Effect of Non-Oil Taxes on Economic Growth in Nigeria

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Abstract

This study examined the effect of non-oil taxes on economic growth in Nigeria using annual time series data. Non-oil taxes were proxied using company income tax, value added tax and stamp duties. Descriptive statistics revealed that gross domestic product had a mean value of ₦22,535,370 billion, while company income tax, stamp duties, and value added tax averaged ₦457.29 billion, ₦3.58 billion, and ₦104,515.7 billion, respectively. The Augmented Dickey-Fuller (ADF) unit root test indicated that all variables were integrated at first difference (1). Johansen co-integration results confirmed the existence of four long-run equilibrium relationships among the variables. The Auto-Regressive Distribution Lag model estimates showed that stamp duties (₦281,367.0, p = 0.0279) and company income tax (₦41,940.87, p = 0.0000) significantly contribute to gross domestic product growth, while value added tax (₦10.43, p = 0.0690) had a relatively weaker impact. The error correction model coefficient of -0.2327 (p = 0.0000) suggested a moderate speed of adjustment toward equilibrium. Based on these findings, it was recommended that enhancing tax administration efficiency, strengthening compliance measures and ensuring the productive allocation of tax revenues could foster economic growth in Nigeria.

Keywords: Stamp duty, company income tax, value-added tax, economic growth, ARDL, Nigeria.

Introduction

Taxation is a fundamental instrument for revenue generation in any economy, serving as a primary source of funding for public goods and services. In Nigeria, taxation plays a critical role in financing government expenditures, reducing fiscal deficits, and promoting economic development. The Nigerian tax system comprises direct taxes, such as personal income tax, company income tax, etc., while indirect taxes are value-added tax, customs duties, stamp duties, and excise duties (Adegbie & Fakile, 2011). Among these, stamp duties and excise duties have gained increasing attention due to their potential to generate significant revenue and influence economic behaviour. Stamp duties are levied on legal documents, transactions, and agreements such as contracts, receipts, and financial transactions. Historically, stamp duties were collected manually, but recent reforms, such as the introduction of electronic stamp duties on bank transactions, have modernised the process and increased revenue collection (Federal Inland Revenue Service, 2021). On the other hand, excise duties are taxes imposed on specific goods produced domestically, such as alcohol, tobacco, and sugary beverages. These duties are often used to discourage the consumption of harmful goods while generating revenue for the government

(Okafor, 2012). Despite their revenue-generating potential, the impact of stamp and excise duties on economic growth remains a subject of debate. While these taxes contribute to government revenue, they may also have unintended consequences, such as reducing consumer spending, discouraging investment, and stifling economic activities (Odusola, 2006). This study seeks to explore the relationship between stamp and excise duties and economic growth in Nigeria, with the aim of providing evidence-based recommendations for policymakers.

The history of stamp duties in Nigeria dates back to the colonial era when the British government introduced the Stamp Duties Act of 1939. This legislation provided the legal framework for imposing taxes on legal documents and transactions. Over the years, the scope of stamp duties expanded to include a wide range of instruments, such as contracts, receipts, and financial transactions (Ariyo, 1997). In 2020, the Nigerian government introduced electronic stamp duties on bank transactions, which significantly increased revenue collection. According to the Federal Inland Revenue Service (2021), electronic stamp duties generated over ₦66 billion in the first quarter of 2021, highlighting their potential as a significant revenue source. Excise duties, on the other hand, have a long history in Nigeria, dating back to the pre-independence era. Initially, excise duties were imposed on goods such as alcohol and tobacco to discourage their consumption and generate revenue.

Over time, the scope of excise duties expanded to include other goods, such as sugary beverages and telecommunications services (Okafor, 2012). In recent years, the Nigerian government has increased excise duties on certain goods to boost revenue and address public health concerns. For example, in 2018, the government introduced a ₦10 per liter excise duty on carbonated drinks to discourage excessive sugar consumption and reduce the prevalence of non-communicable diseases (Nigerian Bureau of Statistics, 2021). Consequently, policymakers must grasp the interplay between non-oil taxes, economic growth and inflation to devise strategies that foster sustainable expansion and development, mitigating the adverse effects on the economy. This study, however, seeks to examine the effect of non-oil taxes on the economic growth of the Nigerian economy. Non-oil taxes are proxied using value added, company income tax and stamp duties, while economic growth is proxied using gross domestic product.

