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IMPACT OF TAXATION ON REVENUE GENERATION IN NIGERIA

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Abstract

The government's drive to earn more income prompts it to consider boosting taxes from sources other than oil. This research studied the influence of taxation on revenue generation in Nigeria during a 43-year period, from 1981 to 2023. The study used an ex-post facto research approach, with data acquired from the Central Bank of Nigeria and the Federal Inland Revenue Service's yearly statistics bulletin. The study used a variety of estimating methodologies, including descriptive and inferential statistics, to assess the short and long-term link between taxes and revenue production in Nigeria. The study found that Value added tax, company income tax has positive and significant impact on revenue generation, whereas customs and excise duty has negative and insignificant impact on revenue generation. The study found that taxes is an effective and predictable weapon in the hands of the government for increasing revenue generation in the country. The study recommends that federal inland revenue services must close VAT revenue leakages, educate company managers on the importance of remitting VAT revenue, and train personnel in charge of collecting VAT revenue so as to increase revenue generation in the country.

Keywords: *Taxation, Revenue generation, Value added tax. Company income tax, Custom and excise duty, Federal government generated revenue.*

INTRODUCTION

The need for a more diverse tax base and larger revenues is the primary driver of tax reforms and revenue collection in Nigeria, driven by the important economic benefits of taxes in providing government income and financing public infrastructure projects (Bird & Zolt, 2023). When compared to other forms of resource mobilization, such as deficit financing and money creation, as well as the fact that oil accounts for the vast majority of Nigeria's federally collected revenue, the need for increased revenue becomes clear. Between 1990 and 2018, oil revenues amounted for an average of roughly 70% of overall revenue (CBN, 2019). The over-reliance on oil revenue, combined with its unrelenting fluctuations owing to external oil price shocks, was a significant incentive for the establishment of FIRS and supporting tax policies aimed at diversifying the income base away from oil.

Nigeria's budget deficit is constantly increasing despite considerable tax reform and restructuring, and the country's income base is significantly skewed in favor of oil revenue (Mawia & Nzomol, 2013). This shows that knowing tax buoyancy and elasticity is critical for developing effective tax policy. A variety of factors, including changes in income, tax rates and

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bases, the effectiveness of tax assessment and collection, and others, can influence tax revenue/yield. Tax elasticity and buoyancy can be used to determine how responsive tax income or yield is to such changes (Ebi & Ayodele, 2017).

As appealing as it may be to believe that tax money will supplement income from oil earnings, there are several reasons why tax collections have been hampered. These include, among other things, inefficient tax administration and collection procedures, apathy among Nigerians due to a perceived lack of value in exchange for their taxes, greed and fraudulent company behavior, insufficient amenities, apathy, and unjust tax preparation, surveillance, and regulation (Ndubuisi et al., 2020; Ovunda, 2018); low tax generation is caused by a number of factors, including inadequate public knowledge, a lack of training, bad working conditions Taxes must be strengthened in order to significantly contribute to Nigerian income collection.

There are numerous empirical studies on taxation in general, many of which link taxation to economic growth (Obaje & Ogirima, 2019; Edewusi & Ajayi, 2019; Ewa et al., 2020; Olugbemi et al., 2020; Yusuf & Udeorah, 2021; Egbuhuzor & Tomquin, 2021), and others on revenue generation (Olanlokun & Bashiru, 2019; Etim et al., 2020; Ihenyen & Ogbise, 2022; Mainoma et al., 2024; Olayeye & Adedeji, 2025). However, the research' findings urge for a more in-depth examination of taxing and revenue generation, as well as an expansion of the topic's restricted body of literature. More importantly, previous studies predominantly employed fitted regression analysis to address short-term repercussions, with little evidence for long-term effects. In response, the study employs autoregressive distributed lag (ARDL) model which may reveal both the short- and long-term effects of taxes on revenue generation. As a result, the study focuses specifically on the influence of taxing on revenue generation in Nigeria during a 43-year period spanning 1981 to 2023. The study specifically looked at how value-added tax, customs and excise duty, and corporation income tax affect revenue generation in Nigeria. The remaining part of the paper are discussed under literature review, data and methodology, result and discussion and conclusion.

