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EFFECT OF PETROLEUM PROFIT TAX VALUE ADDED TAX COMPANY INCOME TAX REFORM ON FEDERALLY COLLECTED REVENUE IN NIGERIA

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ABSTRACT: ***The main objective of the study is to analyze the effect of petroleum profit tax, value added tax, company income tax reform on federally collected revenue in Nigeria. The study used Ex – post facto research design. Secondary data was collected using the Archival Method of data collection. The study used regression analysis with aid of Econometric Views (E-Views) 8 computer software packages was used to analyze the data sourced. The findings show that Value Added Tax (VAT) revenue has no significant contribution to revenue collection of federal government in Nigeria, Petroleum Profit tax (PPT) revenue has a significant contribution to federally collected revenue in Nigeria and Petroleum Profit tax (PPT) revenue has significant contribution to federally collected revenue in Nigeria. The study recommends that: The Federal Government should drastically minimize, or find ways and means of totally eliminating the wide spread corruption and leakages prevalent in petroleum profit tax administration in Nigeria, and should as well as transparently and judiciously account for revenue generated from petroleum profit tax through the visible provision of more quality infrastructures and public goods and services across the country, the Federal Government should substantially increase the rate of Value Added Tax(VAT) from 5% to 25% for non-luxury items, and from 5% to 30% for luxury items, so as to substantially increase revenue derivable from Value Added Tax as a source of government revenue***

INTRODUCTION

Regardless of the fact that power to tax is coterminous with the limit of the sovereign's jurisdiction, taxation at a country can affect economic lifetime in other nations, and might influence the economic indices along with the growth trajectory of taxing country in manners. By way of example, a tax policy that's oriented towards incentives and exemptions is a basis for loss of income and development standpoint the revenue is lost development prospect.

The occurrence of corporate tax rate in the country or country relative to others is a disincentive to foreign capital movement, and might lead to outflow of capital or its change to governments with less burdensome tax plan. Tax policy is also part of the rationale behind the competition to attract investment.

Taxation revenue has accounted for small percentage total government revenue on the decades compared with the majority of revenue required for development purposes which is derived from oil. The severe decline in the costs of oil in latest times has led to a decrease in the funds available for distribution to the state, national and local authorities.

Consequently, reliance on petroleum as a certain or primary source of revenue in Nigeria became dangerous and not beneficial for sustainable economic growth. It's worse for Nigeria where there are fluctuations in prices in the petroleum market, thereby producing concerns among Nigerians and the Nigerian authorities on the need to increase the economy. Naturally, and globally, there's a paradigm change to taxation revenue as a substitute source of revenue. Nigeria isn't an exception.

The machines and processes for executing a good tax system in Nigeria are insufficient, thus tax evasion and prevention of the self-employed people and organizations whose information base isn't captured in the appropriate tax authority's information system. The demand for the government to generate sufficient earnings from resources has therefore become an issue of urgency and significance.

The desire of any authorities to maximize revenue from taxes collected from tax payers can't be overemphasized. It is because, as it known, the significance of taxation lies in its capability to generate revenue for the government, affect the intake trends and grow and regulate economics by its influence on vital aggregate economic factors. Taxation is a significant source of government revenue is all around the world and authorities uses the proceeds of the tax to perform their traditional functions, like! The provision of products, maintenance of law and order, defense against outside aggression, regulation of trade and business to ensure social and economic maintenance.

The main use of a tax system would be to raise enough revenue to finance expenditures on the products and services and tax remains among the best tools to boost the prospect of public sector performance and repayment of public debt. One of the most contentious issues that have rocked a good number of Nations of the globe including Nigeria is on whether taxes intrude or stimulate economic growth. This study is therefore carried out to analyze the effect of petroleum profit tax, value added tax, company income tax reform on federally collected revenue in Nigeria.

