, state and local governments to people who evade and avoid tax payments in order to discourage tax evasion and tax avoidance.

Ogbonna and Appah (2016) also carried out a study to examine the effect of tax administration and revenue on economic growth of Nigeria. Data were collected from both primary and secondary sources. Data from secondary sources scholarly books and journals while the primary source involved a well-structured questionnaire of three sections of sixty-five items with an average reliability of 0.78. The data collected from the questionnaire and secondary data were analyzed using relevant regression analysis. The results reveal that there is a significant relationship between Personal Income Tax revenue and Per Capita Income, Company Income Tax revenue and Gross Domestic Product of Nigeria, Value Added Tax revenue and Per Capital Income of Nigeria, Petroleum Profit Tax revenue and Gross Domestic Product of Nigeria; and tax administration and Gross Domestic Product of Nigeria. Hence, the study concludes that tax administration and revenue does affect the economic growth of Nigeria for the period under study. Similarly,

Omodero, *et. al.* (2018) investigated the impact of internally generated revenue (IRG) on economic development in Nigeria. This study made use of ex-post facto research design to specifically examine the impact of total internally generated revenue, Federal government internally generated revenue, State government internally generated revenue and Local government internally generated revenue on the Real Gross Domestic Product (i.e. proxy for economic development) of the country. Time series data was used, covering the period of 1981 to 2016, and were gathered from the Central Bank of Nigeria (CBN) statistical Bulletin. The statistical tool used for the data analysis was the multiple-regression and t-test for test of hypotheses.

The findings of the study revealed that total internally generated revenue, state internally generated revenue and local internally generate revenue have robust and significant positive impact (p-value = 0.000 < 0.05) on real gross domestic product; in the same vein, federal internally generated revenue also indicated positive and significant influence on real gross domestic product. The outcome of the study indicated an existence of high correlation between the dependent and independent variables. The study therefore, concluded that the positive impact of internally generate revenue is not out of place but the physical evidence is apparently lacking and therefore government policies that could eradicate sharp practices in the government system are required.

The study by Asaolu, Olabisi, Akinbode and Alebiosu (2018) examined the relationship between tax revenue and economic growth in Nigeria. The study adopted a descriptive and historical research design; secondary data for twenty-two years (1994 -2015) were obtained from various issues of the Central Bank of Nigeria (CBN) Statistical Bulletin and Annual Reports. Tax revenue as an independent variable was measured with Value Added Tax, Petroleum Profits Tax, Companies Income Tax and Custom and Excise Duties while the dependent variable was Economic Growth, proxied by the Gross Domestic Product. Data collected were analysed using Auto Regressive Distributed Lag (ARDL) Regression and other post estimations (Jarque-Bera test; Breusch-Godfrey LM and Ramsey Reset Test) to determine the existence of relationship between the variables.

The results of the study showed that Value Added Tax and Custom and Excise Duties had significant relationships with economic growth ($p<0.05$), while Companies Income Tax has negative significant relationship with economic growth ($P<0.05$). However, Petroleum Profits Tax had no significant relationship with economic growth. The study concluded that the role of taxation in nation's building is irreplaceable. Taxation remains a strong socio political and economic tool for economic prosperity. It is therefore recommended that government should engage in a complete re-organisation of tax administrative machinery to reduce incidence of tax evasion and avoidance to the barest minimum in order to improve tax revenue and bring more people and establishments into the tax net. Also, tax revenue should be judiciously utilized to provide enabling environment for business survival and economic growth in Nigeria.

Adegbite and Fasina (2019) in their study examined the effects of taxation on revenue generation in Nigeria. The study analysed the direction of causality between taxation and revenue generation, utilizing method of Johansen co-integration and the Granger causality tests using secondary data spanning the period 1970 to 2017. The outcome of their study indicated that Petroleum Profits Tax has positive significant effect on Value Added Tax, Companies Income Tax and Custom and Excise Duties also had positive significant effect on Revenue generation. However, Custom and Excise Duties has the lowest significant effect on Revenue generation both in the short run and in the long run. All the components of taxation showed bidirectional causality with government revenue in Nigeria because Petroleum Profits Tax, Value Added Tax, Companies Income Tax and Custom and Excise Duties, jointly, Granger-cause Revenue generation.

The study concluded that taxation had positive significant impact on revenue generation of government both in the short run and in the long run. Consequently, the study recommended that the regulatory authorities charged with the responsibility and accountability of collecting tax should further be supported and empowered by government to impose compliance on taxpayers, and bring tax evasion and avoidance into tax net so as to generate more revenue for the government to implement its fiscal responsibilities.

In the same vein, Awa and Ibeanu (2020) carried out a study to ascertain the influence of tax revenue on economic development of Nigeria. Specifically, the study sets out to: determine the influence of petroleum profits tax, companies' income tax and value added tax on economic development, proxy by human development index (HDI). Data obtained from Central Bank of Nigeria and Federal Inland Revenue Service from 1997 to 2018 were used. Using regression analysis to analyse the data, the results of the study showed that petroleum profits tax and companies income tax have significant effect on economic development while value added tax does not significantly influence economic development. According to the researchers, the implication of the finding is that the higher the amount of tax revenue generated, the higher the level of economic development experienced by the economy and the lower the amount of revenue generated from tax the lower the quality of development to be witnessed.

Government will generate higher revenue if they strengthen the legal and regulatory framework in order to control tax evasion and tax avoidance by taxpayers and also improve on the system of tax administration in order to generate more income for development. Similarly, Ewa, Adesola and Essien (2020) conducted a study to determine the impact of taxation proceeds on the development of Nigerian economy. The study explored the impact of three tax income streams – Income tax from companies' profits, income tax from petroleum companies profits and Value Added Tax on economic development represented by Gross Domestic Product (at current basic prices) growth for the period 1994 to 2018. The study applied Ordinary Least Square statistical tool with the help of SPSS 20.0 to analyse the data.

The study revealed a positive relationship with a coefficient of determination of 99.2% of the variation in economic development attributable to the tax income streams studied. Although the study revealed the existence of significant effect of taxes from companies' profits and Value Added Tax on Gross Domestic Product growth, there is little or no significant impact of taxes from profits of Petroleum companies on Gross Domestic Product growth in Nigeria due to restriction by Organization of Petroleum Exporting Countries production ceiling on Nigeria's production/sales and the global price shocks of crude oil over the decade. Furthermore, the study revealed taxpayers' apathy to tax payment and presence of tax leakages due to corruption and administrative inefficiencies by the tax authorities as a bane for improved revenue generation (see also, Aliyu & Mustapha, 2020).

In another study, Ofurum, Amaefule, Okonya and Henry (2018) examined the impact of E-Taxation on Nigeria's revenue and economic growth. It is postulated that introducing electronic tax system would improve revenue collection which will in turn improve the country's economic growth. The study empirically examined how the implementation of E-taxation in 2015 has affected Tax Revenue, Federally Collected Revenue and Tax-to-GDP ratio. The study made use of secondary data sourced from Federal Inland Revenue Service, and Central Bank of Nigeria Statistical and Economic Reports on quarterly basis from second quarter 2013 to fourth quarter 2016.