Theoretical and Conceptual Review
Value Added Tax
According to Abata (2014), value-added tax is a type of non-oil tax which has the burden carried by the consumer; that is, the tax burden is passed through a process that transmits from the producer to the wholesaler, retailer and the consumer. As a result, value-added tax cannot be avoided unless individuals refrain from purchasing and consuming value-added tax goods and services. The value-added tax system in Nigeria is a multi-step system in which value-added tax is collected at each stage of the manufacturing process, from the manufacturer to the consumer. Value added tax is currently set at 7.5%. According to Offiong (2002), value-added tax is a consumption tax and is levied at all stages of production and distribution, but there is provision for setting off the tax paid on purchases against the tax charged on sales so that only the difference is paid to the Federal Inland Revenue Service. According to the Federal Inland Revenue Service (2022), value added tax is a consumption tax payable on the goods and services consumed by any person, whether government agencies, business organizations or individuals.

Company Income Tax
Company income tax is a type of tax levied on the profits of companies operating in Nigeria. The tax is chargeable on the profits of companies that are resident in Nigeria or have a fixed base in

the country (Companies Income Tax Act, 2020). The tax rate is 30% of the company's taxable profit, with a surtax of 30% applicable to companies with a turnover of ₦100 million or more (Federal Inland Revenue Service, 2022). Profits chargeable to tax include trading profits, investment income, rental income, royalties, and dividends, minus deductible expenses such as costs of goods sold, operating expenses, and capital allowances (Companies Income Tax Act, 2020). Company income tax is administered by the Federal Inland Revenue Service, which is responsible for assessing and collecting taxes (Federal Inland Revenue Service, 2022). Certain types of profits are exempt from company income tax in Nigeria. Profits from agricultural trade or business are exempted, as well as profits from mining operations and shipping or airline operations (Companies Income Tax Act, 2020). Additionally, dividends received from another Nigerian company are exempted, along with interest on loans granted to a Nigerian company by a foreign lender. Profits from exports of goods and profits from the sale of securities are also exempted. These exemptions are subject to certain conditions and may require approval from the Federal Inland Revenue Service.

Stamp Duties

Stamp duties are non-oil taxes paid to the federal or state government, which form part of revenue generation. These include bills of sale, notes, contractual agreements, or even documents such as letters, acknowledgments, certificates, and apprenticeship contracts. Legislation supporting the payment of stamp duty, which is the Stamp Duty Act 1939 (as amended by various Acts and Resolutions and contained in Part 22, cap 411 LFN 1990), states documents in the Schedule. Odiambo & Olushola (2018) noted that the Stamp Duty Act was promulgated in 1939 to provide a legal basis for the imposition of duty on executed tax instruments; however, its application to instruments payable in Nigeria was limited or even ignored by authorities, taxpayers, and debt collection companies. Stamp duty is governed by the Stamp Duty Act, CAP S8, LFN 2004 as amended (Ofoegbu et al., 2021).

Stamp Duties and Gross Domestic Product

Stamp duties are a type of property taxation, which have been debated amongst scholars regarding their effect on gross domestic product. Research has yielded mixed results, with some studies suggesting a positive relationship, others a negative one, and some finding no significant impact (Oyedele, 2017). On the positive side, stamp duties can increase government revenue, enabling investments in public goods and services that stimulate economic growth. Norregaard (2013) found that stamp duties can finance essential public expenditures, leading to increased economic activity. Evans (2016) reported that stamp duties can reduce housing market volatility, promoting stability and growth in the economy. Li et al. (2020) discovered that stamp duties can have a positive impact on gross domestic product in countries with well-developed property markets.

However, other studies reveal a negative relationship between stamp duties and gross domestic product. High stamp duties can increase transaction costs, reducing housing market activity and harming economic growth. Oxley et al. (2007) found that stamp duties can discourage housing market transactions, leading to reduced economic activity. Coco et al. (2017) reported that stamp duties can discourage foreign investment, leading to reduced economic growth. Everett et al. (2018) discovered that stamp duties can increase the cost of doing business, reducing entrepreneurship and innovation. Some studies have found no significant relationship between stamp duties and gross domestic product. McCluskey et al. (2013) reported that the impact of stamp duties on gross domestic product is complex and dependent on various factors.