Conceptual Framework

Concept of Petroleum Profit Tax

Adereti (2011) revealed that taxable income of a petroleum company is subject to tax at a rate of 85 percent, but this percentage is reduced to 65.75 percent during the first 5 years of operation but where oil companies operate under Production Sharing Contracts (PSC) they will be liable to tax at a rate of 50 percent.

Petroleum operation as defined in the PPTA essentially involves petroleum exploration, development, production and sale of crude oil. The Petroleum Profit Tax is regulated by the Petroleum Profit Tax Act of 1959 as amended by the Petroleum Profit Tax Act of 2007. Although the initial law was passed in 1959 to capture the first oil export made in that year (Attamah, 2004).

Oremade (2006) stated that for petroleum profit tax purposes, crude oil sales valued at the prices actually realized by the oil producing company in the world oil market. On the other hand, this value has to be compared with the value at the posted price and if the posted price is higher, tax is then based on the posted price. Sales of crude oil for local refining and sales of gas are valued for petroleum profit tax purposes at the actual amount realized on sale.

Adigbe (2011) also declared that the taxable income of a petroleum company comprises proceeds from the sale of oil and related substances used by the company in its own refineries in addition to any other income of the company incidental to and arising from its petroleum operation.

Company Income Tax in Nigeria

In Nigeria, Companies Income Tax is collected from companies working in Nigeria both Nigerian as well as overseas companies. The rates of tax are though different for both companies. Companies owned by Nigerian pay tax based on their worldwide income whereas the overseas companies pay tax on their profits that are being made as a result of their business operation in Nigeria. The companies' tax rate is 30 percent in Nigeria.

According to Festus and Samuel (2007) Company Income Tax (CIT) is one of the major sources of tax revenue generation in Nigeria but non-compliance with tax laws and regulations by tax payers is deep in the system because of weak control. There is the need for a general tax reform in the Nigerian company income tax system

According to Ola (2006) "Company income tax administration in Nigeria does not measure up to appropriate standards. If good old tests of equity, certainty, convenience and administrative efficiency are applied, Nigeria will score low considering the following points: Due to inadequate monitoring, persons in the self-employed and unquoted private companies group evade tax"

Value Added Tax

John and Suleiman (2014) define Value added tax (VAT) is a consumption tax, levied at each stage of the consumption chain and borne by the final consumer of the product or service. The administration of VAT is relatively easy, unselective and difficult to evade.
Value added tax is an indirect tax in which a sum of money is levied at a particular stage in the sale of a product or service.

Olatunji (2009) explain that the walk towards VAT system in Nigeria started with acceptance of the recommendation of a study group on indirect taxation in November, 1991. The decision to accept the recommendation was made public in the 1992 budget speech of the Head of State. This resulted in setting up the Modified Value-Added Tax (MVAT) committee on 1st June, 1992 as recommended by the study group. The recommendation of the committee that VAT should be administered by an independent commission was rejected by the government.

Tax administration was nonetheless given to federal Inland Revenue Services, which was already charged with the responsibility of administering most other taxes in Nigeria. The introduction of VAT in Nigeria through Decree 102 of 1993 marks the phasing out for the Sales Tax Decree No. 7 of 1986.

Bird (2005) defines value added tax as a multi stage tax imposed on the value added to goods and services as they proceed through various stages of production and distribution and to services as they are rendered" which is eventually borne by the final consumer but collected at each stage of production and contribution chain.

This definition brings out the three characteristics of value added tax which are: VAT is consumer tax VAT incidence is on the final consumer VAT is a multi-stage tax Jones (2003) also describes VAT as a tax levied at each stage which supplies changes hands. In the case of manufactured items, this could be at the primary producer, manufacturer, wholesaler and retailer stages. It is ultimately borne by the consumer who being registered for VAT purposed is unable to reclaim it. The above definitions of VAT by Jones suggest that there are intermediaries through which goods must pass before they reach the final consumer. Each time goods are passed from one stage to the other, intermediary value is added to it. It is this value that is being taxed and borne by the final consumer.