The data were divided into two: pre e-tax period and post e-tax period. Means of the two sets of data were compared using a pre-post technique called *paired sample t-test.* Findings from the study revealed that the implementation of electronic taxation has not improved tax revenue, federally collected revenue and tax-to-GDP ratio in Nigeria. Findings from the study revealed that Federally Collected Revenue and Tax-to-GDP ratio significantly decreased after e-taxation was implemented. Furthermore, Tax Revenue decreased after the implementation but the mean difference was not statistically significant. Based on their findings, it was recommended amongst others that federal government through the Federal Inland Revenue Services should conduct more enlightenment seminars in all 36 states in the country to increase the knowledge on the use of all electronic services on their platform.

Chiamaka, *et. al.* (2021) conducted a study to examine the effect of electronic tax system on the internally generated revenue in the Nigerian emerging economy, using Ebonyi State Board of Internal Revenue as the case in point. Electronic tax registration, electronic filing of tax returns and electronic payment of tax were used as proxies for electronic tax system. Their study was anchored on expediency theory of taxation and technology acceptance model. They used a quantitative cross-sectional survey data base of 94 valid responses extracted from 124 qualified and experienced respondents from Ebonyi State Board of Internal Revenue as the final database for the analysis of the study. Their findings reveal that out the major variables examined, electronic tax registration and electronic filing of tax returns affect internally generated revenue in Ebonyi State and by extension, the Nigerian emerging economy. Electronic tax payment does not statistically show significant effect on the internally generated revenue of state. The study therefore recommends that Ebonyi State Board of Internal Revenue and by extension the Nigerian tax system should adopt a user-friendly electronic tax system that can make electronic tax filing and payment easy for the taxpayers in order to improve tax compliance and hence, high revenue generation for economic growth and development.

3. RESEARCH METHODS

3.1 Research Design

The study adopts cross-sectional survey research design with the aid of structured questionnaire administered randomly on the staff of Federal Inland Revenue Service and secondary data collected on tax revenue growth for the period of year 2012 to year 2021. Officers of the Service were randomly selected in their various offices to know their views with pre-designed questions.

3.2 Population of the Study

The total staff strength of the Federal Inland Revenue Service as at end of year 2021 is 11,449, made up of permanent staff of 10,601 and contract staff of 848 (FIRS Annual Report, 2021). However, using the convenience method, the estimated study's population was 306 staff in the relevant FIRS offices in the South-West geopolitical zones of the country.

3.3 Sample and Sampling Techniques

Major offices considered in the zones were located in Lagos, Ibadan, Abeokuta, Ado-Ekiti, Akure and Osogbo. A sample size of two hundred and forty (240) respondents was randomly selected (40 respondents from each of the major offices) from the total of three hundred and six (306) staff in the six major offices mentioned above. Forty (40) respondents were selected from each of the states - Lagos, Oyo, Ogun, Ekiti, Ondo and Osun as represented by the above-mentioned state capitals because the states are considered to be equally important for the purpose of this study. However, only two hundred and thirty-five (235) copies of the questionnaire returned out of the two hundred and forty (240) copies of the questionnaire sent out were properly filled and used for this study. This represents approximately 98% of the two hundred and forty (240) copies sent out. Five (5) copies of the questionnaire sent out were improperly filled, and therefore not usable. This represents approximately 2% of the two hundred and forty (240) sent out. It is believed that the data from the sampled staff would be sufficient enough to achieve the purpose of this study based on the acceptable practical sample size of between 30 to 500 respondents suggested in the literature (Roscoe, 1975; Alreck and Settle, 1995; Industrial/ Organisational Solutions, 2010).

Table 3.1: Respondents Classification by Location

States/Towns	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Ogun – Abeokuta	39	16.60	16.60	16.60
Ekiti – Ado Ekiti	38	16.16	16.16	32.76
Oyo – Ibadan	40	17.02	17.02	49.78
Lagos–Ikeja & Lagos Islands	40	17.02	17.02	66.80
Ondo – Akure	39	16.60	16.60	83.40
Osun – Osogbo	39	16.60	16.60	100.00
Total	235	100.00	100.00	

Source: Authors' Field Survey (2021)

Table 3.1 showed that thirty-nine (39) copies (≈16.60%) each of usable questionnaire were returned from Abeokuta, Akure and Oshogbo respectively. Thirty-eight (38) copies (≈16.16%) of usable questionnaire were received from Ado Ekiti, while forty (40) copies (≈17.02%) each were returned from Ibadan and Lagos respectively. The respondents were drawn from the south west geo-political zone of the country.

3.4 Data Collection Instruments, Validity and Reliability

Structured questionnaire was used as the data gathering instrument for the study. The questionnaire was developed to capture respondent's view on various pre-designed questions in line with the study research questions. The questionnaire was divided into two sections. Section A captures the respondent basic information. It was structured to obtain basic demographic data about the tax officials while section 'B' was designed to obtain information about the variables used for the study. Likert five-point scale rating, ranging from Strongly Agree (SA) = 5; Agree = 4; Undecided = 3; Disagree = 2 to Strongly Disagree (SD) = 1 was used to obtain respondents' opinion on the research question statements. Thus, Mean score between 1 and 2 implies a Strongly disagree or Disagree while Mean score of between 4 and 5 implies Agree or Strongly Agree. The copies of the questionnaire were administered on two hundred and forty staff of the Service who are knowledgeable on the topic and equally free to express their views.

To test for the validity of the instrument, the study made use of content validity and construct validity. Content validity of the instrument used for the collection of data for this study was carried out to ensure that the instrument measures what it is meant to measure. In addition, construct validity was also employed to measure how adequately the instrument measures the actual meaning of the construct or concept (Asika, 2004). Four copies of the questionnaire were given to four senior officials, two in the academics and two professional accountants to review them for objective criticisms and correction. Pilot study was carried out to pre-test the questionnaire at the Federal Inland Revenue Service offices in Ikeja and Lagos Island, using twenty (20) respondents in each of the two offices. Reliability test of the questionnaire items was conducted using Cronbach Alpha statistics to ensure the reliability (internal consistency) of the questionnaire (Baridam, 2008).

Table 3.2: Results of Reliability Test

Variable	Number of items	Cronbach Alpha
Examine how the structure of tax system enhances optimum collection of Oil and Non-oil tax revenue and its effect on real gross domestic product (GDP) in Nigeria.	4	0.732
Investigate the extent to which the actions and/or inactions of tax officials contribute to optimum tax revenue and its effect on real gross domestic product (GDP) in Nigeria.	4	0.728
Examine the extent to which optimum tax revenue enhances economic growth and development in Nigeria.	4	0.830
Examine the impact of economic growth and development on voluntary tax compliance in Nigeria.	4	0.825

Source: Authors' Field Survey (2021)

Table 3.2 shows that the Cronbach Alpha for all the questionnaire items – (i) Examine how the structure of tax system enhances optimum collection of Oil and Non-oil tax revenue and its effect on real gross domestic product (GDP) in Nigeria (ii) Investigate the extent to which the actions and/or inactions of tax officials contribute to optimum tax revenue and its effect on real gross domestic product (GDP) in Nigeria (iii) Examine the extent to which optimum tax revenue enhances economic growth and development in Nigeria and (iv) Examine the impact of economic growth and development on voluntary tax compliance in Nigeria are 0.732, 0.728, 0.830 and 0.825 respectively. This indicates that the questionnaire is reliable. According to Pallant (2001) when Cronbach Alpha coefficient value is 0.7 and above, the instrument used is considered to be reliable.