LITERATURE REVIEW

2.1 Company Income Tax

Company income tax is one of the levies managed and acquired by the Federal Inland Revenue Service (FIRS), and it accounts for a major portion of the government's overall income. These benefits may be viewed as having occurred in Nigeria regardless of where they are situated (globally) or if they were previously delivered to the home nation (Ugochuwkwu et al., 2016). According to the Federal Inland Revenue Service ("FIRS"), Companies Income Tax ("CIT") collections increased by 1.7% year on year to NGN1.77 trillion in Q3 2024, owing to increased contributions from the Mining and Quarrying, Information and Communications, and Manufacturing sectors, which grew by 200%, 94%, and 48%, respectively (Udo & Bello-Osagie, 2025).

2.2 Custom and Excise Duty

According to Oladipupo and Ibadin (2016), import tariffs are frequently determined by the government using criteria including the item's value, weight, and size. They are calculated as a percentage of the import's value or as a fixed fee (Fasoranti, 2013). Export duties are rarely used anymore, with the exception of a few mineral, petroleum, and agricultural products. The revenue of many resource-rich countries comes from export taxes (Ugochukwu & Azubike,

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2016).

2.3 Value-Added Tax

The VAT Act No. 102 of 1993 became effective in January 1994 and represented an important milestone in Nigeria's tax reform efforts. Initially, the receipt of VAT was intended to be shared by 20% and 80% to federal and state government, but it was subsequently divided into 15:50:35 among the federal, state, and municipal agencies (Frank, 2020). According to the Federal Inland Revenue Service ("FIRS"), Value Added Tax (VAT) collections increased by 88% year on year in Q3 2024, by 25.47%, 18.37%, and 15.1%, respectively, due to increased contributions from the Mining and Quarrying, Information and Communications, and Manufacturing sectors (Udo & Bello-Osagie, 2025).

2.4 Revenue

Friday (2021) defines revenue as all tolls, taxes, fees, penalties, and other government receipts collected over a certain time period. Joy (2022) stresses revenue generation as the mechanism by which the government earns finances to meet its obligations. According to Muhammed et al. (2022), government revenue is generated through a variety of sources, including taxes on persons and businesses, products and services, exports and imports, and non-tax sources such as government-owned enterprises and central bank profits. In Nigeria, revenue is divided into two categories: oil and non-oil, with oil accounting for more than 80% of the government's income (Karimu, 2019). However, the drop in oil prices caused by the global health crisis has had a detrimental impact on Nigeria's income base, necessitating an increased reliance on tax revenue (Adebayo et al., 2022).

2.5 Theoretical Review

Theoretically, this study is supported by the ability to pay theory. Accordingly, each taxpayer should only pay taxes that he/she can afford. According to this hypothesis, tax rates should be greater for those with higher earnings than for those with lower incomes. In this situation, taxes ought to be assessed based on a person's ability to pay. This method does not presuppose any business or semi-commercial interaction between the government and the individuals and instead views tax responsibility in its genuine form as a requirement to pay money to the government without receiving anything in return. An individual must pay taxes simply because they are due, and their relative tax burden will depend on their ability to pay. This philosophy guarantees taxes that is fair or just (Bhatia, 2010; Jhingan, 2012; Appah, 2014). Critics of the "ability to pay" principle, argue that it can lead to unfair burdens on certain groups, especially those with lower incomes, and that it may not adequately address the benefits individuals receive from government services.

2.6 Empirical Review

Following empirical contributions, Olayeye and Adedeji (2025) assessed the impact of electronic taxation on revenue generation in Ondo State between 2019 and 2023. The study's findings indicated that before to the introduction of electronic taxation, revenue production from state accumulated revenue was below average, however tax revenue and other taxes greatly improved after e-taxation and e-tax were effectively adopted. Mainoma et al. (2024) investigated the impacts of tax changes on revenue generation in Nigeria from 1980 to 2023 and discovered that CIT, PPT, and VAT had a substantial influence on revenue collection in

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Nigeria. Ater (2023) studied the principles of tax evasion and avoidance, as well as the detrimental consequences for the Nigerian economy. He also investigated the motives underlying Nigerian taxpayers' tax fraud and avoidance, and eventually made intelligent recommendations for enhancing the country's economic stability. For a period between 2010 and 2020, Ajeigbe et al. (2023) employed the Generalised Method of Moments approach in 45 countries, including both developed and African countries. The data suggest that higher tax revenue collection, grants, and other income generation from a variety of sources improves the country's economic performance and people's welfare. The findings suggest that increasing funding from a range of sources can strengthen financial stability, encourage long-term development, and accelerate economic growth and development in these nations.

