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Taxation Dimensions and Economic Development in Nigeria: An Empirical Study Between 2009 – 2018

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ABSTRACT
The study, taxation dimensions and economic development in Nigeria: an empirical study between 2009 – 2018 was carried out to examine the impact of taxation on the economic development of Nigeria (2009 – 2018). In addition, the work also investigates the impact of International Financial Reporting Standards (IFRS) on taxation and economic development of Nigeria, judging its impact on the magnitude of revenue generated in the post- IFRS adoption in Nigeria. Extant literatures and theories were reviewed. The study adopted the expost-facto research design to examine the relationship between taxation and economic development of Nigeria. In this study, secondary data are used and were collected from Central Bank of Nigeria Statistical Bulletin, Federal Inland Revenue Service (FIRS) and other relevant website were visited. Data are time series and covered the period of the study and a statistical tool SPSS 25 was you to analyze the data using ordinary least square regression technique. The results of the analysis revealed that tax revenue has a positive statistically significant relationship with the gross domestic product and that the relation between company income tax and gross domestic product has declined in the post-IFRS period.
Based on the findings, the study recommends that Nigerian government should free the system from corruption by utilizing revenues generated in providing social amenities such as good roads, power, etc and investing our fund on projects that generate jobs to our youths. This will help curtail insurgency, tax evasion and encourage tax compliance. Again, the Nigerian economy should be urgently diversified to expand the revenue base of the nation. Equally, it was recommended that tax laws and administration should be harmonized to reduce the cost of paying tax and finally, federal, state and local tax authorities have to study the impact of IFRS on taxation in Nigeria. This will help to check mate tax sheltering by corporate bodies as some accounting standards provide an avenue for this.
KEYWORDS: Tax, Taxation Dimension and Economic Development

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I. INTRODUCTION

Despite her strong fundamentals, oil rich Nigeria has been hobbled by inadequate power supply, poor education, lack of infrastructure delay in the passage of legislative reforms, an inefficient property regulation system, poor electoral processes, restrictive trade policies, militancy, insecurity, an inconsistent regulatory environment, a slow and ineffective judicial system, pervasive corruption, the poor becoming poorer as the economic diversification and strong growth have not translated into a significant decline in poverty levels of the country. (CBN Statistical Bulletin, 2014). The constant reliance on the oil revenue for political, economic, and social development for the provision of infrastructure in the country has become worrisome as the price of crude oil continues to decline below the budget benchmark. This concern prompted/necessitated this study to investigate the impact of taxation another source of revenue for the economic development of Nigeria.

Ogbonna and Ebimobowei (2012). Asserted that, the political, economic and social development of any country depends on the amount of revenue generated for the provision of infrastructure in the country. They debated that a well-structured tax system would boost the generation of the income for a meaningful development of such country. This Ogbonna and Ebimobowei view are the same as the Biblical account, where Jesus paid tax to the government of Caesar the Roman Emperor. There were many taxes needed from the provinces to administrate the Roman Empire these taxes paid for a good system of good roads, law and order, security, religious freedom, a certain amount of self-government and other benefits. The provisions of these basic amenities depend on the amount of revenue being generated.

Kiabel and Nwokah (2009) stated that rise in the cost of running government coupled with the incessant dwindling revenue had left all tiers of government in Nigeria with formulating strategies to improve the base of income. One of such strategies is taxation. According to PricewaterhouseCoopers, Nigeria has made some improvement to the tax system. What then is taxation? Oxford Dictionary of Accounting (1995) defined taxation as a levy on an individual or corporate body by the central or local government to finance the expenditure of that government and also as a means of implementing its fiscal policy. Thus, the government can transfer resources through taxation from private consumption to public investment.

In Nigeria, this important role of taxation lacks in our system. Odusila (2006) noted that the system is lopsided and dominated by oil revenue, that over the past few decades, oil revenue has accounted for at least 70% of the revenue, by implication traditional tax revenue has never assume a strong role in the country's management of fiscal policy. The view of Jhingan (2002) that taxation effectively curtails harmful consumption and other wasteful expenditure of the richer classes has no bearing in Nigeria. The richer are acquiring and accumulating properties and paying less or no tax while the poor are getting poorer and paying tax. The redistribution of income through taxation in Nigeria has not been achieved. On the other hand, there is no tangible improvement in our infrastructural facilities. Nigerian roads are bad and have become a death trap to the citizens.