In addition, the secondary data used was obtained from the Planning, Reporting and Statistics Department of the Federal Inland Revenue Service (2022) covering tax revenue for the period of 2012 to 2021. This was compared with real gross domestic product (Real GDP) data collected from the Central Bank of Nigeria (2022). They were processed, analyzed and compared together to test the hypotheses designed for the study using SPSS 20.0 Version. The revenue growth data is deemed to be reliable as it was collected directly from the Service, the organ of government that generates tax revenue for the federal government of Nigeria.

3.5 Statistical Tools and Analytical Procedures

This study adopted both descriptive and inferential statistics. The descriptive statistics include frequency, simple percentage, mean and standard deviation, while inferential statistics used to test the hypotheses include correlation coefficient to determine the relationship between the variables; regression analysis to determine the amount of variations in total tax revenue in Nigeria (i.e. the dependent variable) which can be associated with changes in the value of the x_1 (Oil tax revenue - Petroleum Profits tax) which represents the first independent variable and x_2 (Non-oil tax revenue) that represents the second independent variable in Nigeria. Furthermore, ANOVA and multiple regression analysis were also used to test the effect of each variable on one another.

The mathematical model formulated for the study is as shown below:

Mathematical Model

$Y = a + b_1x_1 + b_2x_2$

Where:

Y = Tax Revenue in Nigeria (Real GDP)

x_1 = Oil Tax Revenue

x_2 = Non-Oil Tax Revenue

$b_1$and b_2 = Regression Coefficients

Oil Tax revenue comprises Petroleum Profit Tax (x_1) while Non-oil taxes (x_2) represents Gas income, Companies Income Tax, Capital Gains Tax, Stamp Duties, Value Added Tax, Education Tax, Consolidated Accounts, National Information Trust and Development Fund, EMTL are the independent variables while Tax Revenue (Real GDP) in Nigeria represented by Y is the dependent variable (FIRS Tax Statistics,

4. DATA ANALYSIS AND PRESENTATION OF RESULTS

4.1 Demographic Characteristics of Respondents

The analysis of copies of the questionnaire used for the study is presented in Table 4.1.

Table 4.1: Respondents' Bio-data

Particulars	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Sex				
Male	134	57.0	57.0	57.0
Female	101	43.0	43.0	100.0
Total	235			
Marital Status				
Single	33	14.0	14.0	14.0
Married	190	81.0	81.0	95.0
Divorced	12	5.0	5.0	100.0
Total	235			
Age				
20-30	33	14.0	14.0	14.0
31-40	56	24.0	24.0	38.0
41-50	82	35.0	35.0	73.0
51-60	64	27.0	27.0	100.0
Total	235			
Educational Qualification				
WASC/OND	14	6.0	6.0	6.0
BSC/HND	165	70.0	70.0	76.0
PDG/MBA/MSC	56	24.0	24.0	100.0
Total	235			
Professional Qualification				
ICAN/ANAN/CITN	207	88.0	88.0	88.0
Others Specify	28	12.0	12.0	100.0
Total	235			
Years of Experience				
Less than 5yrs	75	32.0	32.0	32.0
5-10yrs	106	45.0	45.0	77.0
Above10yrs	54	23.0	23.0	100.0
Total	235			

Source: Authors' Field Survey (2021)

Table 4.1 shows that out of the total respondents of two hundred and thirty-five, 134 one hundred and thirty-four respondents are males while one hundred and one respondents are females, this represents 57% and 43% respectively. Thirty-three of them are single, one hundred and ninety of them are married while twelve of the them are divorced. This represents 14%, 81% and 5% respectively. Those who are in the age brackets of 20-30, 31-40, 41-50 and 51-60 are 14%, 24%, 35% and 27% respectively. Regarding educational qualification, fourteen of them had Secondary School/Ordinary National Diploma Certificates, one hundred and sixty-five had First Degree/Higher National Diploma Certificates while fifty-six of them are holders of Second-Degree Certificates. This represents 6%, 70% and 24% respectively.

Two hundred and seven of the respondents are professionally qualified while twenty-eight respondents had other various relevant qualifications. This represents 88% and 12% respectively. Finally, with respect to years of experience, seventy-five of them have less than 5 years' experience, one hundred and six of them have 5-10 years' experience while fifty-four of them have above 10 years working experience. In essence, the analysis of the respondents' bio-data suggests that they are all educated and knowledgeable enough to answer the items contained in the questionnaire as appropriately as possible.

4.2 Descriptive Analysis of Respondents' Response to Research Questions 1 to 4

Table 4.2: Mean and Standard Deviation

S/N	Items	Mean	Std. Dev.
	How the structure of tax system enhances optimum collection of oil and non-oil tax revenue and its effect on real gross domestic product (GDP) in Nigeria (RQ1)		
1	Tax structure in Nigeria enhances optimum tax revenue generation.	4.55	0.609
2	The various tax reform in Nigeria support optimum tax revenue.	4.42	0.638
3	Lack of competent tax administrators affect tax revenue generation.	4.35	0.869
4	The existing tax structure in Nigeria if effectively managed will optimize tax revenue and liberate the nation from over reliance on oil proceeds.	4.43	0.624
	The extent to which the actions and/or inactions of tax officials contribute to optimum tax collection and its effect on real gross domestic product (GDP) in Nigeria (RQ2)		
S/N	**Items**	**Mean**	**Std. Dev.**
1	The technical competence of Revenue staff contributes to optimum revenue in Nigeria.	4.24	0.534
2	Training and development of tax officials has significant impact on the optimum tax revenue in Nigeria.	4.39	0.618
3	Poor inter-personal relationship of tax Officials affects optimum tax revenue in Nigeria.	4.21	0.729
4	The population of tax revenue officers significantly affects optimum tax revenue in Nigeria.	4.06	1.099
	The extent to which optimum tax revenue (i.e. both oil and non-oil tax revenue) enhances economic growth and development in Nigeria (RQ3)		
S/N	**Items**	**Mean**	**Std. Dev.**
1	Tax revenue growth supports economic growth and development in Nigeria.	4.24	0.622
2	Optimum tax revenue significantly contributes to government national budget.	4.27	0.709
3	Optimum tax revenue in Nigeria is affected by poor tax revenue utilization.	4.19	0.873
4	Poor implementation of government programmes and policies affect optimum tax revenue.	4.11	0.634
	The impact of economic growth and development on voluntary tax compliance in Nigeria (RQ4)		
S/N	**Items**	**Mean**	**Std. Dev.**
1	Economic growth and development in Nigeria encourage taxpayers to voluntarily pay their taxes in accordance with the provisions of the law.	2.12	1.018
2	Economic growth and development motivate taxpayers to attend tax education and sensitization programmes which encourages them to pay their taxes voluntarily.	1.87	1.079
3	People fail to pay taxes because of low impact of tax revenue on the economy of Nigeria.	4.26	0.928
4	Poor utilization of tax revenue discourages taxpayers from voluntary tax compliance and thus adversely affect economic growth and development in Nigeria.	4.29	0.832

Source: Authors' Field Survey (2021)

Table 4.2 reveals that all the questionnaire items relating to how the structure of tax system enhances optimum collection of oil and non-oil tax revenue and its effect on real gross domestic product (GDP) in Nigeria (Q1) have mean scores above 4.0. For instance, Tax structure in Nigeria enhances optimum tax revenue generation (M = 4.55); The various tax reform in Nigeria support optimum tax revenue (M = 4.42); Lack of competent tax administrators affect tax revenue generation (M = 4.35); and The existing tax structure in Nigeria if effectively managed will optimize tax revenue and liberate the nation from over reliance on oil proceeds (M = 4.43). These four items each has Mean score above 4.0 on the 5-point measurement scale representing 80%. In addition, the standard deviation scores of each of these four items are below 1.0, implying a strong consensus among respondents that the structure of tax system enhances optimum collection of oil and non-oil tax revenue and its effect on real gross domestic product (GDP) in Nigeria.