Benedek et al. (2022) investigated the evolution of the personal income tax (PIT) in emerging markets (EMEs) and low-income developing countries (LIDCs). The data shows a considerable increase in PIT revenue performance, with LIDCs and EMEs boosting PIT-to-GDP income by 110 and 48%, respectively, between 1990 and 2019. The study also revealed that changes in the architecture of PIT systems had minimal impact on the spike, which was mostly driven by economic factors. Furthermore, it was revealed that LIDCs with higher tax-to-GDP ratios used a greater range of tax instruments in addition to the PIT, implying that developing nations require a more comprehensive approach that includes a wider range of levies to successfully collect income. Ihenyen and Ogbise (2022) explored the link between Nigerian tax income and economic growth. The data was subjected to a regression analysis using Microsoft Excel. Thus, value added tax, company income tax, and petroleum profit tax all have a beneficial influence on Nigeria's economic growth, but customs duties and charges have a negative impact. Overall, tax revenue and Nigeria's economic growth are highly connected. Adefolake and Omodero (2022) used a vector error correction model to examine the influence of tax income on Nigeria's economic development throughout time series data from 2000 to 2021. The data show that both PPT and VAT have a significant beneficial influence on GDP. It also highlights how CIT has a significant, negative impact on GDP.

DATA AND METHODOLOGY

The *ex post facto* research design for the study has been selected as it is suitable for collecting and organizing the data. Model proposed by Lanem et al. (2020) was adapted and modified for purposeful usage in this study. Hence, the model is presented as:

$$FGCR = f(CIT, VAT, CED) \quad \text{---------- 3.1}$$

Where:

FGCR = Federal government collected revenue

CIT = Company income tax

VAT = Value added tax

CED = Custom and exercise duties

Stating the equation in econometric form, it therefore becomes

$$FGCR = \beta_0 + \beta_1 VAT + \beta_2 CIT + \beta_3 CED + \mu_t \quad \text{---------- 3.2}$$

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Where:

β_0 = Constant, $\beta_1 - \beta_3$= beta coefficients of the independent variables; μ_t = error term. Other variables are as earlier defined.

The Autoregressive distributed lag model (ARDL) regression analysis serves as the primary estimate test used in this study's discourse. The stationarity test displays the test for temporal arrangement properties of the components under discussion, allowing one to assess whether or not the information is sufficient to provide a sound outcome (Stock & Watson, 2003). The ADF test is employed to ascertain whether a unit root exists in order to determine the features of an individual arrangement, which are evaluated in equation (3.3), in order to test for stationarity in this examination.

$$\Delta Y_t = \alpha_0 + \beta Y_{t-1} + \gamma_1 \Delta Y_{t-1} + \gamma_2 \Delta Y_{t-2} + \gamma_3 \Delta Y_{t-3} + \gamma_4 \Delta Y_{t-4} + \gamma_k \Delta Y_{t-k} + \varepsilon_t \quad ---3.3$$

After establishing the unit root's characteristics on the analyzed data, Pesaran et al. (2001) Autoregressive Distributed Lag Model (ARDL) is used to analyze the short- and long-term impacts of taxes on revenue generation. As a result, the ARDL system's unrestricted representation of our concerned capability is as follows:

$$\Delta \ln(FGCR)_t = \lambda_0 + \sum_{i-1}^{p} \lambda_1 \, \Delta ln(VAT)_{t-1} + \sum_{i-1}^{q1} \lambda_2 \, \Delta ln(CIT)_{t-1} + \sum_{i-1}^{q2} \lambda_3 \, \Delta ln(CED)_{t-1} + \lambda_1 \ln(FGCR)_{t-1} + \lambda_2 ln\,(VAT)_{t-1} + \lambda_3 ln\,(CIT)_{t-1} + \lambda_4 ln\,(CED)_{t-1} + \mu_{it} \quad ----------3.4$$

Where:

Δ denotes the first difference operator.

The first summation terms (in differences) represent the short-run dynamics.

The lagged level terms $FGCR_{t-1}$,VAT_{t-1},CIT_{t-1},CED_{t-1} capture the long-run equilibrium relationship.

The coefficients λ2,λ3,λ4 indicate the long-run elasticities, while the coefficients γ on differenced variables show short-run adjustments.

μ_t is the white noise error term assumed to be independently and identically distributed.