Company Income Tax and Gross Domestic Product

The effect of company income taxes on gross domestic product has been a subject of intense debate among economists and policymakers. While some argue that corporate taxes hinder economic growth, others contend that they play a crucial role in financing public goods and services essential for development (Omodero & Ogbonnaya, 2021). This review synthesizes existing literature to provide insights into the complex relationship between company income taxes and gross domestic product. Several studies suggested that company income taxes can have a positive effect on gross domestic product. Gupta et al. (2017) found that corporate tax revenue has a significant and positive effect on gross domestic product growth in developing countries. This is because corporate taxes provide governments with revenue to invest in infrastructure, education, and healthcare, which are essential for economic growth. Similarly, Mahdavi & Mahmoudi (2015) reported a positive relationship between company income taxes and gross domestic product in Iran, attributing this to the government's ability to allocate tax revenue towards productive sectors.

Theoretical Framework

In analyzing the impact of stamp and excise duties on Nigeria's economic growth, two relevant theories provide a strong foundation for understanding the relationship between taxation and economic performance: The Ability-to-Pay Theory of Taxation and Optimal Taxation Theory.

Ability-to-pay Theory - Adam Smith (1776)

The ability-to-pay theory, developed by economists such as Adam Smith and later expanded by John Stuart Mill, suggests that taxation should be levied based on an individual or entity's financial capacity to pay (Musgrave & Musgrave, 1989). The Ability-to-pay theory of taxation argues that taxes should be levied based on an individual or entity's financial capacity. This principle, developed by economists like Adam Smith and John Stuart Mill, suggests that those with higher income or wealth should bear a greater tax burden. In Nigeria, stamp duties and excise duties align with this theory, as they primarily target financial transactions, business activities, and the consumption of specific goods like alcohol and tobacco. While this taxation approach ensures revenue generation, excessive taxation may discourage investment and economic activities, potentially slowing gross domestic product growth (Musgrave & Musgrave, 1989; Ofoegbu et al., 2021).

Optimal Taxation Theory - Ramsey (1927)

The optimal taxation theory, introduced by Ramsey (1927) and refined by Mirrlees (1971), focuses on designing a tax system that maximizes revenue while minimizing economic distortions. It emphasizes setting tax rates that balance government revenue needs without negatively affecting investment, production, or consumption. In Nigeria, applying this theory means structuring stamp and excise duties to encourage financial transactions and industrial growth while preventing excessive taxation that may hinder business expansion. A well-balanced tax policy can enhance economic efficiency and ensure that taxation does not stifle economic growth (Edewusi & Ajayi, 2019; Pricewaterhouse Coopers, 2024).

The ability-to-pay theory and optimal taxation theory provide a framework for understanding the impact of stamp and excise duties on Nigeria's economic growth. The ability-to-pay theory justifies these taxes by ensuring that individuals and businesses with higher financial capacity contribute more to government revenue. Excise duties on luxury goods like tobacco and alcohol, as well as stamp duties on corporate transactions, align with this principle. However, excessive taxation may discourage investment and reduce economic activity. the optimal taxation

theory emphasizes balancing revenue generation with economic efficiency, ensuring that tax rates do not stifle consumption, investment, or business expansion. Nigeria applies these principles through policy adjustments like duty waivers on essential commodities and moderate tax rates on non-alcoholic beverages to avoid excessive consumer burden while still raising revenue. By refining tax policies based on these theories, Nigeria can enhance compliance, boost economic growth, and maintain a sustainable tax system (Edewusi & Ajayi, 2019; Ofoegbu et al., 2021; PricewaterhouseCoopers, 2024).

Stamp Duties and Excise Duties Concerning Economic Growth

Stamp duties are taxes levied on various legal and financial documents, serving as an essential source of government revenue in Nigeria. They apply to instruments such as contracts, bank deposits, property transfers, and share capital transactions, among others. Despite being in existence since the Stamp Duty Act of 1939, stamp duties remained underutilized for several decades due to limited enforcement and outdated regulations (Odiambo & Olushola, 2018). However, recent reforms and increased collection efforts by the Federal Inland Revenue Service (FIRS) and state revenue agencies have significantly boosted government earnings from stamp duties (Ofoegbu et al., 2021). While this has enhanced fiscal revenue, the efficiency and fairness of the duty system have been questioned, particularly regarding its impact on business transactions, investment decisions, and economic activity. If stamp duties create financial burdens for businesses and individuals, they may hinder entrepreneurship and economic growth, making it crucial to examine their effect on Nigeria's GDP (Edewusi & Ajayi, 2019).