Table 4.2 also shows that all the questionnaire items relating to the extent to which the actions and/or inactions of tax officials contribute to optimum tax collection and its effect on real gross domestic product (GDP) in Nigeria (Q2) have mean scores above 4.0. For instance, The technical competence of Revenue staff contributes to optimum revenue in Nigeria (M = 4.24); Training and development of tax officials has significant impact on the optimum tax revenue in Nigeria (M = 4.39); Poor inter-personal relationship of tax Officials affects optimum tax revenue in Nigeria (M = 4.21); and The population of tax revenue officers significantly affects optimum tax revenue in Nigeria (M = 4.06).

These four items each also has Mean score above 4.0 on the 5-point measurement scale representing 80%. In addition, except for the 4th item i.e., "The population of tax revenue officers significantly affects optimum tax revenue in Nigeria" with standard deviation score of 1. 099, the standard deviation scores of each of the other three items are below 1.0, This still implies a strong agreement among the respondents. Furthermore, Table 4.2 also reveals that the items relating to the extent to which optimum tax revenue (i.e. both oil and non-oil tax revenue) enhances economic growth and development in Nigeria (RQ3) have mean scores above 4.0.

For instance, Tax revenue growth supports economic growth and development in Nigeria (M = 4.24); Optimum tax revenue significantly contributes to government national budget (M = 4.27); Optimum tax revenue in Nigeria is affected by poor tax revenue utilization (M = 4.19); and Poor implementation of government programmes and policies affect optimum tax revenue (4.11). These four items each has Mean score above 4.0 on the 5-point measurement scale representing 80%. The standard deviation scores of each of these four items are also below 1.0, implying a strong consensus among respondents. Finally, Table 4.2 shows the responses for the impact of economic growth and development on voluntary tax compliance in Nigeria (RQ4). From Table 4.2, only the 3rd and 4th items have mean scores above 4.0. These are People fail to pay taxes because of low impact of tax revenue on the economy of Nigeria (M = 4.26); and Poor utilization of tax revenue discourages taxpayers from voluntary tax compliance and thus adversely affect economic growth and development in Nigeria (M = 4.29) with their standard deviation below 1.0, while the 1st and 2nd items i.e., Economic growth and development in Nigeria encourage taxpayers to voluntarily pay their taxes in accordance with the provisions of the law; and Economic growth and development motivate taxpayers to attend tax education and sensitization programmes which encourages them to pay their taxes voluntarily have very low mean scores of M = 2.12 and M = 1.87 respectively.

Furthermore, the standard deviation of these two items are above 1.0, i. e., 1.018 and 1.079 respectively. The implication of this analysis is that the respondents for the first and second items disagree that economic growth and development have impact on voluntary tax compliance in Nigeria while the respondents for the third and fourth items agree with the statement.

4.3 Descriptive Analysis of Respondents' Response to Research Questions 1 to 4 (Further analysis)

Table 4.3: How the structure of tax system enhances optimum collection of oil and non-oil tax revenue and its effect on real gross domestic product (GDP) in Nigeria (RQ1)

S/N	Particulars	N	SA	A	UN	D	SD
i.	Tax structure in Nigeria enhances optimum tax revenue generation.	235	143 (61%)	78 (33%)	14 (6%)		
ii.	The various tax reform in Nigeria support optimum tax revenue.	235	115 (49%)	106 (45%)	12 (5%)	2 (1%)	
iii.	Lack of competent tax administrators affect tax revenue generation.	235	124 (53%)	85 (36%)	12 (5%)	12 (5%)	2 (1%)
iv.	The existing tax structure in Nigeria if effectively managed will optimize tax revenue and liberate the nation from over reliance on oil proceeds.	235	118 (50%)	101 (43%)	16 (7%)		

Source: Authors' Field Survey (2021)

Analysis of Table 4.3 shows that one hundred and forty-three (61%) of the total two hundred and thirty-five respondents strongly agree that tax structure in Nigeria enhances optimum tax revenue generation, seventy-eight respondents (33%) agree while fourteen respondents (6%) were undecided. One hundred and fifteen respondents (49%) strongly agree that the various tax reform in Nigeria support optimum tax revenue, one hundred and six respondents (45%) simply agree, twelve respondents (5%) were undecided while two respondents disagree. From the Table 4.3, one hundred and twenty-four respondents (53%) strongly agree that lack of competent tax administrators affect tax revenue generation, eighty-five respondents (36%) agree, twelve (5%) respondents were undecided, twelve (5%) respondents disagree while two respondents strongly disagree. Finally, Table 4.3 shows that one hundred and eighteen respondents (50%) strongly agree that the existing tax structure in Nigeria if effectively managed will optimize tax revenue and liberate the nation from over reliance on oil proceeds, one hundred and one respondents (43%) simply agree while sixteen respondents (7%) were undecided.

Table 4.4: The extent to which the actions and/or inactions of tax officials contribute to optimum tax collection and its effect on real gross domestic product (GDP) in Nigeria (RQ2)

S/N	Particulars	N	SA	A	UN	D	SD
i.	The technical competence of Revenue staff contributes to optimum revenue in Nigeria.	235	68 (29%)	155 (66%)	12 (5%)		
ii.	Training and development of tax officials has significant impact on the optimum tax revenue in Nigeria.	235	106 (45%)	118 (50%)	9 (4%)	2 (1%)	
iii.	Poor inter-personal relationship of tax Officials affects optimum tax revenue in Nigeria.	235	80 (34%)	134 (57%)	14 (6%)	5 (2%)	2 (1%)
iv.	The population of tax revenue officers significantly affects optimum tax revenue in Nigeria.	235	94 (40%)	101 (43%)	14 (6%)	12 (5%)	14 (6%)

Source: Authors' Field Survey (2021)

Table 4.4 shows that sixty-eight respondents (29%) out of the total two hundred and thirty-five respondents strongly agree that the technical competence of Revenue staff contributes to optimum revenue in Nigeria, one hundred and fifty-five respondents (66%) agree while twelve respondents (5%) were undecided. Furthermore, one hundred and six respondents (45%) strongly agree that training and development of tax officials has significant impact on the optimum tax revenue in Nigeria, one hundred and eighteen respondents (50%) agree, nine respondents (4%) were undecided while two respondents (1%) disagree.

In addition, eighty respondents (34%) strongly agree that poor inter-personal relationship of tax Officials affects optimum tax revenue in Nigeria, one hundred and thirty-four respondents (57%) agree, fourteen respondents (6%) were undecided, five respondents (2%) disagree while 2 respondents (1%) strongly disagree. Finally, ninety-four respondents (40%) strongly agree that the population of tax revenue officers significantly affects optimum tax revenue in Nigeria, one hundred and one respondents (43%) agree, fourteen respondents (6%) were undecided, twelve respondents (5%) disagree while fourteen respondents (6%) strongly disagree.

