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ABSTRACT

The study examined the impact of tax revenue on national budget performance. The study employed the time-series data of thirty-four (34) years between the period of 1985-2018. The theories that anchors the work include; Socio-political theory, Expectancy theory, Benefit Received theory and Ability-to-pay theory. Secondary data was used for this study. The Ordinary least square was employed for the analysis, but the unit root test which is a pre-estimation technique subjected the study to employ the Auto-regressive Distributed Lag (ARDL). Objective one revealed that CIT (Consumer income tax) has negative significant effect on CAPEX (Government capital expenditure) at ($\beta = -2.24$, $P < 0.05$) and VAT (Value added tax) has positive significant effect on CAPEX (Government capital expenditure at ($\beta = 6.05$, $P < 0.05$). It is recommended that direct and indirect tax in any country should be given priority because they are consequential sources of revenue for the government.

Key words; Tax Revenue; Government capital expenditure; Direct tax; Indirect tax; Auto Regressive distributed Lag

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Introduction

According to the World Bank (2015), the budget is a key management tool for planning, monitoring and controlling the finances of a project or an organization, so it estimates revenues and expenditures pertaining to a project or organization over a specific period of time. As a result of this, budgets serve several important purposes, including: Keeping track of income and expenses throughout the year (or time frame for a specific project); Help determine if program and goal adjustments are needed; Project income and cost of projects, including timing and availability of income, as an additional grant; and provide a framework for accountability and transparency. The budget can be in deficit or surplus. Surplus is recognized when the income received exceeds the planned costs (Evans, 1987; Elmendorf, 1993; Elmendorf, 1996; Elmendorf and Liebman, 2000). However, a deficit is recorded when the national economy's expenditures exceed the planned income: this may be due to a delay in income and/or low export income and other revenue source of the government (Bahmani, 1999; Still, 2005). The expenditure components of a national budget can be referred to as public expenditure. This public expenditure or government spending is the expenditure of a state to maintain its activities, as well as to society and the economy as a whole. (Maku, 2009). The flow of government spending and other expenses in Nigeria includes administrative, economic, infrastructure and social services, defense and security, grant/aid and interest on loans. Government expenditures can be broadly divided into concurrent expenditures and capital expenditures. The expenditure of government that often occur throughout the year is called recurrent expenditure. Examples of recurrent expenditure include; wages and salaries, employer contribution, interest payment, transfer etc. On the other hand, capital spending is government expenditure on durables (Nwaeze 2010). This includes all expenditures on capital projects such as buildings, road and bridge construction, and all capital structures and assets.

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However, the tax revenue of government has continually dwindle due to the non-performance caused by the internal financial crisis faced in bringing in the actual direct and indirect fiscal money to be paid to the government in a year. More so, this is also due to lack of effective internal control and revision of tax policies and rates. Nigeria's poor financial situation, exacerbated by widespread inflation, has undermined the value of funds available to provide basic social services to the population. Tax revenue is a component that aids the improvement of economic growth, only when the expenditure responsibility is direct towards social and infrastructural amenities in the country (Okafor 2012). In Nigeria, tax revenue accounted for about 6.3 percent of total government revenue over the years, as most of the revenue needed for development comes from oil. 80% of the total federal government revenue has been derived from crude oil export, while the remaining 20% in previous years came from the non-oil sector (Odusola 2006).

Inappropriate tax policies will binder tax revenue of the government and on the long run will retard the services to be provided by the government for citizens. Government which are saddled with the responsibility of meeting capital and recurrent expenditure in a nation, to improve the social and economic well-being of its citizen. In Nigeria, government capital expenditure has been boosted by higher tax revenues from the extraction and sale of crude oil, as well as increased demand for public goods such as roads, communications, energy, education and health care. Despite the increase in government expenditure through the revenue generated in the economy, it was not driven by significant economic growth and development. Nigeria remains one of the poorest countries in the world (Baghebo, 2011).