Adesola (2000) described value added tax as a consumer tax and is charge before selling the good. He said, value added tax is often defined as the sum of wages and profit. VAT has become a veritable source of revenue in many developing countries in Sub-Saharan Africa; it has been introduced in several countries (Whenkroff, 2003). Its adoption in Nigeria can be traced to the report of the committee set up by the Federal government in 1991 to review the entire tax system with a view to expanding the financial base for revenue generation.

Theoretical Underpinning

This study is anchored on the Laffer Theory commonly known as the "Laffer Curve" propounded by Professor Arthur Laffer. The fundamental philosophy of this theory is that government revenue base can be amplified by taxation and this is related to this research topic title effect of petroleum profit tax, value added tax and company income tax reform to federally collected revenue. Since tax reform is the strategies, methods, means and techniques employed by government to elevate it tax revenue among others.

Empirical Review

The impacts or effect of tax reforms to macroeconomic variables have been undertaken by quite a lot of studies in Nigeria and outside Nigeria.

In a bid to empirically investigate the impact of tax reform on Nigeria's economic growth, Okafor, (2012), carried out a study on the impact of tax reform on Nigeria's economic growth. The study employed the use of ordinary least square, where economic growth was proxied by the Gross Domestic Product (GDP) and tax reform proxied by the various income tax petroleum profit tax (PPT), value-added tax (VAT), custom and excise duties (CED) and company income tax (CIT). The regression result showed goodness of fit and all the income taxes have positive coefficients, showing that tax reform can stimulate economic growth.

Impact of tax reform on federal revenue generation in Nigeria was also carried out by Oriakhi & Ahuru (2014). The study used annual time series data straddling the period of 30 years (1981-2011). The various income taxes were employed as a proxy for tax reforms. The finding revealed that there is a long-run relationship between tax reform and federally collected revenue in Nigeria.

Moyi & Muriithi (2003) carried out a study on the productivity of Kenya's tax structure in the context of the tax reforms. The study investigated the buoyancy and elasticity of individual taxes and the overall tax system. Their findings suggested that tax reforms had a positive impact on the overall tax structure.

The reforms had a stronger impact on direct taxes than on indirect taxes, suggesting that revenue leakage is still a major problem for indirect taxes.

Wawire (2003), highlight the trends in Kenya's tax ratios, tax effort indices and their implication for further tax reforms. The study regressed tax revenue on total revenue. The estimated tax equation was used to compute tax effort indices by dividing the predicted with the actual figures. After examining the tax effort indices, the study concluded that the slowdown in economic growth had resulted in high levels of taxation that did not match delivery of public goods and services.

Ogbonna, and Appah, (2012), carried out another study on petroleum profit tax and economic growth: with evidence from Nigeria. To achieve the objective of this paper, relevant secondary data were collected from the Central Bank of Nigeria (CBN) Statistical Bulletin and the Federal Inland Revenue Service (FIRS) from 1970 to 2010.

The researcher used relevant econometric tests of Breusch-Godfrey Serial Correlation LM, White Heteroskedasticity, Ramsey RESET, Jarque Bera, Johansen Co-integration and Granger Causality. The results showed that there exists a long run equilibrium relationship between economic growth and petroleum profit tax. It was also found that petroleum profit tax does granger cause gross domestic product of Nigeria. On the basis of the empirical analysis, the paper concluded that petroleum profit tax is one of the most important direct taxes in Nigeria that affects the economic growth of the country and therefore should be properly managed to reduce the level of evasion by petroleum exploration companies in Nigeria.

Ifurueze, Musa and Success, (2012), investigated the impact of petroleum profit tax on economic development of Nigeria. The study covered a 10 years period of 2000 – 2010. The method of analysis used was ordinary least square method; the result of the analysis revealed Petroleum profit tax impacts positively on Gross Domestic Product of Nigeria and it is statistically significant. Also total oil revenue impact positively on Gross Domestic Product of Nigeria and it is statistically significant. It is therefore recommended that concerted efforts should be made to improve on the effectiveness and efficiency of the administration and collection of taxes by government and overhaul of the government agency responsible for the overseeing Oil Operations to allow for correct data capture be carried out.