Table 4.5: The extent to which optimum tax revenue (i.e. both oil and non-oil tax revenue) enhances economic growth and development in Nigeria (RQ3)

S/N	Particulars	N	SA	A	UN	D	SD
i.	Tax revenue growth supports economic growth and development in Nigeria.	235	78 (33%)	139 (59%)	16 (7%)	2 (1%)	
ii.	Optimum tax revenue significantly contributes to government national budget.	235	90 (38%)	127 (54%)	14 (6%)	2 (1%)	2 (1%)
iii.	Optimum tax revenue in Nigeria is affected by poor tax revenue utilization.	235	92 (39%)	115 (49%)	14 (6%)	9 (4%)	5 (2%)
iv.	Poor implementation of government programmes and policies affect optimum tax revenue.	235	52 (22%)	165 (70%)	14 (6%)	2 (1%)	2 (1%)

Source: Authors' Field Survey (2021)

From Table 4.5, it could be seen that seventy-eight respondents (33%) of the total two hundred and thirty-five respondents strongly agree that tax revenue growth supports economic growth and development in Nigeria, one hundred and thirty-nine respondents (59%) agree, sixteen respondents (7%) were undecided while two respondents (1%) disagree. In addition, ninety respondents (38%) strongly agree that optimum tax revenue significantly contributes to government national budget, one hundred and twenty-seven respondents (54%) agree, fourteen respondents (6%) were undecided, two respondents (1%) disagree while two respondents (1%) also strongly disagree.

Furthermore, ninety-two respondents (39%) strongly agree that optimum tax revenue in Nigeria is affected by poor tax revenue utilization, one hundred and fifteen respondents (49%) agree, fourteen respondents (6%) were undecided, nine respondents (4%) disagree while five respondents strongly disagree. Finally, fifty-two respondents (22%) strongly agree that poor implementation of government programmes and policies affect optimum tax revenue, one hundred and sixty-five respondents (70%) agree, fourteen respondents (6%) were undecided, two respondents (1%) disagree while two respondents (1%) also strongly disagree.

Table 4.6: The impact of economic growth and development on voluntary tax compliance in Nigeria (RQ4)

S/N	Particulars	N	SA	A	UN	D	SD
i.	Economic growth and development in Nigeria encourages taxpayers to voluntarily pay their taxes in accordance with the provisions of the law.	235	2 (1%)	19 (8%)	66 (28%)	66 (28%)	82 (35%)
ii.	Economic growth and development motivate taxpayers to attend tax education and sensitization programmes which encourages them to pay their taxes voluntarily.	235	7 (3%)	12 (5%)	44 (19%)	52 (22%)	120 (51%)
iii.	People fail to pay taxes because of low impact of tax revenue on the economy of Nigeria.	235	111 (47%)	96 (41%)	14 (6%)	7 (3%)	7 (3%)
iv.	Poor utilization of tax revenue discourages taxpayers from voluntary tax compliance and thus adversely affect economic growth and development in Nigeria.	235	111 (47%)	94 (40%)	21 (9%)	7 (3%)	2 (1%)

Source: Authors' Field Survey (2021)

Analysis of Table 4.6 reveals that only two respondents (1%) out of the total two hundred and thirty-five respondents strongly agree that economic growth and development in Nigeria encourages taxpayers to voluntarily pay their taxes in accordance with the provisions of the law, nineteen respondents (8%) agree, sixty-six respondents (28%) were undecided, sixty-six respondents (28%) disagree while eighty-two respondents (35%) strongly disagree. Table 4.6 also shows that seven respondents (3%) of the total two hundred and thirty-five respondents strongly agree that economic growth and development motivate taxpayers to attend tax education and sensitization programmes which encourages them to pay their taxes voluntarily, twelve respondents (5%) agree, forty-four respondents (19%) were undecided, fifty-two respondents (22%) disagree while one hundred and twenty respondents (51%) strongly disagree.

In addition, one hundred and eleven respondents (47%) strongly agree that people fail to pay taxes because of low impact of tax revenue on the economy of Nigeria, ninety-six respondents (41%) agree, fourteen respondents (6%) were undecided, seven respondents (3%) agree and seven respondents (3%) also strongly disagree. Finally, one hundred and eleven respondents (47%) strongly agree that poor utilization of tax revenue discourages taxpayers from voluntary tax compliance and thus adversely affect economic growth and development in Nigeria, ninety-four respondents (40%) agree, twenty-one respondents (9%) were undecided, seven respondents (3%) disagree while two respondents (1%) strongly disagree with the notion.

4.4 Test of Research Hypotheses

Two hypotheses were formulated to examine the relationship between the independent variables (petroleum profits tax and non-oil revenue) and the dependent variable (real gross domestic product (Real GDP). In addition, the combined effect of the independent variables on the dependent variable is tested through the use of correlation and regression analysis. Hypotheses 1 and 2 seek to know if there is significant impact of the petroleum profits tax (PPT) and non-oil tax revenue on the real gross domestic product (Real GDP); and also the extent of the relationship among the petroleum profits tax (PPT), non-oil tax revenue and the real gross domestic product (Real GDP). The results are shown in Tables 4.7 - 4.10.

Table 4.7: Correlation table showing the relationship among the Real GDP, Petroleum Profits Tax and Non-Oil tax revenue

		Real GDP - Billion	PPT	Non-oil
Real GDP - Billion	Pearson Correlation	1	.740*	.995**
	Sig. (2-tailed)		.014	.000
	N	15	15	15
PPT	Pearson Correlation	.740*	1	.703*
	Sig. (2-tailed)	.014		.023
	N	10	10	10
Non-oil tax	Pearson Correlation	.995**	.703*	1
	Sig. (2-tailed)	.000	.023	
	N	15	15	15

*. Correlation is significant at the 0.05 level (2-tailed).
**. Correlation is significant at the 0.01 level (2-tailed).

Source: Authors' Field Survey (2021)

The Table 4.7 shows that there is a positive significant relationship among petroleum profits tax (r = .740*, p (0.014) < 0.05), non-oil tax revenue (r = .995**, p (0.000) < 0.01) and economic growth and development (GDP). Multiple regression analysis was used in respect of hypotheses 1 and 2 and the results are as shown in Tables 4.8. The result of ANOVA is also shown in Table 4.9.

Table 4.8: Model Summary

Model	R	R-Square	Adjusted R-Square	Std. Error of the Estimate	Change Statistics	
					R-Square Change	F-Change
1	.996[a]	.993	.991	14.80886	.993	477.111

a. Predictors: (Constant), Non-oil, PPT
b. Dependent Variable: Real GDP - Billion

Source: Authors' Field Survey (2021)

From the regression analysis result shown in Table 4.8, it was found that the R value is 0.996, R-square is 0.993, adjusted R-square is 0.991 and the standard error of estimate is 14. 80886. The large value of R indicates a stronger relationship between the observed and predicted values of the variables. In other words, the R value depicts that the independent variables (Oil tax revenue and non-oil tax revenue) accounted for 99.6% of the dependent variable (Real GDP) in Nigeria. This implies that the proportion of variation in the dependent variable is explained by the regression model. Hence, the value of R-square change (99.3%) indicated that the model properly fits the data. More so, the value of adjusted R (99.1%) showed that the value of R-square closely reflected the goodness of fit of the model in the population.