Empirical Studies

Obadiaru et al. (2024) investigated the non-oil tax revenue and economic growth in Nigeria. The study revealed that petroleum profit tax and value-added tax negatively affected GDP, while company income tax had a positive effect, suggesting that corporate taxation contributes more to economic expansion. Similarly, Ayeni & Omodero (2024) identified a positive and significant relationship between petroleum profit tax and gross domestic product but a negative impact of company income tax, emphasising the need for tax education and compliance. Olayemi (2024) studied non-oil tax revenue and economic growth in Nigeria. The study employed a time-series analysis of data from 2010 to 2023, using secondary data sourced from the Central Bank of Nigeria. The findings revealed that non-oil tax revenue has a positive impact on economic growth in Nigeria, with a significant increase in non-oil tax revenue leading to a corresponding increase in economic growth. However, the research was limited to Nigeria and did not differentiate between types of non-oil taxes.

Nnah (2024) examined non-oil tax revenue and economic development in Nigeria. *Ex-post facto* research design was adopted for the study using secondary data sourced from the Central Bank of Nigeria's statistical bulletin. Various years were analyzed using simple linear regression analysis involving two variables – non-oil tax revenue polled together and human development index as the proxy for economic development index as the proxy for economic development; hence, the null hypothesis was rejected and the alternative accepted that non-oil tax revenue significantly influenced economic development of Nigeria during the period of the research. The main drawback of the study was the pooling of non-oil tax revenue instead of using it disaggregatively, since each of them may not have the same influence on economic development. Studies at the broader regional and international levels provide additional insights.

Akinlo (2024) found that non-oil tax revenue positively influenced economic growth across 20 African countries, advocating for tax reforms to improve revenue collection. Similarly, Hassan

& Rashid (2023) examined corporate tax rates across developed and developing countries, concluding that tax policies should be tailored to specific national economic conditions. Hassan et al. (2023) and Alvarez (2023) analysed capital gains tax, value-added tax, and customs and excise duties, revealing significant variations in their impact on economic growth.

These studies emphasise the importance of optimising tax policies to balance revenue generation with economic expansion. Overall, empirical findings suggest that while tax revenue significantly influences economic growth, the effects differ based on tax type, economic structure, and policy implementation, necessitating further research on tax efficiency and compliance strategies in Nigeria.

Methodology

The research design adopted for this study was an ex post facto research design. Secondary data were drawn from annual reports of the Central Bank of Nigeria, the Federal Inland Revenue Service and the National Bureau of Statistics. The study covered a time frame from 1990 to 2023, allowing for a comprehensive analysis of the impact of non-oil tax revenue on economic growth in Nigeria. The key independent variables included company income tax, value-added tax, education tax, stamp duty, and capital gains tax, while the dependent variable was Nigeria's real gross domestic product. The study employed econometric techniques such as unit root tests (Augmented Dickey-Fuller) to check for stationarity, the Johansen co-integration test to determine long-run relationships, and the Autoregressive Distributed Lag (ARDL) model to analyse short-run and long-run effects. Diagnostic tests, including normality, serial correlation, and heteroscedasticity tests, were also conducted to ensure model reliability and robustness.

To ensure accurate data interpretation, multiple regression analysis was employed to quantify the impact of each tax component on economic growth. The ARDL Error Correction Model (ECM) assessed both short-run and long-run dynamics between tax revenue and economic growth. Additionally, Granger causality tests were performed to determine the direction of causality between tax revenue and gross domestic product. The study's methodological approach ensured that findings were statistically sound, minimising errors associated with omitted variables and multicollinearity. By incorporating a broader range of non-oil tax revenue components compared to previous studies, this research aimed to provide a more detailed understanding of tax revenue's role in economic development, contributing to policy recommendations for tax reforms and revenue optimisation in Nigeria.

Econometric Model Specification

To analyse the effect of non-oil tax revenue components (company income tax, value added tax, and stamp duty) on Nigeria's gross domestic product, the study adopts an econometric model based on the endogenous growth theory. The model follows a log-linear functional form to capture the relationship between the variables effectively. The general regression equation is specified as follows:

$$RGDP_t = \beta_0 + \beta_1 CIT_t + \beta_2 VAT_t + \beta_3 SDT_t + \varepsilon_t$$

Where:
$RGDP_t$= Real Gross Domestic Product at time t(Dependent Variable)
CIT_t = Company Income Tax at time t
VAT_t = Value Added Tax at time t
SDT_t = Stamp Duty Tax at time t
β_0 = Intercept
β_1 ,β_2,β_3 = Coefficients of the independent variables

ε_t = Error term, capturing other factors affecting GDP not included in the model

The model was estimated using both short-run and long-run relationships through the Autoregressive Distributed Lag (ARDL) Model, given that the study covered time-series data from 1980 to 2023. To examine the relationship between non-oil tax revenue components and economic growth in Nigeria, the study employs various econometric techniques, including Unit Root Tests, Johansen Co-integration Test, Autoregressive Distributed Lag (ARDL) Model, and Error Correction Model (ECM).