Okonjo-Iweala, the former Minister of Finance and Coordinator of Nigerian Economy, said that Nigeria faces a massive infrastructural deficit, citing infrastructure deficit as a hindrance that is holding back economic development by at least 2 percent per annum according to a recent world bank study. The minister further stated "that about US$14.2 billion per year is required to bridge the infrastructural gap, with about $10.5 billion needed for national infrastructure alone, adding that amount spending is only $5.9 Billion (The Financial Times: 2014). Indeed, some countries have influenced their economic development through taxation income. For example, Canada, United States, Netherland, United Kingdom. They desire substantial income from Company Income Tax, Value Added Tax, Import Duties and had used same to create prosperity (Oluba: 2008) cited (Worlu and Nkoro, 2012).

However, the Nigerian economy has many problems militating tax revenue mobilization as a source of financing developmental activities. Federal Inland Revenue Services (FIRS) faces the challenges of widespread tax evasion, which is motivated by a complaint about corruption and poor quality of services. Omoigin (2011) stated, in Nigeria and other African countries, the level of tax evasion are quite high. No wonder, Okonjo-Iweala (2014) noted that a study conducted by the government revealed that about 75 percent of registered companies in the country are not registered with the stepping up its efforts to encourage voluntary compliance with a tax obligation. PricewaterhouseCoopers (www.rcn.com) in their publication titled Nigeria @ 50 Top 50 Tax Issues ranging from tax legislation to administration and tax policy matters. According to the World Bank doing business 2011 report, Nigeria ranked137 out of 183 countries surveyed on the ease of doing business and 134 on the ease of paying taxes. The report, further noted that in the 2010 report, Nigerian ranked 134 and 131 on the ease of doing business and paying taxes respectively. The report documented that Nigeria has been sloping back consistently on the ease of paying taxes index is a function of three broad indicators – some tax payments, time require complying with tax obligations and total tax rate. Confirming World Bank Report, Okonjo-Iweala said for every N100 that business has to pay in taxes they pay about N30 in compliance costs. She further said that this is a waste of capital that could be invested in this business to grow them and create more jobs for our economy.

Another challenge identified according to Oyedele (2011) that the market-to-market (MTM) or Fair Value Accounting (FVA) of the financial instrument upon adoption of International Financial Reporting Standards (IFRS) would create significant swings in earnings and capital. By extension, it will affect taxable profit been reported by some management of organizations that use discretion in managing profit and tax, companies shelter their taxes at the detriment of tax authority duty of collecting taxes, due to the government. In the United States, it is reported that a "two-book" method of presentation of financial report exist, one for taxable income that companies report to government and the other to investors. This buttress the point that there exist "book tax gap and evident of earnings manipulation and tax sheltering" (Daniel, 2009). As noted in a circular published in March 2013 by Federal Inland Revenue Services (FIRS)."Section 55(1) of the Companies Income Tax Act, CAPC 21, LFN 2004 requires a company filing a return to submit its audited account to the FIRS while sections 8, 52 and 53 of the Financial Reporting Council (FRC) of Nigeria Act, 2011 gave effect to the adoption of International Financial Reporting Standards" The implication is that companies will be taxed based on audited accounts prepared in line with IFRS recommendations.Therefore, based on this background, the objective of this study is to examine the impact of taxation on the economic development of Nigeria (2009 – 2018). In addition, the work also investigates the impact of International Financial Reporting Standards (IFRS) on taxation and economic development of Nigeria, judging its impact on the magnitude of revenue generated in the post- IFRS adoption in Nigeria.

1.2 Research hypotheses

H1 There is no significant and positive relationship between gross domestic products (GDP) and tax revenue.
H2 the relation between company income tax (CIT) and gross domestic product (GDP) has declined in the post-IFRS period.