Based on the enquiry on the impact of tax revenue on national or government budget which has a long run effect on government expenditure according to literature, there are extant studies that show opposite effect of tax revenue on the

economic budget. This studies include; Djawadi & Fahr (2013), Ullah (2016), Gale and Samwick (2014), Aesh (2015), Abata (2014), Popoola, Jimoh and Oladipo (2017), Mawejje & Munyambonera (2016), Taha (2008), Kuratin (2014), Ahmad (2013), Ihenyen & Miesegha (2014), Mehara Pahlavani & Elyasi (2011), Ofoegbu, Akwu & Oliver (2016), Babatunde, Ibukun & Oyeyemi (2017), Babatunde & Ibukun (2016), Jaka & Sariyana (2009), Lee, Kim & Cheng (2013). This study examines the impact of tax revenues on the performance of national budget in Nigeria. The study employs CAPEX as the dependent variable and CIT and VAT as the independent variable for the study, using secondary data covering the period of 1985-2018.

Literature Review

Socio-political Theory of Taxation

This theory was proposed by Arthur Cecil Pigou. Ogbonna and Appah (2012) maintained that this argument justifies the imposition of taxes to finance government activities and provides a basis for sharing the tax burden among members of the society. They affirmed that, promoters of a tax system which is not structured to work for individuals, but to heal the evils of society as a whole. A society is made up of individuals, but this is much more than the sum of its individual members; therefore, the tax system should be oriented towards the welfare of society as a whole, since a person is an integral part of a society (Chigbu, Akujuobi and Appah, 2012).

Expectancy Theory

This theory was developed by Victor H. Vrom in 1964. Bhartia (2009) and Ayuba (2014) state that taxation is such that every tax proposal is fact-checked and should only be considered before the tax authority applies for a tax proposal.

Under this theory, the social goal of the state is considered irrelevant, since it makes no sense to have a tax that is not placed and collected effectively.

Benefits Received Theory

This theory was developed by Knut Wicksell (1896) and Erik Lindahl (1919). It involves an exchange or contractual relationship between the state and the taxpayer, some goods and services are provided by the government, and the prices of those goods and services are provided in the proportion of the benefits received. Thus, the benefits received form the basis for a specific distribution of tax burden. This theory underestimates the use of the tax policy to achieve economic growth or stability. Chigbu, *et.al.* (2012) believe that the theory of cost of services is very similar to the theory of benefits-received. The theory also emphasizes the semi-commercial relationship between state and citizens. Consequently, according to Chigbu, *et.al.* (2012) who argues that citizens are not eligible for any benefits from the state, and if they do, they must pay the cost for them. In this theory, the costs the service is carefully reimbursed in contrast to the theory of benefits-received with which the budget is in equilibrium. In developing countries like Nigeria, that does have a good tax administration the benefit received may not cut across all the stakeholder's in the country, so the cost of service may actually not be attained by the government, this position is not true for developed countries that have a good tax administration system.

Empirical Review

Osho, Olemija & Falade (2019) examined the impact of tax revenue on government capital spending and, in particular, assesses the significant impact of corporate income tax on government capital spending in Nigeria; the significant impact of value added tax on public capital spending in Nigeria; and the long-term relationship between government tax revenues and capital

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expenditures in Nigeria. The study used relevant secondary data from 2009 to 2018, drawn from a series of statistical bulletins published by central bank. A public financial analysis model ($CAPEX = f(CIT, PPT, VAT)$) was built and tested using descriptive analysis in the form of minimum and maximum values, mean and coefficients of variation, and the output statistics are presented as multiple regression, Ttest, co-integration test Johansen, coefficient of multiple determinations, Ftest and DWtest. Research results show that Corporate Income Tax has a positive relationship with capital spending; Petroleum Profit Tax (PPT) negatively affects government financing of development projects; Value Added Tax (VAT) has a slight positive relationship with total government Capital Expenditure (CAPEX). It is concluded that tax collection does not affect capital costs. The study recommends that the use of tax revenues for public goods encourages taxpayers to pay taxes.