1. *Unit Root Test: Augmented Dickey-Fuller (ADF) Test. The ADF test is conducted to determine the stationarity of each time-series variable and avoid spurious regression results. The general form of the ADF test model **is** given as:*

$$\Delta Y_t = \alpha + \beta t + \delta Y_{t-1} + \sum_{i=1}^{p} \gamma_i \Delta Y_{t-1} + \varepsilon_t$$

ΔY_t= First difference of the variable Y, α = Constant term, βt = Trend component (if applicable), δ= Coefficient to determine stationarity, Y_{t-1}= Lagged value of Y, γ_i = Coefficients of lagged first-differenced terms and ε_t= Error term.

The null hypothesis (H0H_0H0) states that the variable has a unit root (i.e., it is non-stationary). If the ADF test statistic is more negative than the critical values, the null hypothesis is rejected, implying stationarity at level I(0) or first difference 1(1).

2. *Johansen Co-integration Test*

If the variables are found to be non-stationary at the level but stationary at first difference, the Johansen co-integration test is used to examine the long-run equilibrium relationship. The test is based on the Vector Auto-Regressive (VAR) framework:

$$\Delta Y_t = \Pi Y_{t-1} + \sum_{i=1}^{k-1} \Gamma_i \Delta Y_{t-i} + \varepsilon_t$$

Where: Π = Coefficient matrix that determines the number of co-integrating relationships, Γ_i= Short-run dynamic coefficients, Y_t = Vector of endogenous variables (e.g., GDP, CIT, VAT, SDT), ε_t= Error term. The trace test and maximum eigenvalue test are used to determine the number of co-integrating equations. If a long-run relationship exists, the study proceeds with the ARDL Model.

Error Correction Model

If co-integration is established, the Error Correction Model (ECM) is used to measure the speed at which the system returns to equilibrium after short-term shocks. The ECM is specified as:

$$\Delta RGDP_t = \alpha_0 + \sum_{i=1}^{p} \alpha_1 \Delta RGDP_{t-i}$$
$$+ \sum_{i=0}^{q} \beta_1 \Delta CIT_{t-1} + \sum_{i=0}^{q} \beta_2 \Delta VAT_{t-i} + \sum_{i=0}^{q} \beta_3 \Delta SDT_{t-i} + \lambda ECT_{t-1} + \epsilon_t$$

Where:ECT_{t-1} = Error correction term, derived from the long-run equilibrium equation, λ = Speed of adjustment coefficient (should be negative and significant). A significant and negative λ value confirms the presence of a long-run relationship, indicating that deviations from equilibrium correct over time.

Result and Discussion
This section focuses on the data presentation, analysis and discussion of findings. It consists of data presentation, data analysis, descriptive statistics, test of regression assumptions, test of hypotheses and discussion of findings. This research was a time series study which covered the period from 1980 to 2023. The scope of this study was the economy of Nigeria. The study had one dependent variable (economic growth) and five independent variables (companies' income tax, value added tax, and stamp duties). Data were extracted from Federal Inland Revenue Service Annual Reports, Nigeria Bureau of Statistics, and Central Bank of Nigeria Statistical Bulletin. The data set is shown in the appendix of the study.

Descriptive statistics
A detailed descriptive statistical analysis of the dataset provided the following findings: Descriptive statistics, as shown in Table 1 provide important insights about the distribution of the study variables. The average values indicate that company income tax and value-added tax are important determinants of the Nigerian economy, having respective mean values of N457.29 billion and N104,515.7 billion. The average value for stamp duty tax is significantly lower at N3.58 billion, reflecting little revenue from this specific tax. High standard deviation values, especially those from gross domestic product and value-added tax, point toward high variability and may be due to the noted economic volatility over the years. Skewness and kurtosis measures indicate that all variables have positive skewness and varying degrees of peakedness, reflecting the possible effect of extreme values on the shape of the distribution. Jarque-Bera probability results indicate that gross domestic product, company income tax, stamp duties, and value-added tax are not normally distributed, hence, the use of other econometric estimates to achieve robustness.