II. LITERATURE REVIEW

2.1 Theoretical framework

Apart from the obvious purpose of providing revenue, taxation aims at achieving other objectives. These are resources allocation, income redistribution, price stabilization, full employment and economic growth. Within the scope of these social objectives, two principles have been put forward as a basis for modern taxation namely. The benefit principle or benefit received theory. The ability-to-pay approach (Ogbonna and Ebimobowei, 2012). Although neither of these two principles goes without fault still an understanding of them is useful in formulating a workable tax system.

Benefit Principle or received theory: This benefit principle theory, also called vertical equity stipulates that an individual ought to be taxed according to the benefits he receives from government provision of goods and services. This in other words, is a benefit cost approach in which tax is a cost and government amenities are the benefits (Bhartia, 2009). This theory assumes a state of equality between the marginal tax rate (MTR) and marginal benefit received (MBR) to determine the amount of taxes to be paid.However, the benefit principle does not work well for the efficient provision of public (near public) goods. For example, military defence. Thus, the conditions of equality between taxes –paid and benefits-received which sound so egalitarian in principle, do not hold in practice/real life.

The ability-to-pay approach: is concerned with the equitable distribution of taxes according to assumed taxable capacity or ability to pay of an individual or group. This approach, sometimes called horizontal equity, enables the distribution and stabilization of objectives of taxation to be achieved more equitably. We know that taxes are a means of transferring the purchasing power of income to governments; the ability to pay is based on income. It then means that those who have more income can afford to pay more taxes. Although this theory has the above-stated advantages, it is not free from flaws. Its disadvantage is that the criterion on which "ability" is judged is not clear. (Anyanfo, 1996; Bhartia, 2009; Ogbonna and Ebimobowei,2012; Chigbu*et al.*, 2012).

Socio-political theory: This theory of taxation to an extent anchored on Thomas Hobbes social contract which saw in the beginning that man lived in the state of nature. They had no government, and there was no law to regulate them. There were hardship and oppression on the sections of the society. To overcome from this hardship, they entered into two agreements which are (1) "Pectum Unions" (2) Pactum Subjections" therefore, the socio-political theory states that social and political objectives should be major factors in selecting taxes. It implies that government generating revenue through taxing the citizens should use it to cure the ills of society as a whole (Chigbu*et al.*, 2012); Ogbonna and Ebimobowei, 2012).

2.2 Conceptual review

2.2.1 Concept, nature and characteristics of taxation and taxes

Taxation is the act of levying a tax, i.e., the process by which a local, state and central government, through its law-making body, raise revenue to defray the necessary expenses of the government. According to Anyanwu (1997), taxation can be defined as the compulsory transfer or payment (or occasionally of goods and services) from private individuals or groups to the government. The purpose and importance of taxation is to raise funds with which to promote the general welfare and protection of its citizens, and to enable it to finance its multifarious activities and to redistribute wealth and management of the economy (Jhingan 2004, Bhartia, 2009; Ola (2001) cited in Ogbonna and Ebimobowei,2012). Tax is that enforced proportional contributions from persons and property levied by the law-making body of the state for the support of the government and all private needs.Roja (2011) in his article titled The True Nature of Taxation narrated that nobody likes paying their taxes. However, as the adage about "death and taxes" conveys, there is a sense that taxes are as legitimate and as inevitable as death itself. Tax is a lawful and inevitablelevy imposed on a subject or upon his property by the government to provide security, social amenities and create conditions for the economicwell-being of the society (Appah and Oyandonghan, 2011, Appah, 2004).

As the Economic Bulletin for Asia and the Far East cited in Jhingan (2002) stated that "Taxation, therefore remains as the only effective instrument for reducing private consumption and investment, and transferring resources to the government for economic development: Jhingan (2002); Anyanwu (1993) pointed out several objectives of taxation. These are 1. to put a curb on consumption and thus transfer resources from consumption to investment 2. To raise revenue for government 3.To reduces economic inequalities 4.To control income and employment. Nzoha (2002) cited in Ogbonna and Ebimobowei (2012) and Patonov and Stuiolova (2012) noted that taxes have allocational, distributional and stabilization functions. In Nigeria taxes are not necessarily earmarked to those expenditures most conducive to economic growth, either because of political

"inefficiencies" or because of redistribution policies that may yield benefit for society but will not be reflected in robust GDP growth rates (Atkinson, 1985) The truth is that in Nigeria taxes are not earmarked to boost economic development because of corruption and other factors that affect the role of taxation as argued by Nwezeaku (2005). He stated that the scope of these functions depends, among other things, to the political will and economic orientation of the people, their needs and aspirations as well as their willingness to pay tax.