Table 4.9: ANOVA

Model	Sum of Squares	df	Mean of Square	F	Sig.
Regression	209263.343	2	104631.672	477.111	.000[b]
Residual	1535.117	7	219.302		
Total	210798.460	9			

a. Dependent Variable: Real GDP Billion
b. Predictors: (Constant), Non-oil, PPT

Source: Authors' Field Survey (2021)

Furthermore, the analysis of variance table (ANOVA), Table 4.9, showed regression sum of squares value of 209263.343 which is higher than the residual sum of square value of 1535.117. This implies that the model accounted for most of the variations in the dependent variable. In addition, F is 477.111 and the significant value of P (0.000) is less than (0.05) which means that the independent variables (Oil tax revenue and non-oil tax revenue) to a high extent accounted for the variations in the dependent variable (Real GDP). Thus, the null hypothesis cannot be retained. Hence, we posited that there is significant relationship between the Oil tax revenue, Non-oil tax revenue and Real GDP in Nigeria.

The combined effect of the independent variables (petroleum profits tax and non-oil tax revenue) on the dependent variable (GDP) is shown in Table 4.10.

Table 4.10: Combined effect of the independent variables on the dependent variable

Variables	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta (β) contributions		
(Constant)	452.891	12.753		35.513	.000
Petroleum Profits Tax	.015	.008	.080	1.754	.123
Non-oil tax revenue	.219	.011	.939	20.695	.000
Diagnostics					
R-square					0.99347
F-statistic					7.1
P-value					0.000

Source: Authors' Field Survey (2021)

The study seeks to identify the index of tax revenue in Nigeria. The simple linear regression is written, $Y = a + b_1x_1 + b_2x_2$. Where: Y = Tax Revenue in Nigeria (Real GDP), "a" is the constant, 'b_1 and b_2' are the regression coefficients and 'x_1 and x_2' are the independent variables. From Table 4.10, the p-value of constant (0.000) and that of the independent variables (Petroleum profits tax and Non-oil tax revenue) being 0.123 for petroleum profits tax and 0.000 for non-oil tax revenue means that the value for the regression equation that significantly influence Real GDP is $y = 0.015x_1 + 0.219x_2$. Beta (Standardized Coefficients) shows the contribution made by each independent variable (e.g. Petroleum profits tax = 0.080 and Non-oil tax revenue = 0.939). It expresses the relative importance of each independent variable in a standardized term. It suggests that Non-oil tax revenue is a significant predictor and also indicates that Non-oil tax revenue has a higher impact than petroleum profits tax, (Beta = 0.219 and 0.015) for Non-oil tax revenue and Petroleum profits tax respectively.

Furthermore, Table 4.10 shows that Non-oil taxes revenue exert positive and significant impact on real GDP in Nigeria while Petroleum profits tax also exert positive but insignificant impact on real GDP. Specifically, from Table 4.10, it could be inferred that a unit change in each of the independent variables (Non-oil tax revenue and Petroleum profits tax) would lead to 21.9% and 1.5% change respectively in the Gross Domestic Product (GDP). The validity of this model is further justified by large R value of 99.6% indicating that the independent variable (Oil tax revenue and Non-oil tax revenue) accounted for 99.6% of the dependent variable (Real GDP) in Nigeria. That is, 99.6% of the proportion of variation in the index of tax revenue in Nigeria is explained by the independent variables. In addition, the high R-square change of 99.3% indicates that the model properly fits the data. Furthermore, the joint contribution of the independent variables to the model is found to be statistically significant at 1% level.

4.5 Discussion of Findings

The result of this current study is in consonance with the study carried out by Otu and Adejumo (2013) who used Ordinary Least Square (OLS) regression technique to analyse the data for the study and established that tax revenue has positive effect on economic growth in Nigeria. Similarly, this current study agrees with the result of the study by Samuel and Tyokoso (2014) who conducted a study to assess the effect of taxation on revenue generation in Nigeria, given attention to FCT and some selected states. The results of their study indicated among others that, taxation has a significant contribution on revenue generation, taxation has a significant contribution on Gross Domestic Product (GDP) and tax evasion and tax avoidance have a significant effect on revenue generation in Nigeria.

The result of this current study is also in agreement with the study by Asaolu, Olabisi, Akinbode and Alebiosu (2018) who examined the relationship between tax revenue and economic growth in Nigeria. The independent variables used to represent tax revenue are Value Added Tax, Petroleum Profits Tax, Companies Income Tax and Custom and Excise Duties. The results of their study showed that Value Added Tax and Custom and Excise Duties had positive significant relationships with economic growth ($p<0.05$), while Companies Income Tax has negative significant relationship with economic growth ($P<0.05$). Just like this current study, Petroleum Profits Tax had no significant relationship with economic growth. However, their study concluded that the role of taxation in nation's building is irreplaceable and taxation remains a strong socio political and economic tool for economic prosperity, business survival and economic growth in Nigeria.

The study carried out by Awa and Ibeanu (2020) to determine the influence of tax revenue on economic development of Nigeria, using petroleum profits tax, companies' income tax and value added tax as independent variables showed that petroleum profits tax and companies income tax have significant effect on economic development while value added tax does not significantly influence economic development. This result is contrary to the results of the current study which indicated that Petroleum profits tax also exert positive but insignificant impact on real GDP and the result by Asaolu, *et.al.* (2018) which indicated that Companies Income Tax has negative significant relationship with economic growth while Petroleum Profits Tax had no significant relationship with economic growth.

In the same vein, this current study accords substantially with the study conducted by Odogu, Obalakumo, Odoko and Dadowei (2021) who investigated the effect of revenue from taxation on gross domestic product and human development index in Nigeria. The study reveals that revenues from taxation have effects on gross domestic product and human development index. Based on the result, the study concluded that taxation is an essential component of fiscal policy that the Nigerian government can use to stimulate economic development.

EMPIRICAL RESULTS FROM SECONDARY SOURCES OF DATA

The staff strength of the FIRS which was available at the end of year 2021 and their composition by gender, type of employment and cadre are represented in Tables 4.11 and 4.12.

Table 4.11: FIRS-Staff Distribution by Gender and type of Employment (Year 2021)

S/N	Details	Permanent	Contract	Total
1.	Number of Male Staff	6,185	841	7,026
2.	Number of Female Staff	4,416	7	4,423
	Total Number of Staff	10,601	848	11,449

Source: FIRS Annual Report (2021)

Table 4.11 shows the Service staff composition by gender and type of employment. The Service employment gives equal opportunity to staff irrespective of their gender. The total staff population is 11,449 out of which 7,026 are males, representing 61.37% and 4,423 are females representing 38.63%. The permanent staff of the Service, both males and females are 10,601 while the contract staff, both males and females are 848. This represents approximately, 92.59% and 7.41% respectively.

Table 4.12: FIRS - Number of Staff by Cadre (Year 2021)

		Permanent Staff			Contract Staff		
S/N	Details	Male	Female	Total	Male	Female	Total
1.	Management	3	0	3	2	2	4
2.	Directorate	457	134	591	23	5	28
3.	Managerial	3182	2116	5298	6	1	7
4.	Officers	2543	2165	4708	1	0	1
5.	Transitional staff	0	1	1	0	0	0
6.	Transport Assistants	-	-	-	810	-	810
	Total	6185	4416	10601	842	8	850*

Source: FIRS Annual Report (2021)

Table 4.12 shows the Service staff composition by Cadre. From Table 4.12, Management staff who are on permanent employment of the Service are three males and no female. The Contract staff are four, two males and two females, making a total of seven Staff on the management cadre. This represents approximately 0.06% of the total Service staff strength of eleven thousand four hundred and forty-nine (11,449). Those on the Directorate cadre as permanent staff are four hundred and fifty-seven males and one hundred and thirty-four females, given a total of five hundred and ninety-one, representing approximately 5.16% of the total staff strength.