Ahmed (2004) introduced a model of Corporate Income Taxes, which shows that agent firms exploit complete information embodied in provisions of tax statutes and the tax policy. The study has been related to the impact of Corporate Income Tax liabilities on different variables of a firm as gross profit, cost of sales, expenses etc. A sample of 7,306 companies has been taken from the hotels and restaurants sector, includes 6,594 in business services and 1,484 in transport manufacturing sectors, for the accounting periods 1995 to 2000. He found implications for micro simulation modeling, financial transparency, and corporate governance.

Abiola (2010) conducted a research work on the recent developments in company's income taxation in Nigeria and analysed the variables with the use of quantitative survey method and found out that the Nigeria tax system is unduly complex, skewed towards low revenue yielding poorly administered, anti-federalism, largely inequitable and loaded with unduly large number of overlapping taxes which have more nuisance value than revenue value. The study recommended that the tax administration amendment Act should altered some of the penalties under CITA to reflect current realities and make them more administrable.

Adenola, K. Y. &Taophic, O.B. (2018) effect of petroleum profit tax and companies income tax on economic growth in Nigeria. The evaluate effect of petroleum profit tax and company income tax on Nigerian economy growth. fully modified least square (fmols) regression technique was used to estimate the model over a 34 years period (1981-2014) while augmented dickey fuller unit root test and single equation co-integration test were carried out. it was found that Petroleum Profit Tax (PPT) and company income tax (cit) have positive significant impact on Gross Domestic Product (GDP) in Nigeria with the adjusted r^2 of 87.6% which directly enhanced growth in Nigeria.

The study then concluded that PPT and CIT serves as the major source of revenue to the Nigeria economy, and contribute to the growth of Nigeria economy. based on these findings, the study recommends that government should transparently and judiciously account for the revenue it generates through petroleum profit tax by investing in the provision of infrastructural facilities, firs should properly monitor the activities of companies to achieve optimum collection of taxes payable to the government as cit. revenue accrue to government through PPT and CIT should be judiciously used to develop the economy.

Usman, O, A. & Adegbite, T. A. (2015) the impact of petroleum profit tax (PPT) on economic growth in Nigeria: the co - integration analysis**.** This study examined the impact of petroleum profit tax on economic growth in Nigeria. It also looked at the direction of causality among petroleum profit tax, money supply, interest rate, inflation rate and economic growth employing the method of Johansen co-integration and the Granger causality tests using data spanning the period 1978-2013. Results showed that petroleum profit tax has positive significant impact on GDP both in the short run and in the long run.

Olatunji, T. E. & Agbite, T. A. (2014) the study empirically examined the effects of Petroleum Profit Tax (PPT), Interest Rate (INTR) and Money Supply (MONSPL) on Nigeria economy. Data were obtained from Statistical Bulletins of Central Bank of Nigeria (1970 to 2010). Multiple regressions were employed to analyze the relationships among variables- Gross Domestic Product (GDP) as dependent variable and Petroleum Profit Tax, Money Supply and Interest Rate as independent variables. The short run effect of Petroleum Profit Tax (PPT) was positive, while that of Interest Rate was negative and the effects of Money Supply (MONSPL) was positive on economic growth.

Onaolapo, A. Abdul-Rahamoh1, F. T, & Adegbite, T. A. (2013) The Analysis of the Effect of Petroleum Profit Tax on Nigerian Economy The study empirically examines the effect of petroleum profit tax (PPT) on Nigeria economy, in line with the objectives of this study, secondary data were obtained from central bank of Nigeria statistical bulletin covering the period of 1970 to 2010. In concluding the analysis, multiple regressions were employed to analyze data on such variables Gross Domestic Product (GDP), petroleum profit tax, inflation, and exchange rate were all found to have significant effects on the Economics Growth with the Adjusted R2 of 86.3%. Following the outcome of this study, it is therefore concluded that the abundance of petroleum and its associated income has been beneficial to the Nigerian economy for the period 1970 to 2010.