Babatunde, Ibukun & Oyeyemi (2017) investigated tax collection and economic growth in Nigeria. Several preliminary tests were performed during the study, including descriptive statistics. The study performed the Hausman test to determine the appropriate score between fixed and random effects. To confirm the validity and reliability of regression model, several evaluation tests were performed in the study. The results show that tax collection is positively associated with GDP and significantly contributes to economic growth in Africa. It was significant at 5% level. The study concludes that tax revenue has a significant positive relationship with gross domestic product.

Okwara, Collins & Mary (2017) examines into the impact of tax revenue on economic growth for the period of 1994-2015. Secondary data were used for the study. The variables considered are: Gross Domestic Product (GDP) as a proxy for economic growth, Value Added Tax (VAT), and non-oil income (tax). To avoid spurious results, Ordinary Least Square (OLS) was used to test the significant impact of value added tax and non-oil income on Gross Domestic

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Product (GDP). The results revealed that non-oil revenues have a significant impact on gross domestic product, while value added tax has a negative relationship with statistically not significant for the period considered. The study concludes that tax revenues have a significant impact on the growth of Nigerian economy. The paper therefore recommends that government should diversify the main revenue source from crude oil to other sectors of the economy such as agriculture, extractive industries in order to attract direct and indirect taxes.

Popoola, Jimoh and Oladipo (2017) examine the tax revenues and economic growth of Nigeria. The study used time series data from 1986-2015. The aim of this study is to investigate the significant difference between the effects of an oil tax and a non-oil tax on economic growth in Nigeria. The study utilized both descriptive and Paired Sample T-test. The results show that oil revenues and non-oil taxes are positive and strongly significant with real gross domestic product (RGDP) with coefficient ($r = .902, P < 0.05$) and ($r = .975, P < 0.05$). The results additionally showed that, there was significant distinction between the results of oil and non-oil tax revenue on RGDP as shown ($t_{29} = 11.424, P < 0.05$) and ($t_{29} = 10.968, P < 0.05$). Findings also showed that, oil and non-oil tax revenue contributed 7.7% and 2.5 % to RGDP from 1986-2015. The analysis work ended with the conclusion that, there was significant distinction between the effects of oil and non-oil tax revenue on economic process in Nigeria. There ought to be answerableness and transparency from governance on the management of revenue derived from taxation (oil and non-oil) in Nigeria.

Mawejje & Munyambonera (2016) studied the effects of sector growth and government spending on tax revenues. This article contributes to a growing flow of literature on the determinants of tax revenue performance in developing countries, particularly in sub-Saharan Africa. More precisely, we estimate the fiscal elasticity of the growth of sectoral output and public expenditure. Second, we test the prediction model on Ugandan time series data using ARDL boundary

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testing techniques. The results indicate that the predominance of the agricultural and informal sectors represent the greatest obstacles to the performance tax revenues. The study proposes policies to support the development of the value-added link between the agricultural and industrial sectors, while highlighting the need to unlock the potentially significant contributions from the informal sector in order to broaden the tax base.

Ullah (2016) investigated into the relationship that exists between government revenue and government expenditure using four hypotheses from the literature. The quantitative method was employed within the period of 2002-2013. Basically, the study is analytical in nature and is based on data collected from published sources that focus on the impact of income and expenditure on the continued development of Malaysia. The study finds that although the majority of government revenue comes from direct taxes, government spending changes only because of changes in indirect tax and non-tax revenue. The study recommended that the authority follow appropriate rules and guidelines when developing policy. This will strengthen the build-up of the optimal revenue and relevant expenditure in the state.