The Contract staff on the cadre are twenty-three males and five females, totalling twenty-eight, representing approximately 0.24% of the total staff strength. Managerial staff on permanent employment are three thousand one hundred and eighty-two males and two thousand one hundred and sixteen females, totalling five thousand two hundred and ninety-eight, representing approximately 46.27% of the total staff strength. The Contract staff on the cadre are six males and one female, totalling seven, representing approximately 0.06% of the total staff strength. Those on Officers cadre are two thousand five hundred and forty-three males and two thousand one hundred and sixty-five females, totalling four thousand seven hundred and eight, representing approximately 41.12% of the total staff strength.

Transitional staff is only one female on permanent employment, no male staff and none for contract staff. There are no Transport Assistants on permanent employment but there are eight hundred and ten staff on contract employment as revealed by Table 4.12. This represents approximately 7.07%.

*NB: There is a negligible difference of two (2) in the total of the contract staff in Table 4.12 (10,601 + 850 = 11,451) as against 11,449 in Table 4.11. This does not however affect the above analysis in any form.

Table 4.13: FIRS Revenue Collection Performance from Year 2012 to 2021

	2012		2013		2014		2015		2016	
Type of Tax	**Target ₦b**	**Actual ₦b**	**Target ₦b**	**Actual ₦b**	**Target ₦b**	**Actual ₦b**	**Target ₦b**	**Actual ₦b**	**Target ₦b**	**Actual ₦b**
Oil Tax										
PPT	1,793.7154	3,201.3195	2,280.1880	2,666.3669	1,927.5390	2,453.9474	1,484.8770	1,289.9607	484.7390	1,157.8081
Non-oil Tax										
CIT e.t.c.	899.8814	846.5919	1,075.0040	998.4361	1,082.5880	1,204.8338	1,519.5720	1,408.4329	1,994.8402	1,124.7218
Other non-oil Taxes										
VAT Pool	802.8633	710.5551	945.2770	802.6835	845.4490	802.9647	1,283.7000	767.3335	1,475.0319	828.1991
EDT	96.8329	188.4355	125.4180	279.3587	162.0120	189.6137	206.0800	206.0402	149.8191	130.1227
CONSOLI-DATED	33.0800	51.6129	33.0800	48.9399	59.0800	53.2925	67.9400	57.7414	73.8200	59.8617
NITDEF	9.1100	9.1379	10.0200	9.8569	9.3900	9.9082	10.0400	12.2487	21.9300	6.7480
TOTAL	**3,635.4830**	**5,007.6528**	**4,468.9870**	**4,805.6420**	**4,086.0580**	**4,714.5603**	**4,572.2090**	**3,741.7574**	**4,200.1802**	**3,307.4614**

Table 4.13: FIRS Revenue Collection Performance from Year 2012 to 2021 Cont'd

	2017		2018		2019		2020		2021	
Type of Tax	**Target ₦b**	**Actual ₦b**	**Target ₦b**	**Actual ₦b**	**Target ₦b**	**Actual ₦b**	**Target ₦b**	**Actual ₦b**	**Target ₦b**	**Actual ₦b**
Oil Tax										
PPT	910.3131	1,520.4817	2,666.0183	2,467.5807	4,301.1836	2,114.2684	284.0039	1,516.9934	1,636.83	2008.45
Non-oil Tax										
CIT e.t.c.	1,885.3136	1,262.0092	1,970.2657	1,444.7093	2,418.0677	1,650.7977	2,225.2320	1,533.1192	2,008.22	1,939.53
Other non-oil Taxes										
VAT Pool	1,800.0000	972.3484	1,543.9947	1,108.0400	1,703.8933	1,189.9811	2,190.6156	1,531.1709	1,838.35	2072.85
EDT	188.7235	154.9574	207.0721	203.2847	275.3982	221.0577	277.0248	259.5634	323.29	189.54
CONSOLI-DATED	81.2000	108.0145	12.1475	85.4235	83.8314	70.6302	83.8314	93.3635	74.75	61.20
NITDEF	24.1200	10.1340	42.5361	11.8533	20.0118	15.1812	16.1441	18.0142	18.84	19.31
Tax Amnesty	-	-	305.0000	-	-	-	-	-	-	-
EMTL	-	-	-	-	-	-	-	-	500.00	111.84
TOTAL	**4,889.6702**	**4,027.9452**	**6,747.0344**	**5,320.8914**	**8,802.3860**	**5,261.9163**	**5,076.8518**	**4,952.2245**	**6,400.27**	**6,402.71**

Source: FIRS, Planning, Reporting & Statistics Department (2022)

Tables 4.13 and 4.14 reveal FIRS performances from 2012 to 2021. Revenue to government has witnessed fluctuating growth over the years as the tax authority in some economic period has been significantly exceeding government targets both in Oil revenue and Non-oil revenue while in some other periods, they are not being able to meet their target. For instance, the performance in Table 4.13 shows that the actual tax revenue collection of ₦5,007.6528billion, ₦4,805.6420billion and ₦4,714.5603billion exceeded the targets of ₦3,635.4830 billion, ₦4,468.9870 billion and ₦4,086.0580 billion set for years 2012, 2013 and 2014. However, the target set for years 2015 and 2016 were ₦4,572.2090 billion and ₦4,200.1802 billion, while the actual collection was ₦3,741.7574 billion and ₦3,307.4614 billion in years 2015 and 2016 respectively. This represents a shortfall of ₦830.4516 billion and ₦892.7188 billion in years 2015 and 2016 respectively. Furthermore, Table 4.14 shows that the actual collections for years 2017, 2018, 2019 and 2020 fell short of the targets set for those years. However, the tax revenue reached its peak in year 2021 when ₦6,402.71billion was collected as against the target of ₦6,400.27 billion set for the year 2021.

Table 4.14: Summary of Actual Oil and Non-Oil Tax Revenue from Year 2012 to 2021

Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Oil Tax Revenue	₦b 3,201.32	₦b 2,666.37	₦b 2,453.95	₦b 1,289.96	₦b 1,157.81	₦b 1,520.48	₦b 2,467.58	₦b 2,114.27	₦b 1,516.99	₦b 2,008.45
Non-oil Tax Revenue	1,806.33	2,139.27	2,260.61	2,451.80	2,149.65	2,507.46	2,853.31	3,147.65	3,435.23	4,395.25
Total	**5,007.65**	**4,805.64**	**4,714.56**	**3,741.76**	**3,307.46**	**4,027.94**	**5,320.89**	**5,261.92**	**4,952.22**	**6,402.70**

Source: FIRS, Planning, Reporting and Statistics Department (2012 - 2022)

Table 4.14 shows that there has been consistent increase in the tax revenue generated from Non-oil from year 2012 to year 2021 except in year 2016 when the revenue dropped below what was obtained in year 2015, while there is fluctuation in the tax revenue generated from oil in the same periods under review. This suggests that government should strive to harness all feasible non-oil sources to generate more taxes from that sector of the economy in order to increase the total revenue accruable to the government to enable the government meets its numerous socio-economic expenditures. This in essence, will lead to economic growth and development.