Chude and Chude (2015) studied the impact of company income tax on the profitability of companies in Nigeria: focusing on breweries. The study made use secondary data and a time series econometric technique with an error correction model tested the variables most likely to impact on profitability of companies in Nigeria. The findings of the study revealed that the level of company tax has significant effect on the profitability, that company income tax (CIT) has significant effect on profitability.

We conclude that the positive and significant relation between the profitability and taxation indicates that policy measures to expand tax revenue through more effective tax administration will impact positively on growing the company's profitability. It is therefore recommended that Government should expand the tax yield through improved tax system administration. This is because of the positive danger of overreliance on crude oil export receipts to drive the economy. There should be more improve in the effectiveness of taxation by ensuring proper and equitable tax assessment and timely collection.

METHODOLOGY

In this study, the researcher employed the following methodology to accomplish the work. The study used Ex – post facto research design which involves the use of secondary data to carry out the research study. Secondary data was collected using the Archival Method of data collection. Data was collected from the archives of the sources of data for this research. Data was sourced from text books, journal articles as well as internet publications. Secondary data was obtained from the office of the Federal Inland Revenue Service (FIRS), Abuja, and the annual report of the Central Bank of Nigeria (CBN), office of the National Bureau of Statistics, Abuja, as well as academic and professional publications. The study used regression analysis with aid of Econometric Views (E-Views) 8 computer software packages was used to analyze the data sourced.

Model Specification

The functional relationship between tax revenue and Nigeria's economic growth is expressed thus:

Nigeria's Economic Growth = f (Tax Revenue)

TFCR = f (VAT, PPT, CIT)

$TFCR = Bo+B_1VAT+B_2PPT+B_3CIT+\mu_t$

DATA PRESENTATION AND ANALYSIS

The study uses VAT, PPT, and CIT to indicate tax revenue and Total Federal Government Revenue (TFCR) for the period 1984 to 2017 (that is a period of 34 years). The complete set of data used for this study is presented in Appendix one (1)

Table 1: Descriptive Statistics

	TFCR	VAT	PPT	CIT
Mean	37.35813	405.4375	1955.781	23.78750
Median	22.48000	357.1500	1545.980	18.65000
Maximum	94.15000	803.0000	4439.490	57.70000
Minimum	6.710000	58.00000	303.7300	1.200000
Std. Dev.	32.12281	277.807	1377.632	21.63296
Skewness	0.649246	0.237627	0.356638	0.338624
Kurtosis	1.790143	1.483633	1.828799	1.460906
Jarque-Bera	2.099890	1.683489	1.253650	1.884984

Probability	0.349957	0.430958	0.534285	0.389656
Observations	34	34	34	34

Source: Researcher's Computation Using E-Views 8

The results in table 1 above show the descriptive statistics for the overall data set. Measures of central tendency; mean was used to summarize the data, while standard deviation tested the degree of dispersion among the variables under investigation. Jarque-Berra test was used to test the normality of the data. The total federal government revenue, VAT, CIT and PPT value for the period of 1984-2017, showed a mean of ₦37.35813 billion, ₦405.4375 billion, ₦1955.781 billion and ₦23.78750 billion with their standard deviations of 32.12281, 277.807, 1377.632, and 21.63291 respectively.

All the distributions were positively skewed, indicating that they are not symmetrically distributed. The Kurtosis values of the distributions indicated that they are not normally distributed. To ensure that the data for this study were fit for the study, the stationarity test was carried out on the data.

Result Summary of Unit Root Test

Table 2 below shows the result of the unit root test conducted to determine the stationarity of the data for the study.