Aeesh (2015) investigated into the role of tax revenue in reducing the budget deficit. The study measured financial performance indicators for the period 2004-2012. The study showed that the general budget in Iraq was based on oil revenues to finance aspects of spending that represent a significant percentage of (94-97%) of the total estimated public revenues, posing a risk for the entire government. The Iraqi economy to link oil prices, the foreign currency and its impact by making the Iraqi economy dependent on resources and only one to obtain its income, while the amount of other contributions varied between the percentage (3.6%) of the total estimated government revenue and a decrease in the tax rate in the state budget in recent years, ranging from (25%) of estimated revenue. Given that the start of the economic reform process requires the activation of the role of the sovereign and in particular of tax revenue, it was stressed on the importance of tax revenue and its

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role in the financing of the budget for the period 2011-2013, meanwhile continuous emphases on oil dependency last until present day.

Lojanica (2015) examines the links between government revenue and government expenditure. The analysis uses monthly data from MI 2003 to MII 2014. As an appropriate method to test for causation, we used Autoregressive Distributed Lag (ARDL), while Granger causality was tested in the Vector Error Correction Model (VECM). It was found that government revenue and the government expenditure are not stationary after the second difference. That is, they do not conform to integration I (2). Further analysis revealed that there is co-integration between the variables. In addition, the analysis showed that in the long run, there is a one-way causality that shifts from government spending to government revenue. This result is consistent with the income-expenditure assumption. Based on the empirical results obtained, the policy implications are that public spending should be reduced in the long run. In particular, in the event of an increase in public expenditure, public revenue should also be increased, which implies an increase in tax rates. Such a situation would lead to a further deterioration of the macroeconomic environment, given all the difficulties of collecting tax revenues in Serbia.

Djawadi & Fahr (2013) examines into the impact of tax knowledge and Budget spending influence on tax compliance. The study employed the descriptive analysis and Multivariate regression. The study depicted that tax compliance is higher in tax systems with low power of authorities when providing complete transparency on public expenditure and when tax payers are given the possibility to decide on the use of their taxes. The study proffer a recommendation that budget spending influences tax compliance.

Methodology

Research Design

The study is analytical and empirical in nature. The research work utilized for this study is ex-post facto. The secondary source was collected from CBN Statistical bulletin and National Bureau of Statistics. The study used the Autoregressive Distributed Lag (ARDL) bounds test by Pesaran, Shin and Smith (2001) to investigate the effect of tax revenue and performance of national budget in Nigeria.

Population, Sample and Sampling Technique

The target population entails institutions that are taxed by the federal government which include corporate bodies that are eligible towards the payments of their taxes into the treasury of the Nation within 1985-2018. The study employs the convenience and purposive sampling technique.

Variable Description and Measurement

Dependent variable: Budget Performance is the dependent variable and this is measured by Government capital expenditure.

Independent variable: Tax revenue is the independent variable. For this study there are two variables- CIT (Company income tax) and VAT (Value added tax).

Hypothesis

The hypothesis for the study in its null form is;

H_0 = Company income tax and Value added tax have no significant effect on government capital expenditure?

Model Specification

The econometric model of the study implies was adopted and adjusted from the study of Osho, Olemija & Falade (2019) and Popoola, Jimoh & Oladipo (2017).

$$CAPEX_t = f(DIR, IND) \dots\dots\dots 1$$

$$CAPEX_{,t} = (\alpha_0 + \beta_1 CIT_{,t} + \beta_2 VAT_t + \mu_t) \dots\dots\dots 2$$

Results and Discussions

Descriptive Statistics

Table 1 presents the descriptive analysis of the time series properties of the variables included in the model. The mean (average) value of the variable of CAPEX,CIT,PIT,ST and VAT are as follows 475.7%, 282.0%,898.8%,216.3% and 240.2%.It revealed that PIT has the highest value while CAPEX,CIT,VAT and ST are ranked second, third, fourth and fifth respectively. The table also shows that PIT and CT has the highest value of disparity in value. This implies that PIT and CIT are the most volatile factors that influence any change on government expenditure in the economy. The Skewness of the distribution can either be negatively skewed or positively skewed. The following variables CAPEX, CIT, PIT, ST and VAT are all positively skewed at 0.77, 1.14, 0.66.1.09 and 0.95. The Kurtosis depicts that CAPEX, CIT, PIT, ST and VAT are all platykutic at 2.8, 2.8,2.0, 2.7 and 2.4. The Jarque Bera statistics show CAPEX, PIT and VAT are normally distributed since the p-value of the series are not statistically significant at 5% level. Variable CIT and ST are not normally distributed since p-value of the series are statistically significant at 5% level.