Ogbonna and Ebimobowei (2012) added that the extent to which a government can perform its functions depend largely on the ability to design tax plans and administration as well as willingness and patriotism of the governed. The level of willingness and patriotism of the governed anchored on the political will power of the government to fight corruption and embark on expenditures that will boost the economy.

2.2.2 Taxation principles

Business Dictionary.com defined as basic concepts by which a government is meant to be guided to designing and implementing an equitable taxation regime. These include:

Board Basing: Taxes should be spread over as wide as a possible section of the population, or sectors of the economy, to minimize the individual tax burden.

Compatibility: Taxes should be coordinated to ensure tax neutrality and overall good governance.

Convenience: Taxes should be enforced in a manner that facilitates voluntary compliance to the maximum extent possible. Bhartia (2009) noted that the time of payment, the manner of payment, the quality to be paid ought to all be clear and plain to the tax payer and every other person.

Earmarking: Tax revenue from a specific source should be dedicated to a specific purpose only when there is a direct cost – and- benefit link between the tax source and the expenditure, such as the use of motor fuel tax for road maintenance and also education tax for buying educational materials. However, what we are experiencing today in Nigeria is fiscal indiscipline, corruption and misappropriation of funds.

Efficiency: Tax collection efforts should not cost an inordinately high percentage of tax revenue. This principle seems to be lacking in Nigerian tax system. World Bank Report says that for every N100 that business has to pay in taxes, they pay about N30 in compliance costs. According to the minister of finance Okonjo-Iweala, this is a waste of capital.

Equity: Taxes should equally burden all individuals or entities in similar economic circumstance. Equity Principle states that tax payer should pay the tax in proportion to his income (Anyanfo (1996) cited in Ogbonna and Ebimobowei, 2012)

Neutrality: Taxes should not favour any one group or sector over another, and should not be designed to interfere with or influence individual decisions making.

Predictability: Collection of taxes should reinforce their inevitability and regularity.

Restricted Exemptions: Tax exemptions must only be for purposes (such as to encourage investment) and for a limited period.

Simplicity: Tax assessment and determination should be easy to understand by an average tax payer.

On both equity and simplicity principles, Anyanfo (1996) "states that it is only when a tax is based on the tax payer's ability to pay can it be considered equitable or just". He argued that tax law should be transparent. Appah, (2004); Jhingan (2004) and Bhartia (2009) pointed out that every tax should be economical for the state to collect and the taxpayer to pay. In Nigeria, paying tax and doing business is not cost-effective.

2.2.3 Tax reform in Nigeria

The role of taxation in every economy cannot be over emphasized, that is why every nation is working tirelessly to have a good tax law: Ogbonna and Ebimobowei (2012) highlighted numerous tax laws being enacted in Nigeria. Here, we enumerate only nine (9) bills on tax reforms recommended by study group on the Nigerian Tax System as follows: Federal Inland Revenue Services Act 2004, Companies Income Tax Act 2004, Petroleum Profit Tax Act 2004; Education Tax Act 2004, Customs, Excise Tariffs etc. (Consolidation) Act 2004; National Surgeon Development Act 2004; and National Automobile Council Act 2004.

2.2.4 Economic development

Economic development is the sustained, concerted actions of policy makers and communities that promote the standard of living and economic health of a given area. Economic development can also be referred to the quantitative and qualitative changes in the economy. The Malthusian theory did not regard the process of economic development as automatic. Rather, it required consistent efforts on the part of people. Dafionone (2013), noted, "that for the country to lay claim on growth and development through taxation, there must be an improvement of the quality of life of the citizens, as measured by the appropriate indices in economic social, political and environmental terms". In Nigeria, dependency theorists' argument explains the precarious situation we are into.Dependency theorists argue that poor countries have sometimes experienced economic growth with little or no economic development initiatives. Today, Nigeria cannot boast of a good education system like our

sister country Ghana. Nigeria only functions as resource-providers to wealthy industrialized countries. Although opposing argument has it that growth causes development because some of the increase in income gets spent on human development such as education and health. Other theories of economic development are Adam Smith's theory, the Ricardian theory, the Schumpeterian theory, the Keynesian theory e.t.c (Jhingan, 2002).