To measure the accompanying robust mistake revision model depicted by the condition roar in order to understand the speed of change (short run) brought about the ECM model as:

$$\ln(FGCR)_t = \lambda_0 + \sum_{i-1}^{n} \lambda_1 + \Delta ln(VAT)_{t-1} + \sum_{i-1}^{n} \lambda_2 + \Delta ln(CIT)_{t-1} + \sum_{i-1}^{n} \lambda_3 + \Delta ln(CED)_{t-1} + (ECM)_{t-1} \quad ----------3.5$$

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***Apriori* Expectation**

Theoretically, for there to be positive results in terms of revenue generation in Nigeria, each of the aforementioned factors—value added tax, corporation income tax, and customs and excise duty—must be present. In light of this, increasing government revenue generation will necessitate the imposition of value-added tax, corporation income tax, and customs and excise duties. Summarily,

$$\frac{\partial FGCR}{\partial VAT} > 0; \frac{\partial FGCR}{\partial CIT} > 0; \frac{\partial FGCR}{\partial CED} > 0 \quad \text{---------- 3.6}$$

RESULT AND DISCUSSION

4.1 Descriptive Statistics

Table 4.1: Descriptive Statistics

	FGCR	VAT	CIT	CED
Mean	2.955572	1.488255	3.841412	4.030693
Minimum	1.021603	0.000000	2.605305	2.818984
Maximum	4.183977	3.355038	5.823513	5.382737
Std. Dev.	1.085165	1.150629	0.995189	0.933494
Observations	43	43	43	43

Source: EViews 11

As can be seen in Table 4.1, the means of FGCR, VAT, CIT and CED are 2.95, 1.48, 3.84 and 4.03 respectively. From a minimum value of 1.02, 0.00, 2.60 and 2.81 to a maximum value of 4.18, 3.35, 5.82 and 5.38, the variables changed. Additionally, the FGCR, VAT, CIT and CED standard deviations for the understudied variables are 1.08, 1.15, 0.99, and 0.93 respectively. The variables were described using standard deviation in spite of the average, minimum, and maximum values. By virtue of having the largest standard deviation value among the variables, VAT has the most volatility, whereas CED has the lowest standard deviation value, making it the least volatile variable. By implication of the higher mean against a lower standard deviation, it implies that, the data evolves around the mean.

4.2 Correlation Matrix

Table 4.2 Correlation Matrix Analysis

	FGCR	VAT	CIT	CED
LFGCR	1.000000			
LVAT	0.845955	1.000000		
LCIT	0.353797	0.224821	1.000000	
LCED	0.118615	0.040776	0.835742	1.000000

Source: EViews 11

As can be seen in Table 4.2, FGCR has a positive relationship with VAT, CIT, CED. The correlation coefficients between FGCR and VAT are 0.84, FGCR and CIT is 0.35, FGCR and CED is 0.11. Thus far, it appears that every explanatory variable moves in the same direction as the outcome variable (FGCR). Hence, every predictor variable in the same association is positive.

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4.3 Stationarity Test

To ascertain if the variables are stationary, the Augmented Dickey-Fuller (ADF) unit root test is used to perform the test. Table 4.3 displays the outcome

Table 4.3: ADF Unit Root Test Results

Variable	Level		First difference		
	Test statistic	p-value	Test statistic	p-value	Order of Integration
LFGCR	-1.4162	***0.5654*** **NS**	-6.4771	0.0000***	I(1) 1st diff
LVAT	-0.3886	***0.9801*** **NS**	-5.5504	0.0000***	I(1) 1st diff
LCIT	-2.0028	***0.2846*** **NS**	-6.9168	0.0000***	I(1) 1st diff
LCED	-6.0943	0.0000***	-----	------	I(0) level

Source: EView 11

Note: **NS, *, **,** and *** denote non-stationary, statistically significant at 1%, 5%, and 10% significance level respectively.

Carefully, LCED appears stationary at 1% at level while others including LFGCR, LVAT, LCIT are non-stationarity at the same level but found stationarity at 1% at first difference. This implies that there is a mixed stationarity test of level and first difference. This results to the application of autoregressive distributed lag (ARDL) model.

4.4 ARDL Co-integration Test

Table 4.4: Bounds Test Result

F-statistics	Significance level	Lower bound	Upper bound
6.001813	5%	2.734	3.92

Source: EView 11

The limits test is displayed in Table 4.4. It indicates that there is co-integration and, consequently, a long-run connection since the f-statistics value of 6.001813 is bigger than the Critical Value limits for the upper bound I(1) at the 5% level of significance.