Table 4.1

	CAPEX	CIT	PIT	ST	VAT
Mean	475.7239	282.0723	898.8857	216.3232	240.2377
Median	336.3391	78.90000	582.1500	68.18500	100.2000
Maximum	1682.099	1201.800	3018.800	900.0300	921.3800
Minimum	5.464700	1.004300	4.811000	0.000000	0.000000
Std. Dev.	441.5370	369.1348	954.9754	279.8362	289.0911
Skewness	0.778258	1.141110	0.661553	1.092851	0.955019
Kurtosis	2.838083	2.879405	2.073959	2.742710	2.462886
Jarque-Bera	3.469356	7.399346	3.694899	6.861616	5.577044
Probability	0.176457	0.024732	0.157639	0.032361	0.061512
Sum	16174.61	9590.457	30562.12	7354.990	8168.082
Sum Sq. Dev.	6433512.	4496597.	30095273	2584174.	2757931.
Observations	34	34	34	34	34

Unit Root Results

Table 4.2 presents the Augmented Dickey Fuller unit root results showed CAPEX (Government expenditure) is stationary at level and PIT (Petroleum Income Tax) is also stationary at level. CIT (Company income tax) ST (Sales Tax) and VAT (Value added tax) are all non-stationary at levels but after first differencing they become stationary at first difference I(1) and none of the variables is integrated at order I(2) ARDL method will be used to investigate both short and long relationship among the variables. This will aid to avoid any spurious result, if the order of integration is not followed according to Granger 1957.

Table 4.2

Variable	Level T-stat	Critical value @ 5%	First Difference @ 5%	Critical value @ 5%	Prob	Order of Intergration
CAPEX	0.2584	-2.9540	-5.4085	-2.9571	0.001	I(0)
CIT	4.37714	-2.95402	-2.5696	-2.9571	0.001	I(1)
PIT	-1.3619	-2.9540	-5.8362	-2.9571	0.000	I(0)
ST	-0.8473	-2.9862	1.8834	-2.9862	0.000	I(1)
VAT	2.7933	-2.9604	-2.766	-2.960	0.000	I(1)

Table 4.3 Optimal Lag Length

Lag	LogL	LR	FPE	AIC	SC	HQ
0	-532.6495	NA	8.30e+12	38.26068	38.40341	38.30431
1	-446.6832	147.3708	3.42e+10	32.76308	33.33403	32.93763
2	-431.4527	22.84565	2.25e+10	32.31805	33.31721	32.62350
3	-416.9807	18.60688	1.63e+10	31.92719	33.35456	32.36355
4	-402.4382	15.58125	1.25e+10	31.53130	33.38687	32.09857
5	-381.6921	17.78240	6.85e+09	30.69229	32.97607	31.39047
6	-336.5343	29.02997*	7.87e+08*	28.10960*	30.82158*	28.93868*

Source; Author's computation (2020)

*Indicates lag order selected by the criterion

LR: sequential modified LR test statistic (each test at 5% level)

FPE: Final prediction error

AIC: Akaike information criterion

SC: Schwarz information criterion

HQ: Hannan-Quin information criterion

The table in Table 4.3 shows different lag length criterion (LR, FPE, AIC, SC and HQ). The Akaike information criterion depicting lag order length of six (6) for the model is selected. After establishing the lag order length, the ARDL, short and long-run equation results was estimated and explained in the next section.