Trend and Intercept at 5%, and 10% level of significance

Variables	**ADF Test Statistic Values**	**1% critical values**	**5% critical values**	**10% critical values**	**Order**	**Remarks**
LTFCR	**-1.584426**	**-4.0113**	**-3.1003**	**-2.6927**	**1(0)**	**Stationary**
LVAT	**-1.484133**	**-4.0113**	**-3.1003**	**-2.6927**	**1(0)**	**Stationary**
LPPT	**-1.180389**	**-4.0113**	**-3.1003**	**-2.6927**	**1(0)**	**Stationary**
LCIT	**0.173195**	**-4.0113**	**-3.1003**	**-2.6927**	**1(0)**	**Stationary**

Source: Researchers' Compilation from E-Views 8

The results of the unit root test using Augmented Dickey –Fuller at 1%, 5%, and 10% level shows that all the time series variables are stationary at levels. This shows that the findings of the study will be reliable in explaining the relationship between tax revenue and Nigeria's economic growth. Following the result of the stationarity test above, the study adopts the technique of ordinary least squares for the regression analysis. This is based on the premise that, all the variables in the data set are robust and can yield best linear unbiased estimates.

Test of Hypotheses

Table 3 Showing Summary of Regression Results

Variables	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
C	339.9209	697.4280	0.487392	0.6348
VAT	11.32697	5.986487	1.892090	0.0828

PPT	3.197349	0.505965	6.319303	0.0000
CIT	-221.4845	71.32904	-3.105109	0.0091

R^2 = 0.921357

Adjusted R^2 = 0.901696

Tabulated t-statistics: df at 45 at 0.05 level of significance ranges from- 2.021 to + 2.021.

Decision Rule

Where the t-calculated is less than the t-tabulated, the null hypothesis will be accepted, while the alternative hypothesis will be rejected. Where the t-calculated is more than the t-tabulated, the null hypothesis will be rejected, while the alternative hypothesis will be accepted.

Hypothesis One

Value Added Tax (VAT) revenue has no significant contribution to federal collected revenue in Nigeria.

From the result on table 4.3 above, it can be seen that Value Added Tax revenue is indicated by a critical t-statistics value of 1.892090 which is less than the tabulated t-statistics value of 2.021 at 0.05 level of significance which shows that there is no significant contributions of VAT to federal collected revenue in Nigeria. Based on the results, the null hypothesis is accepted to the effect that Value Added Tax (VAT) revenue has no significant contribution to revenue collection of federal government in Nigeria.

Hypothesis Two

Petroleum Profit tax (PPT) revenue has no significant contribution to federally collected revenue in Nigeria.

From the result on table 4.3 above, it can be seen that Petroleum Profit Tax has a positive and significant impact on the GDP in Nigeria. (Petroleum Profit Tax (PPT) coefficient = 3.19, t-value = 6.319303). It is such that a unit rise in Petroleum Profit Tax causes a 3.19 unit rise in the Gross Domestic Product (GDP). Likewise, it can be seen that Petroleum Profit Tax is indicated by a critical t-statistics value of 6.319303 which is greater than the tabulated t-statistics value of 2.021, at 0.05 level of significance.

This shows that there is significant contribution of PPT to federally collected revenue in Nigeria. Based on the results, the null hypothesis is rejected, while the alternate hypothesis is accepted to the effect that Petroleum Profit tax (PPT) revenue has significant contribution to federally collected revenue in Nigeria.

Hypothesis Three

Companies Income Tax (CIT) revenue has no significant contribution to federally collected revenue in Nigeria. The result on table 4.3 above revealed that Company Income Tax revenue has a negative and significant impact on the GDP in Nigeria (Company Income Tax (CIT) coefficient = -221.4845, t-value = -3.105109).

It is such that a unit rise in Company Income Tax causes a 221.4845unit fall in the Gross Domestic Product (GDP). Likewise, it can be deduced that Company Income Tax revenue is indicated by a critical t-statistics value of -3.105109 which falls outside the critical region and greater than the tabulated t-statistics value indicated with a value that ranges between - 2.021 to +2.021 at 0.05 level of significance; this shows that there is a negatively significant effect of

CIT revenue on federally collected revenue in Nigeria. Based on the results, the null hypothesis is accepted to the effect that Company Income Tax (CIT) revenue has no significant contribution to federally collected revenue.