4.5 Short-run Estimation Results

The short run dynamics and adjustment speed are displayed in the short run results. The short run results are shown in Table 4.5.

According to Table 4.5, in the near term, LVAT has a favorable and considerable influence on FGCR of 71.60%. Even after adjusting for first and second differencing, LVAT continues to have a positive and large influence on FGCR, implying that any subsequent VAT increases by the government will greatly enhance FGCR and encourage economic growth. Similarly, the first differencing did not alter the positive and significant influence that the original CIT appeared to have on FGCR by 24.75%. These outcomes are consistent with the long-term outcome. In the short run, the impact of CED is significant at 35.08%, resulting in additional revenue for the Nigerian government. The lag error correction term CointEq(-1) has the predicted negative sign and is statistically significant at the 1% significance level. It gauges how quickly the dynamic model adjusts to restore long-run equilibrium. This provides more evidence for the long-term correlation between the variables. Disequilibrium returns to the long-

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run equilibrium at a rate of 30.66% adjustment rate, as indicated by the low coefficient of the error correction term.

Table 4.5 Short-run Estimation Result

Variable	Coefficient	Std. Error	T	P>|t|
D(VAT)	0.716020	0.122268	5.856169	0.0000
D(VAT(-1))	0.518167	0.086301	6.004182	0.0000
D(VAT(-2))	0.236953	0.096244	2.462016	0.0221
D(CIT)	0.247561	0.041367	5.984479	0.0000
D(CIT(-1))	0.248068	0.057037	4.349243	0.0003
D(CED)	0.350848	0.075730	4.632892	0.0001
D(CED(-1))	0.290075	0.067053	4.326046	0.0003
CointEq(-1)*	-0.306612	0.051350	-5.970972	0.0000
R-squared	0.848035			
Adj. R squared	0.793762			
F-statistic	276.3766			
Prob(F-statistic)	0.000000			

Source: EView, 11

4.6 Long-run Estimation Result

The long-run coefficients from the ARDL model that was chosen using the Schwarz information criteria are shown in Table 4.6.

Table 4.6: Long-run Estimation Result

Variables	Coefficient	Std. Err.	T	P>|t|
C	3.115696	0.583807	5.336862	0.0000
LVAT	0.765498	0.121101	6.321131	0.0000
LCIT	0.329182	0.121587	2.707391	0.0103
LCED	-0.822617	0.491952	-1.672149	0.1087

Source: EView 11

As can be seen from Table 4.6, CED has a coeff. of -0.822617 on FGCR, whereas VAT, CIT, have coeffs of 0.765498 and 0.329182. According to the results, VAT, CIT, all positively and significantly contributed to FGCR by 76.54% and 32.91% respectively, when all other things were equal. However, as CED has no discernible impact on FGCR, a 1% increase in CED corresponds to an 82.26% drop in FGCR.

4.7 Post-Estimation Test

Table 4.7 Post-Estimation Test

Statistics	Chi-square/F-stat/Jaque-bera	Prob.
Normality	1.0617151	0.5880
Stability	2.737608	0.1129
Breusch-Godfrey Serial Correlation	1.138112	0.3403
Heteroskedasticity Test: ARCH	0.160549	0.6910

Source: EView 11

Determining the post-estimated test is essential in this study. In the event that the probability value is more than 5%, the alternative hypothesis is accepted. As a result, the results of the pre-

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estimation experiments were summarized in Table 4.7.

According to Table 4.4's test results, the model passed the pre-estimation test when using the general rule of thumb that a substantial value of >5% is required. As a result, the investigation moves on to the cointegration bound test.

4.8 Discussion of Findings

The bound test results revealed a long-term relationship between tax attributes and revenue output in Nigeria. This might be explained by the fact that the bound test's F test was greater than all criterion levels (1%, 5%, and 10%, respectively). The short-term research concludes that the value-added tax has a considerable and positive impact on Nigeria's ability to earn money. Given the recent return of VAT in Nigeria, this conclusion is not surprising. More importantly, it reveals how Nigeria employs VAT in the economy wisely. Nigeria's VAT rate in the current time is 7.5%. As a result, in addition to raising the VAT to 7.5%, the study's findings revealed that the Nigerian government significantly relies on the VAT and utilizes it to exert progressive economic influence. However, there are several flaws in the VAT collecting process due to poor tax administration, evasion and avoidance, insufficient paperwork, bribery and corruption, and the theft of public funds for personal benefit. However, the study's findings revealed that the government derives long-term benefits from VAT. The results contradict the empirical findings of Egbuhuzor and Adokiye (2021), but they corroborate Yusuf and Udeorah's (2021) conclusion that the VAT is an appropriate weapon at the government's disposal for generating money and advancing economic growth in Nigeria. The conclusion also confirms the long-term outcome, which revealed a considerable and direct influence on Nigeria's ability to earn revenue.