Table 4.4 Autoregressive Distributed Lag (ARDL) Estimates

Variable	Coefficient	Std. Error	t-statistic	Prob
CEPEX(-1)	-0.052400	0.281018	-0.186463	0.8574
CEPEX(-2)	0.736906	0.207426	3.552619	*0.0093
CEPEX(-3)	0.477452	0.346821	1.376655	0.2110
CEPEX(-4)	-0.583268	0.399024	-1.461736	0.1872
CEPEX(-5)	-1.469041	0.262127	-5.604309	*0.0008
CEPEX(-6)	-0.947180	0.616823	-1.535577	0.1685
CIT	-1.765370	2.405826	-0.733790	0.4869
CIT(-1)	-6.781471	1.949654	-3.478294	*0.0103
CIT(-2)	-3.571329	1.648292	-2.166685	0.0669
CIT(-3)	0.595567	1.539742	0.386796	0.7104
CIT(-4)	-5.886666	1.843329	-3.193497	*0.0152
CIT(-5)	2.131738	2.883418	0.739309	0.4838
CIT(-6)	8.908666	3.147307	2.830568	*0.0254
VAT	5.328048	1.235208	4.313481	*0.0035
VAT(-1)	3.255737	5.439236	0.598565	0.5683
VAT(-2)	2.170752	5.449210	0.398361	0.7022
VAT(-3)	7.836780	3.397085	2.306913	0.0544
VAT(-4)	-0.520145	4.813623	-0.108057	0.9170
VAT(-5)	-9.010642	4.148614	-2.171965	0.0664
VAT(-6)	8.129828	3.904200	2.082329	0.0758
C	128.8965	41.57924	3.100020	*0.0173
R-squared	0.992367		Mean dependent	575.2438
Adj R-squared	0.970560		S.D dependent	424.3423
F-statistic	45.50577		Durbin-Watson	1.292031
Prob(F-statistic)	0.000015			

Author’s Compilation, (2020)

The result of ARDL revealed that previous CAPEX (Government capital expenditure) has an insignificant negative effect on CAPEX. CIT (Consumer income tax) at lag six has positive significant effect on CAPEX in Nigeria. (VAT) Value added Tax at lag six has positive significant effect on CAPEX at 0.1. The Durbin Watson value of 1.2 indicate a non-serial correlation among the

explanatory variables. The R-square of 99% variation in the dependent variable can be explained by the independent variable. The Adjusted R-square depicts that if additional variable is added to the independent variable, the independent variable will still be able to explain at 97% variation in the dependent variable. The F-statistics (45.50577) which is greater than its prob (F-statistics) 0.000000 at 5% level of significance indicates that the linear relationship between the independent and dependent variables are statistically significant.

ARDL Bound Test

The ARDL bound test is an improvement on the ARDL modeling which makes use of both F and t-statistics to test the significance of the lagged level of the variable in a univariate equilibrium correction system when it is difficult to ascertain whether the time series data is trend or first difference stationary. ARDL Bound test will help to ascertain whether there is long-run Co-integration relationship between the dependent variable CAPEX and the independent variables CIT and VAT.

Table 4.5

t-statistics	Value	K	I(0)	I(1)
F-statistics	10.77506	2	3.79	4.85

Bound test at 5% level of significance

The table 4.5 above revealed the bound test result. The result of the F-statistics value which is 10.77506 is higher than the I(1) result which is 4.85 at 5% level of significance. This implies that the null hypothesis which says there is a long-run Co-integration among the variables will be rejected and the alternative hypothesis will be accepted therefore. There is a long-run Co-integration relationship among the variables.

4.6 ARDL Co-integration and long-run Run result

The ARDL Co-integration long-run analysis will help to determine the existence of long-run relationship among the variables in question. If the variables are Co-integrated, this means that the variables have a stochastic trend in common.