2.2.5 Taxation and International Reporting Standard (IFRS)

The infrastructure need of every country is mainly financed through tax from corporate organizations. Commenting on the tax implication of adoption of IFRS, Oseni (2013) noted that the conversion to IFRS would bring a significant change to tax accounting methods, taxable profits and tax liabilities due to the differences between Nigerian Generally Accepted Accounting Standards (NGAAP) and International Financial Reporting Standards (IFRS). He added that if current tax rules are not amended, many companies financial position will be eroded due to tax liabilities, while the government may suffer a significant reduction in tax revenue. Government is concerned about making policies that will help her generate an adequate fund that will be used in providing social amenities (Infrastructure) for the governed. The communication of this vital information that will aid end users is the language of business which accounting speaks.

In the United States, it is reported that a "two-book" method of presentation of financial report exists, one for taxable income that companies report to government and the other to investors. Daniel (2009) noted that there exist "book tax gap and evidence of earnings manipulation and tax sheltering" The question is, has IFRS come to solve this problem? Haller and Eiewle, 2004 cited in Daniel (2009) stated that "the countries that decoupled financial reporting from legislatively determined taxable income do so by adopting International Financial Reporting Standards (IFRS). KPMG (2012) focusing on the impact of IFRS and Statement of Accounting Standard 31 on intangible assets (SAS 31) on companies ability to access fiscal incentives on fixed assets, noted that the combined effect of the adoption of IFRS and SAS 31 may reduce the ability of companies to take maximum advantage of some of the fiscal incentives introduced into Nigerian tax laws. The incentives were meant to support economic growth and development

As many countries of the world have joined in adopting the standard as against the local GAAP, Nigerian Federal Executive Council (FEC) approved the IFRS implementation road map as it was unveiled by the Minister of Commerce and Industry in September 2010.

2.3 Empirical review

Several empirical studies have been conducted on the impact of taxation on economic development. The empirical studies of Gwatney (2006) Engen and Skinner (1996), Ogbonna and Ebimobowei, (2012) Adereti *et al* (2011), Worlu and Nkoro (2012), Adegbie and Falile (2011), Wambai and Hanga (2013) and Otu and Adejumo (2013) provided different evidences of impact of economic development.

Major tax legislation passed in 1981 and 1986 reduced the top U.S federal income tax rate from 70 percent to approximately 33 percent. The performance of the U.S economy during the eighties was impressive (Gwatney, 2006 cited in (Islahi, 2006). This evidence is supported by IbuKhaldun's theory of taxation.

Engen and Skinner (1996) in their study of taxation and economic growth of U.S economy, considered a large sample of countries and documented that 0.2 to 0.3 percentage point differences in growth rate in response to a major tax reform. He stated that small effects could have a large cumulative impact on living standards.

Ogbonna and Ebimobowei (2012) in their study, on the impact of Tax Reform and Economic Growth of Nigeria: A time server analysis, found that tax reforms are positively and significantly related to economic growth and that tax reforms Granger cause economic growth. Also, that tax reforms improve the revenue generating machinery of government.

Adeneti*et al.* 2011 using simple regression analysis and descriptive statistical method, find that the ratio of VAT to GDP averaged 1.3% compared to 4.5% in Indonesia, though VAT revenue accounts for as much as 95% significant variations in GDP in Nigeria. The data covered a period of 1994 to 2008. Worlu and Nkoro (2012) in the study tax revenue and economic development in Nigeria: A macro econometric approach. From 1980 to 2007, they found that tax revenue stimulates economic growth through infrastructural development. Also, revealed that tax revenue has no independent effect on growth through infrastructural development and forcing direct investment, but just allowing the infrastructural development and foreign investment to positively respond to increase in output.