In the near term, customs and excise charges have a positive and large influence on Nigeria's capacity to earn money. This conclusion contradicts the long-term negative and inconsequential impact, which claims that governments are more likely to be concerned with the immediate outcome than with the long-term implications of CED as a source of cash for the economy. This consequence might be tied to Nigeria's land border restrictions, which have reduced the country's earnings from customs and excise duties. The findings imply that unlawful and immoral behaviors (bribery and corruption) inside the system have hampered customs personnel from doing their duties properly. As a result, the researcher is optimistic that things would improve in the country if the government takes proactive actions, such as forming new regulatory agencies. However, the government looks to be completing its aim of sealing the border, as demonstrated by the short-term positive and large impact, which has boosted the field-level supervision and accountability of custom authorities. The analysis supports the findings of Ezejiofor et al. (2021) that customs and excise duties have a positive and significant impact on revenue generation in Nigeria, but it contradicts Egbuhuzor and Adokiye (2021).

In Nigeria, corporation income tax has a major and direct influence on revenue generation in both the short and long term. This study implies that the government extracts a substantial and equitable amount of money from businesses in order to impact the economy and earn additional revenue. This indicates how corporate tax payments have a significant influence on Nigeria's economic output. This study shows that, when combined with all other tax revenues, corporation income tax has the potential to have a positive and significant influence on Nigeria's revenue generation. Even while the government need tax revenue to sustain its operations, companies should not be overtaxed, especially in light of insecurity, a poor power supply, and inferior amenities and facilities. As a result, this acts as a warning to all parts of government to

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preserve the interests of the country's businesses in order to keep them from migrating overseas or collapsing. Above all, improved social, physical, and other amenities provided by the government increase the likelihood of firms paying taxes on time and without delay. The results corroborate Etim et al.'s (2020) empirical finding that in order for the government to fulfill its political obligations, it must produce more money from corporate entities (CIT), which benefits everyone.

CONCLUSIONS AND RECOMMENDATIONS

The Nigerian government is coping with a number of challenges, including corruption, embezzlement, insufficient financing, financial mismanagement, and lack of effective leadership. The study on the link between taxation and economic growth is growing, and there is still a vacuum in understanding the influence of taxes on revenue creation, despite enormous and rich achievements in Nigerian economic development. In particular, little is known about the portion of taxes that primarily produces funds to promote domestic investment and economic growth in Nigeria. This formed the basis of the study's design. This study sought to address this empirical vacuum. The association between taxes components and Federal Government Collected Revenue—has been found to be statistically significant in the positive direction. The findings revealed that, in the short term, company income tax, value added tax, and custom and excise duty all have positive and significant impacts; however, in the long term, these taxes—with the exception of custom and excise duty, which has a negative and negligible impact on revenue generation—have positive and significant impacts. In general, taxes have a significant influence on Nigeria's ability to earn revenue in both the long and short term. This finding is consistent with the a priori prediction and empirical studies by Yaro and Mahmood (2021) and Lanem et al. (2020), which suggest that taxes are an important instrument used by the government to raise funds and encourage sustainable economic growth in Nigeria. The study's conclusions led to the following recommendations being made: The Federal Inland Revenue Services must close VAT revenue leakages, educate company managers on the importance of remitting VAT revenue, and train personnel in charge of collecting VAT revenue so as to improve on revenue collection. Also, Proceeds from VAT should be used wisely by the Federal Government to invest in infrastructure that benefits the economy; Federal Inland Revenue Services shall take appropriate measures to ensure firms are not dodging or avoiding tax payments to competent entities. Moreover, there is no need to evaluate the CIT rate's rising trend, as it may encourage tax evasion and avoidance. The government should supervise customs and excise duty processes to improve accountability and transparency, leading to increased tax collection and productivity for the economy.

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