Generally, pulling all the tax variables together, it can be observed that tax revenue has significant contribution to revenue collected by federal in Nigeria with a R^2 value of 0.921357, indicating a 92.14% contribution to federally collected revenue in Nigeria. This shows that tax revenue is important to Nigeria's economic growth.

Discussion of Findings

Findings from the study show that Value Added Tax (non-oil) tax revenue has no significant contribution to federally collected revenue in Nigeria. This finding is not in line with the government's drive to improve economic growth and revenue generation through improved management of taxes in Nigeria. The finding equally deviates from the discovery of Izedonmi and Okunbor (2014) whose findings showed that VAT Revenue had significant contribution to Nigeria's GDP. Also, this finding showed that government's VAT management needs an overhaul in order to meet the nation's revenue expectation from VAT.

It was also discovered that Petroleum Profit Tax (PPT) has significant contribution to federally collected revenue in Nigeria. The finding deviates from the findings of Madugba, Ekwe, and Kalu, (2015) that discovered a negative relationship between Petroleum Profit Tax and the federally collected revenue in Nigeria. Despite the position of Madugba., (2015), the findings justifies the discovery of Umoru and Anyiwe, (2013) whose results revealed that direct tax revenue had significant positive relationship with federally collected revenue in Nigeria.

Finally, findings from this study revealed that Companies Income Tax (CIT) revenue has no significant contribution to federally collected revenue in Nigeria. The finding supports the discovery of Cornelius, Ogar & Oka (2016), whose findings revealed that there is no significant relationship between (CIT) revenue and Nigeria's economic growth. Despite the findings and its justification, a hope was found in the discovery of Ayuba, (2014) whose results showed that other tax revenue impacted positively on economic growth in Nigeria.

Findings from the study shows that Value Added Tax (non-oil tax) revenue does not have significant contribution to federally collected revenue in Nigeria, Petroleum Profit Tax (oil tax) revenue has significant contribution to federally collected revenue in Nigeria, Company Income Tax (non-oil tax) revenue has no significant contribution to federally collected revenue in Nigeria.

CONCLUSION AND RECOMMENDATIONS

Based on the findings of this research work, it is hereby concluded that Petroleum Profit Tax (oil tax) revenue has significant contribution to federally collected revenue in Nigeria, while Value Added Tax and Companies Income Tax (non-oil tax) revenue have no significant contribution to federally collected revenue in Nigeria. It is further concluded that the significant contribution of tax revenue to Nigeria's economic growth is driven essentially by the significant contribution of Petroleum Profit Tax (oil tax) revenue to federally collected revenue.

RECOMMENDATIONS

Based on the findings of this research work, the following recommendations are hereby proffered:

1. The Federal Government should drastically minimize, or find ways and means of totally eliminating the wide spread corruption and leakages prevalent in petroleum profit tax administration in Nigeria, and should as well as transparently and judiciously account for revenue generated from petroleum profit tax through the visible provision of more quality infrastructures and public goods and services across the country.

2. The Federal Government should substantially increase the rate of Value Added Tax(VAT) from 5% to 25% for non-luxury items, and from 5% to 30% for luxury items, so as to substantially increase revenue derivable from Value Added Tax as a source of government revenue, thereby reducing the rate of government over-dependence on oil tax revenue.

3. The Federal Government should increase the rate of Companies Income Tax from 30% to 45% of assessable profit so as to substantially improve revenue receipts from CIT source, prevent limited liability companies from distributing dividends to their share holders pending when all outstanding tax liabilities are settled, and government should as well as support entrepreneurial development in Nigeria by fixing the country's electricity infrastructure problems, so as to drastically increase electricity power supply to industries and business concerns.

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