Wambia and Hanga (2013) in their study based on survey method, used questionnaire on 40 respondents to generate data which was measuredby a simple majority or percentage of opinions. The study found that more tax compliance is significantly associated with the adequate campaign and judicious utilization of tax funds. Otu and Adejumo (2013) studying the effects of tax revenue on economic growth in Nigeria 1970 to 2011, adopted the ordinary least square OLS regression technique and established that tax revenue has a positive effect on economic growth in Nigeria.

III. RESEARCH METHODOLOGY

3.1 Design and data

The study adopted the expost-facto research design to examine the relationship between taxation and economic development of Nigeria. In this study, secondary data are used and were collected from Central Bank of Nigeria Statistical Bulletin, Federal Inland Revenue Service (FIRS) and other relevant website were visited. Data are time series and covered the period of 2009 to 2018.

3.2 Model specifications

Consistent with Rapu (2006), Onah (2006) Masood, Sohaid and Syed (2010), Ogbonna and Ebimobowei (2012) the model is specified with little modification as follows:

GDP = F (PPT, CIT, VAT, ET, CED, Post)..... (i)

GDP = $a_0 + a_1$ PPT $+a_2$ CIT $+a_3$ VAT $+ a_4$ ET $+a_5$ CED $+a_6$ Post $+ a_7$ CIT *IFRS $+ a_8$ PPT*IFRS $+\varepsilon_t$

Where:

PPT = Petroleum Profit Tax
CIT = Companies Income Tax
V AT = Value Added Tax
ET = Education Tax
CED = Custom & Exercise Duty
POST = Dummy Variable Control pre-IFRS and post- IFRS
CIT.IFRS = Interactive Variable Indicating Companies Income Tax Management
PPT.IFRS = Interactive Variable Indicting Petroleum Profit Tax Management
GDP = Gross Domestic Product a proxy for Economic Development

Increase tax revenue is expected to increase economic development (gross domestic product)

The post indicates the change of IFRS. This dummy variable taxes the value of 1 for post –IFRS period, Otherwise 0. I expected decline in tax revenues as companies adopted IFRS

To ensure the accurate result of the test, the statistical package for social science, SPSS version 25 was used.

IV. RESULTS AND DISCUSSION

This section of the study examines the results and discussions of relevant findings from the econometric and statistical analysis.

Hypothesis 1

Table 1: Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.998[a]	.997	.995	949.52285

a. Predictors: (Constant), CED, ET, PPT, CIT, VAT
b. Dependent Variable: GDP

Table 2: ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	2132296509.973	5	426459301.995	473.006	.000[b]
	Residual	7212749.130	8	901593.641		
	Total	2139509259.104	13			

a. Dependent Variable: GDP
b. Predictors: (Constant), CED, ET, PPT, CIT, VAT

Table 3: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	4208.769	1478.531		2.847	.022
	PPT	1.028	.490	.106	2.100	.069
	CIT	64.207	28.115	1.579	2.284	.052
	VAT	-13.298	35.384	-.260	-.376	.717
	ET	-65.924	18.276	-.443	-3.607	.007

CED	-.973	15.701	-.008	-.062	.952

a. Dependent Variable: GDP
Source: SPSS Version 25

Table 1 shows model summary with a R^2 value of 0.997, which indicates that 99.7 percent of the variation in the GDP can be explained by variability in tax revenue. This indicates that tax revenue has a very strong relationship with the gross domestic product. In addition, the intercept of the regression is positive, meaning that tax revenue has a positive relationship with the gross domestic product. This is consistent with Okafor (2012) Ogbonna and Ebimobowei (2012) Otu and Adejumo (2013), and Ola (2001).

The ANOVA F-value is 473.006 which is statistically significant at a level of 0.05 this suggests that there is a linear relationship between the variables. The analysis shows various p-values for the independent variables which are more than the conventional level of 0.01 and 0.05 levels of significance except for education tax which has a 0.007p-value. This means that education tax contributed more to the variation in the gross domestic products than the other independent variables.