Table 4.6

Variable	Coefficient	Std-Error	t-Statistic	Prob
D(CEPEX(-1))	1.785131	0.627339	2.845562	0.0248
D(CEPEX(-2))	2.522037	0.701836	3.593485	0.0088
D(CEPEX(-3))	2.999489	0.587220	5.107947	0.0014
D(CEPEX(-4))	2.416221	0.691454	3.494404	0.0101
D(CEPEX(-5))	0.947180	0.616823	1.535577	0.1685
D(CIT)	-1.765370	2.405826	-0.733790	0.4869
D(CIT(-1))	3.571329	1.648292	2.166685	0.0669
D(CIT(-2))	-0.595567	1.539742	-0.386796	0.7104
D(CIT(-3))	5.886666	1.843329	3.193497	0.0152
D(CIT(-4))	-2.131738	2.883418	-0.739309	0.4838
D(CIT(-5))	-8.908666	3.147307	-2.830568	0.0254
D(VAT)	5.328048	1.235208	4.313481	0.0035
D(VAT(-1))	-2.170752	5.449210	-0.398361	0.7022
D(VAT(-2))	-7.836780	3.397085	-2.306913	0.0544
D(VAT(-3))	0.520145	4.813623	0.108057	0.9170
D(VAT(-4))	9.010642	4.148614	2.171965	0.0664
D(VAT(-5))	-8.129828	3.904200	-2.082329	0.0758
ECM(-1)	-2.837531	0.775281	-3.660002	0.0081

The result from table 4.6.1 shows the co-integration result. The estimated coefficient of the ECM -2 is -2.837531. The error correction model is the short run estimate and has negative adjustment correcting back the shock at the rate of

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28.1 percent quarterly. This means that 28.37531 gap between long-run equilibrium value and actual value of the dependent variable CAPEX has been corrected. The negative sign signifies the existence of co-integration among the variables. The short-run coefficient further showed that at lag five CIT (Company income tax) has negative significant effect on CAPEX (Government capital expenditure) which implies a percentage increase in CIT will lead to -8.90 decrease in CAPEX. VAT (Value added tax) has negative significant effect on CAPEX (Government capital expenditure) which implies a percentage increase in VAT will lead to -8.12 decrease in CAPEX.

Table 4.6.1

Variable	Coefficient	Std-Error	t-Statistic	Prob
D(CIT)	-2.244510	0.658461	-3.408722	0.0113
D(VAT)	6.058210	0.907726	6.674052	0.0003
C	45.425578	10.378856	4.376742	0.0032

Author's Compilation (2020)

The long-run coefficient further showed that CIT has a significant negative effect on CAPEX which implies that a percentage increase in CIT will lead to -2.24 unit decrease in CAPEX. It also showed that VAT has a significant positive effect on CAPEX which implies that a percentage increase will lead to 6.05 unit increase in CAPEX.

Conclusion and Recommendations

The study concluded that in the long-run coefficient further showed that Company income tax has a significant negative effect on Government capital expenditure. It also showed that Value added tax has a significant positive effect on Government capital expenditure, it depict that both the direct and indirect tax

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have part to play in the government budget and capital expenditure. The findings also validate the construct of the socio-political theory of taxation that the benefits received from taxation in the economy, influence government expenditure within a period. The findings also agree with the study of Lojanica (2015) that implied that income-expenditure assumption is germane in enhancing growth. Ullah and Okwara, Collins and Mary (2017) also agree that tax revenue has the attribute to influence budget implementation of government, that non-oil revenue are also valid for development in a country. It is recommended that direct and indirect tax in any country should be giving credence because they are also medium of revenue for the government. The tax oriented countries will from the findings of the study, understand that tax revenue is a germane avenue to finance their expenditure rather depending on foreign aid and local aids for vibrant institutions and agencies. The study employed the period of 1985-2018, due to availability of data within that period and to test how the post-global financial crisis affected tax revenue from 2012 to 2018 in Nigeria fiscal policy implementation.

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