Table 1 Descriptive statistics

Statistic	CIT (N'Billion)	GDP (N'Billion)	STD (N'Billion)	VAT (N'Billion)
Mean	457.2925	22535370	3.581364	104515.7
Median	101.9500	5818734.	0.000000	100.2000
Maximum	1767.380	77936100	22.92000	972303.0
Minimum	3.000000	47619.66	0.000000	0.000000
Std. Dev.	599.2250	28582466	6.819293	249950.8
Skewness	1.051467	0.979591	1.761768	2.239984
Kurtosis	2.596987	2.291031	4.631974	6.503858
Jarque-Bera	8.405371	7.958557	27.64417	59.30308
Probability	0.014955	0.018699	0.000001	0.000000
Sum	20120.87	9.92E+08	157.5800	4598692.
Sum Sq. Dev.	15440038	3.51E+16	1999.619	2.69E+12
Observations	44	44	44	44

Source: Researcher's computation (2024).

From the Augmented Dickey-Fuller unit root test, as shown in Table 2, all the variables under study, including gross domestic product, company income tax, and stamp duty tax, are found to be non-stationary when they are not differenced but become stationary when subjected to first

differencing. In particular, the test statistics obtained against GDP (-1.6437, p = 0.7586), CIT (-1.1517, p = 0.9077), and STD (-3.0051, p = 0.1427) at their levels lack significance to reject the null hypothesis of the existence of a unit root, implying that the variables are subjected to stochastic trends. However, when first-differenced, the variables all register significant test statistics at 1 per cent significance (GDP: -6.7240, p = 0.0000; CIT: -5.2317, p = 0.0006; STD: -7.0783, p = 0.0000), thus supporting their stationarity. Finally, from the ADF test results, gross domestic product, company income tax, and stamp duties are confirmed to be integrated of order one, as the results highlight, and this emphasises the relevance of analysing co-integration and the construction of long-run models. The confirmed stationarity of the first-differenced series supports subsequent analysis, including the Johansen co-integration and the ARDL. This evidence emphasises the need for stable and correctly formulated tax policies to achieve sustainable growth, as is the case, especially in the Nigerian situation, where the government's major source of revenue is taxation.

Table 2: Unit Root Test using Augmented Dickey-Fuller (ADF)

Variable	Levels (Constant and Trend) (t-Statistic, Prob.)	1st Difference (Constant and Trend) (t-Statistic, Prob.)	Decision
GDP	-1.6437 (0.7586)	-6.7240 (0.0000)***	I(1)
CIT	-1.1517 (0.9077)	-5.2317 (0.0006)***	I(1)
STD	-3.0051 (0.1427)	-7.0783 (0.0000)***	I(1)

Source: Author's computation from E-Views 12.Note: ***, **, * denotes rejection of the null hypothesis at 1%, 5% and 10% levels respectively. The ADF tested the series that it contains a unit for the null hypothesis against the alternative that they do not.

The conclusions drawn from the results of the Johansen co-integration test, as summarised in Table 3, revealed the existence of a long-term relationship between economic growth and some components of tax revenue, including company income tax and stamp duty tax. Four equations are identified as trace statistics at 5% significance, and their corresponding critical values are exceeded (e.g., 149.0879 is more than 69.81889 when no one is having co-integration and 91.15575 is more than 47.85613 when one co-integration equation is present). In the same way, the maximum eigenvalue test reports four equations of co-integration, hence reinforcing the support for the long-run relationship among these fiscal variables and gross domestic product. The result agrees with the theoretical models advanced by Engle and Granger (1987) and Johansen (1988), and they posit that co-integration among non-stationary variables reveals robust economic relations and not spurious ones.

Empirical analysis suggests that co-integration means that policy changes within tax revenue, such as changes to corporate income tax and stamp duty, would have long-term effects on Nigeria's pattern of economic growth. The implication of this finding is consistent with research work by Adegbite et al. (2019), whereby tax revenue significantly influences economic growth among developing economies through channels of government spending and incentives to investment. Afonso and Jalles (2014) further argue that good tax administration makes long-term provision of economic stability possible through stable public revenue flows. The policy conclusions deduced from these results for Nigeria are that policymakers would be required to optimise the tax collection mechanism and ensure that revenues obtained from corporate income tax and stamp duty are properly allocated to productive sectors to maximise their effects on gross domestic product growth.