The study revealed the following:

1. PPT has a positive and significant effect on economic development. The coefficient of 1.028 indicates that PPT has an effect of 1.028 units on GDP. The effect show that petroleum profit tax has signifiant effect on gross domestic product, which is significant at the 0.10 level of significance, with p=0.069.
2. CIT has a positive and significant effect on economic development. The coefficient of 1.028 indicates that CIT has an effect of 64.207 units on GDP. The effect show that company income tax has signifiant effect on gross domestic product, which is significant at the 0.10 level of significance, with p=0.052.
3. VAT has a negative and insignificant effect on economic development. The coefficient of -13.298 indicates that VAT has a reducing effect of 13.298 units on GDP. The effect show that value added tax has insignifiant effect on gross domestic product, which is significant at the 0.10 level of significance, with p=0.717
4. ET has a negative and significant effect on economic development. The coefficient of -65.924 indicates that ET has a reducing effect of 65.924 units on GDP. The effect show that educational tax has signifiant effect on gross domestic product, which is significant at the 0.10 level of significance, with p=0.007.
5. CED has a negative and insignificant effect on economic development. The coefficient of -.973 indicates that CED has a reducing effect of 0.973 units on GDP. The effect show that custom and exceise duties has insignifiant effect on gross domestic product, which is significant at the 0.10 level of significance, with p=0.952

Based on the F-statistics, we therefore reject the null hypothesis and conclude that tax revenue has a positive statistically significant relationship with the gross domestic product.

Hypothesis 2: The relation between company income tax and gross domestic product has declined in the post-IFRS period.

Table 4:Group Statistics

	POST	N	Mean	Std. Deviation	Std. Error Mean
Unstandardized Residual	PRE	12	222.6946422	2226.58356626	642.75931068
	POST	2	-1336.1678533	2566.52643418	1814.80824570

Source: spss version 25

Table 5: Levene's test of Equality

	Levene's Test for Equality of Variances		*t-test for Equality of Means*					
	F	Sig.	T	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference

									Lower	Upper
Unstandardized Residual	Equalvariances assumed	.005	.943	.904	12	.384	1558.862495	1723.71194	-2196.78320250	5314.5081934
	Equal variances not assumed			.810	1.265	.542	1558.862495	1925.27101	-13579.46925103	16697.194242

$p < 0.01$, $p < 0.05$ and $p < 0.10$, respectively
Source: SPSS VERSION 25

Descriptive results for the model are reported in Table 4 above. The mean of the unstandardized residual of the ordinary least square (OLS) regression of the relationship between company income tax and gross domestic product is 222.6946422 for a pre-IFRS period while the mean for post-IFRS is -1336.1678533 apparently there is a huge difference between both periods. From the analysis results above; the relation of company income tax to gross domestic product in pre and post-IFRS is implicated as having insignificant equality at 1%, 5% and 10% level. Hence, we accept the null hypothesis and conclude that the relation between company income tax and gross domestic product has declined in the post-IFRS period.

V. CONCLUSION AND RECOMMENDATIONS

The major objective of this study is to investigate the impact of taxation on the economic development of Nigerian. This was done by examining the relationship between gross domestic and petroleum profit tax, companies' income tax, value added tax, education tax and customs and excise duties. It goes further to find the relation between the dependent variable GDP and two independent variables PPT and CIT in the post-IFRS period. To capture this, time series data were sourced from 2000-2013. The OLS multiple regression analysis confirms that there exist positive and significant relationships between gross domestic products GDP and tax variables. It also through Leven's test documented that the relation between GDP and PPT, CIT declined in post-IFRS. This study encourages further study on the empirical study on the impact of IFRS on taxation and economic development of Nigeria.

However, based on the findings, the study recommends as follows: First, Nigerian government should free the system from corruption by utilizing revenues generated in providing social amenities such as good roads, power, etc and investing our fund on projects that generate jobs to our dear youths. This will help curtail insurgency, tax evasion and encourage tax compliance. Second, the economy should be urgently diversifiedto expand the revenue base of the nation. Gone are the days of oil and continue reliance on that sector for funding government expenditures is no longer acceptable based on the current economic trend. Third, tax laws and administration should be harmonized to reduce the cost of paying tax. Finally, federal, state and local tax authorities have to study the impact of IFRS on taxation in Nigeria. This will help to check mate tax sheltering by corporate bodies as some accounting standards provide an avenue for this.

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