Table 4.15: Contribution of Tax Revenue to Gross Domestic Product from Year 2012-2021

Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total Tax Revenue (a)	₦b 5,007.65	₦b 4,805.64	₦b 4,714.56	₦b 3,741.76	₦b 3,307.46	₦b 4,027.94	₦b 5,320.89	₦b 5,261.92	₦b 4,952.22	₦b 6,402.71
GDP (b)	71,664.05	80,907.62	98,582.15	95,901.23	123,507.24	115,095.24	121,905.71	137,550.56	164,703.94	167,936.04
% of Tax Revenue to GDP a/b x 100	6.99 ≈ 7.0	5.94 ≈ 6.0	4.78 ≈ 5.0	3.90 ≈ 4.0	2.68 ≈ 3.0	3.499 ≈ 3.5	4.36	3.83 ≈ 4.0	3.01	3.81 ≈ 4.0

***Source: Computed from FIRS, Planning, Reporting and Statistics Department, (2022)/Central Bank of Nigeria (2022) Figures* (see Appendix 1 for conversion of GDP in Dollar to Naira)**

Table 4.15 shows the contribution of tax revenue to Gross Domestic Product (GDP) from year 2012 to 2021. The contribution of tax revenue to GDP has consistently been dropping from year 2012 (≈ 7.0), year 2013 (≈ 6.0), year 2014 (≈ 5.0), year 2015 (≈ 4.0) and (≈ 3.0) in year 2016, while the performance improved in year 2017 (≈ 3.5) and (≈ 4.36) in year 2018. However, the contribution of tax revenue to GDP dropped marginally again in year 2019 (≈ 4.0), (≈ 3.01) in year 2020 and peaked up a little in year 2021 (≈ 4.0). The dwindling tax revenue figures and the corresponding contribution to GDP ratios in Nigeria can be attributed to the volatility of the international oil price which usually serves as the benchmark upon which the government based its annual budget and which the country has no control over, oil pipeline vandalization in the Niger Delta region where oil is being produced and the illegal oil bunkering activities and oil theft in Nigeria. However, the government has embarked on various plausible strategies and taken necessary steps to curb these unwholesome and criminal activities of the vandals, bunkerers and oil thieves in the oil producing region in Nigeria.

Conclusively, despite the above results, the analysis of Tables 4.13 – 4.15 in this current study corroborated the assertion made by a number of authors that the single most important index to measure the performance and outcome of the tax reform is the improvement in revenue collection especially the non-oil tax revenue as this will most likely enhance public revenue generation for economic growth and development (Otu & Adejumo, 2013; Oriakhi & Ahuru,2014; Samuel & Tyokoso, 2014; Adeyeye, 2019; Odogu, *et. al.*, 2021). The drive to harness all feasible non-oil sources in Nigeria to improve the revenue base of the country is plausible because government does not have control over the international oil price which is determined by the international market forces, and on which the tax revenue generation depends.

5.0 SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

The study gives an insight into how tax revenue can be optimized for economic growth and development in Nigeria using the activities of the Federal Inland Revenue Service as a case study. The result of the correlation shows that there is a positive significant relationship between petroleum profits tax and non-oil tax revenue. These were found to be significant to Gross Domestic Products. Essentially, the analysis of data obtained from both the primary and secondary sources support tax as a strong tool of enhancing optimum revenue collection in Nigeria and that the activities of tax officials will significantly impact on tax revenue. Furthermore, the analysis suggests that in the aggregate, petroleum profit tax and other non-oil tax revenue contributes significantly to economic growth and development of Nigeria. Likewise, the impact of economic growth and development on voluntary tax compliance in Nigeria is strong. Thus, tax revenue could be optimized for economic growth and development of Nigeria if the government could expand the tax base, harness all the feasible sources of tax revenue and put appropriate machinery in place to bring as many taxpayers as possible into the tax net.

5.2 Conclusion

The study suggests that if the existing tax structure in Nigeria is well applied, it will support the government in attaining its economic and developmental goals. This was supported by the revenue trends of the data used from 2012 to 2021, even though there are fluctuations in the actual revenue collected in the period under review. However, it is strongly believed that if taxes are optimized, it will serve as a better substitute to sales of crude oil and break the trends of mono-economy and over reliance on oil proceeds to finance the economy. The result of the study also suggests that poor utilization of tax proceeds and poor implementation of policies and programmes will discourage voluntary tax compliance and ultimately leads to tax evasion and avoidance.

5.3 Recommendations

The following recommendations are made based on the findings of this study:

i. The existing tax structure should be improved upon, well implemented and incorporating contributions from all relevant stakeholders;

ii. The existing tax laws should be reviewed into easy-to-read version that eliminates all complexities and ambiguities;

iii. Government should ensure that tax revenue is utilized judiciously to provide social amenities that will impact on the people. Citizens living in remote rural area as well as urban area must be made to enjoy basic amenities provided by the government; this will motivate them to pay their taxes voluntarily and this in turn will enhance economic growth and development in the country;

iv. Government should ensure adequate staffing of the Service with experienced tax and accounting practitioners with technical competence, this will further enhance the capacity of the Service.

v. Competitive remuneration, training and development will equally be a motivation for improved service delivery from time to time by the workforce. Well remunerated and empowered workforce will most likely embrace and support well implemented programmes and policies such as reforms for better productivity. This will discourage them from corruption, embezzlement and connivance with the taxpayers in order not to short-change government of tax revenue due to it

vi. Finally, even though it is not the duty of the Service to determine how the tax proceeds are to be utilized, the feedback from the respondents through the administered questionnaire suggested that there should be a feedback mechanism to the government through the Minister of Finance who will ensure that issues raised on taxes are tabled before the President for discussion at the Federal Executive Council (FEC), National Economic Council and the Revenue Mobilisation Allocation and Fiscal Commission meetings where important deliberations and decisions on economic and other related matters are made.

5.4 Contribution to Knowledge

The study was able to show empirically that the existing tax structure will most likely enhance optimum tax revenue and that continuous tax reforms and engagement of professional administrators will enhance tax revenue growth. Furthermore, even though the study established an insignificant impact of petroleum profits tax on the economic growth and development in Nigeria, the study however, established a significant impact of non-oil tax revenue on the economic growth and development in Nigeria. This appears to be a novel contribution to knowledge by this current study. In summary, the study presents tax revenue as a potent tool of the government for economic growth and development in Nigeria.

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Appendix 1

Table 4.16: Conversion of GDP in Dollar to Naira as at 31st December Each Year from 2012 - 2021

Year	GDP ($b)	₦ per Unit of $	Total in ₦b
2012	455.5015	157.33	71,664.051
2013	508.693	159.05	80,907.62165
2014	546.6764	180.33	98,582.15521
2015	486.8033	196.99	95,901.23267
2016	404.65	305.22	123,507.237
2017	375.7476	306.31	115,095.2474
2018	397.1905	306.92	121,905.7083
2019	448.1204	306.95	137,550.5568
2020	432.2938	381.00	164,703.9378
2021	440.777	381.00	167,936.037

Source: Computed from CBN Reports 2022