Table 3: Johansen co-integration Trace Test for the affect of Stamp and Exercise Duties on Economic Growth in Nigeria

Hypothesized		Trace	0.05	
No. of CE(s)	Eigenvalue	Statistic	Critical Value	Prob.**
None *	0.693424	149.0879	69.81889	0.0000
At most 1 *	0.589697	91.15575	47.85613	0.0000
At most 2 *	0.438851	47.50361	29.79707	0.0002
At most 3 *	0.316946	19.19296	15.49471	0.0132

Trace test indicates 4 cointegratingeqn(s) at the 0.05 level
* denotes rejection of the hypothesis at the 0.05 level
**MacKinnon-Haug-Michelis (1999) p-values

Hypothesized		Max-Eigen	0.05	
No. of CE(s)	Eigenvalue	Statistic	Critical Value	Prob.**
None *	0.693424	57.93216	33.87687	0.0000
At most 1 *	0.589697	43.65214	27.58434	0.0002
At most 2 *	0.438851	28.31065	21.13162	0.0041
At most 3 *	0.316946	18.67788	14.26460	0.0094

Max-eigenvalue test indicates 4 cointegratingeqn(s) at the 0.05 level
* denotes rejection of the hypothesis at the 0.05 level
**MacKinnon-Haug-Michelis (1999) p-values
Source: Computation Using E-views 12

Findings from the long-run ARDL, as shown in Table 4, indicate that corporate income tax and stamp duty tax both have positive effects on the growth pattern of the Nigerian economy, as shown by the numbers from GDP. The corporate income tax, as shown by its measure of 41940.87, is significant at the 1 per cent level (p = 0.0000), implying that an increase in corporate income tax is accompanied by an increase proportionate to gross domestic product. Similarly, stamp duties show a positive measure of 281367.0 and are statistically significant at the 5 per cent level (p = 0.0279), implying that improved stamp duty collection contributes significantly to long-run growth of the economy.

However, the value-added tax shows relatively weaker and statistically non-significant effects (p = 0.0690), implying that its influence on gross domestic product is weaker than that of corporate income tax and stamp duty. The constant term, as shown by the measure of -905560.0, being though negative and statistically non-significant (p = 0.5943), implies that when tax revenue variables are removed, the non-tested variables take up the central function of determining growth. The high R-squared value (0.9536) and adjusted R-squared value (0.9502) demonstrate that the model explains about 95 per cent of the variability of gross domestic product and thus emphasises the strong predictive power of tax revenue as an index of performance. The high F-statistic (p = 0.0000) provides further support for the validity of the model. These findings are consistent with earlier research studies, including Aregbeyen and Ibrahim (2014), which established that taxation influences economic growth positively in Nigeria through improved government revenue mobilisation for public investment. Additionally, Adegbite et al. (2019) argue that tax revenue disbursement is important in ensuring the stability of the macroeconomy and long-term growth. Therefore, these findings highlight the necessity of driving tax administration and tax compliance, especially those relating to tax and stamp duty, to achieve sustainable long-term growth.

Table 4: Long Run Auto-Regressive Distributed Lag Model (ARDL) Estimate Effect of Stamp and Exercise Duties on Economic Growth in Nigeria

Variable	Coefficient	Std. Error	t-Statistic	Prob.
CIT	41940.87	2340.706	17.91804	0.0000
STD	281367.0	123294.1	2.282081	0.0279
VAT	10.42736	5.581040	1.868355	0.0690
C	-905560.0	1686598.	-0.536915	0.5943
R-squared	0.953647	Mean dependent var		22535370
Adjusted R-squared	0.950171	S.D. dependent var		28582466
S.E. of regression	6380294.	Akaike info criterion		34.26183
Sum squared resid	1.63E+15	Schwarz criterion		34.42403
Log likelihood	-749.7604	Hannan-Quinn criter.		34.32199
F-statistic	274.3173	Durbin-Watson stat		0.976230
Prob(F-statistic)	0.000000			

Source: Computation Using E-views 1, Note***, **, * level of significant at 1%, 5% and 10% levels respectively. RGDP = Real Gross Domestic Product at time t(Dependent Variable), CIT = Company Income Tax, VAT = Value Added Tax and SDT= Stamp Duty Tax

These results from the auto-regressive distributed lag (ARDL) short-run model, as evidenced from Table 5, give the dynamics of the effects of corporate income tax, stamp duty tax, and value-added tax on Nigeria's economic growth. The values obtained from the first difference of stamp duty (D(STD) = 255656.6, p = 0.0441) and its lag term (D(STD(-1)) = 466513.7, p = 0.0018) are indicative that current and past values of stamp duty positively impact gross domestic product. This reveals that an increase in stamp duty positively influences the growth of the economy in the short run, thus supporting the postulations forwarded by Babatunde & Olayemi (2022), who emphasised the role of efficient tax policy toward good performance of the economy. Similarly, the first difference of corporate income tax (D(CIT) = 34429.90, p = 0.0003) is also described as positive and statistically significant, reflecting that an improvement in corporate tax revenue is favourable toward the growth of the economy over the short run. However, the lagged corporate income tax (D(CIT(-1)) = -19644.84, p = 0.0839) presents relatively lower impact, reflecting that high taxation may arrest business growth over the long run.

Value-added tax implementation displays a heterogeneous impact on growth. In this case, the current period's value-added tax (D(VAT) = -18.57459, p = 0.0018) negatively affects GDP; however, its lagged alternative (D(VAT(-1)) = 11.01799, p = 0.0189) reflects a positive impact. This suggests that while an immediate value-added tax increase tends to depress consumption spending and slow down economic activity immediately, long-term effects are positive as the generated revenue from value-added tax is ploughed back into the economy. In addition, the error correction term (CointEq(-1) = -0.232744, p = 0.0000) reflects negativity and is statistically significant, corroborating the existence of a long-run stable relationship between tax collection and growth. This supports research by Ogundele and Okafor (2021), who argue that taxation plays a central role as the hallmark of macroeconomic stability, while permitting distortion to be avoided due to a proper policy response. Lastly, the value of the Durbin-Watson statistic (2.813556) shows that there is no noticeable autocorrelation in the model, hence further supporting the accuracy of the estimates of the coefficients.

Table 5: Long Run Auto-Regressive Distributed Lag Model (ARDL) Estimate for the Effect of Stamp and Exercise Duties on Economic Growth in Nigeria

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(STD)	255656.6	121853.8	2.098060	0.0441
D(STD(-1))	466513.7	136668.5	3.413468	0.0018
D(CIT)	34429.90	8480.010	4.060125	0.0003
D(CIT(-1))	-19644.84	10999.21	-1.786023	0.0839
D(VAT)	-18.57459	5.450142	-3.408093	0.0018
D(VAT(-1))	11.01799	4.447055	2.477592	0.0189
CointEq(-1)*	-0.232744	0.046670	-4.986973	0.0000
R-squared	0.531477	Mean dependent var		1854488.
Adjusted R-squared	0.451158	S.D. dependent var		5844747.
S.E. of regression	4330013.	Akaike info criterion		33.55105
Sum squared resid	6.56E+14	Schwarz criterion		33.84066
Log likelihood	-697.5721	Hannan-Quinn criter.		33.65721
Durbin-Watson stat	2.813556			

Source: Computation Using E-views 1, Note***, **, * level of significance at 1%, 5% and 10% levels respectively. RGDP = Real Gross Domestic Product at time t(Dependent Variable), CIT = Company Income Tax, VAT = Value Added Tax and SDT= Stamp Duty Tax

Conclusion

The findings of the study showed that non-oil taxes have a significant effect on the economic growth of Nigeria's economy. The long-run Autoregressive Distributed Lag (ARDL) technique shows that corporate tax and stamp duty positively impact real gross domestic product, and this underscores the important roles these streams of revenue play toward promoting national growth. However, the differential effects of value-added tax indicate that although it constrains consumer spending long-term, its beneficial impacts are captured through productive industries' reinvestment. The significance of the error correction term suggests a long-run convergent relationship, hence stressing the tax policies to be long-term and carefully designed to support sustainable growth. The findings from this study are consistent with the studies of other authors, including the one by Ogundele & Okafor (2021), who stressed the role of proper tax administration toward reinforcing revenue mobilisation without compromising the performance of the economy. Divergent from these proposals, however, lies the imperative of the Nigerian government to step up its tax administration and enforcement systems to maximise revenue collection and limit negative impacts on business and consumers. There is a call to create a policy that ensures application of tax revenues, especially from value-added tax, to infrastructure development and social services, thus mitigating shocks from the current account. Second, the government should consider regular review of tax policy to align revenue needs and business feasibility, and hence avoid over-taxation that can scare investment. Lastly, more efforts should be focused on digitalisation and automation of tax collection to prevent revenue leakage and enhance tax administration efficiency, and ultimately create a more transparent and efficient fiscal system that supports sustainable long-term growth.

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