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ABSTRACT

This paper examines the impact of value added tax on the economic growth of Nigeria. To achieve the objective of this paper, relevant secondary data were collected from the Central Bank of Nigeria (CBN) and the Federal Inland Revenue Service (FIRS) for the period 1994-2012. The secondary data collected from the relevant government agencies in Nigeria were analysed with relevant econometric tests of Breusch-Godfrey Serial Correlation LM, White Heteroskedasticity, Ramsey RESET, Jarque Bera, Johansen Co-integration, and Granger Causality. The results show that there exists a long run equilibrium relationship between economic growth and VAT. It was also found that VAT does granger cause gross domestic product of Nigeria. On the basis of the empirical analysis, the paper concludes that VAT is one of the most important components indirect taxes in Nigeria that affects the economic growth of the country and therefore should be properly managed to reduce the level of evasion by the input and output relationship in Nigeria. The paper recommends among others that vatable persons should be properly supervised by the relevant tax authority (FIRS) to reduce the level of tax evasion; government should show more accountability in the management of tax revenue and finally, the level of corruption in Nigeria and that of government officials should be drastically reduced to win the confidence of tax payers for voluntary tax compliance.

Keywords: Tax, VAT, economic growth, co-integration, Nigeria

INTRODUCTION

Taxation is a major player in every economy of the world. It is never static but dynamic. The tax system is an opportunity for government to collect additional revenue needed in discharging its pressing obligations. According to Aneke (2009), taxes represent an instrument of fiscal policy used by government to manage the economic development of the state. The tax system is an opportunity for government to collect additional revenue needed in discharging its present obligation. Taxes are one of the most important sources of government revenue. Jhingan (2004) defined tax as compulsory contribution imposed by a public authority, irrespective of the exact amount of service rendered to the taxpayer in return. Nzotta (2007) reported that tax is a compulsory contribution made by the citizens to the state or even an alien, subject to the jurisdiction of the government, for reasons of residence or property and this contribution is for general common good. He further stated that a tax imposes a general obligation on the taxpayer. This means that the taxpayer has a duty to pay the tax, if he is liable and should not in any circumstances evade it. These features thus make it criminal to evade taxes under any guise (Appah, 2011). Also Nwezeaku (2005) noted that tax is a compulsory payment made by a citizen for which there is no immediate commensurate return. It is a burden which every citizen must bear to sustain his government. The government has certain functions to perform for the benefits of its citizens.

Taxes generally, have allocational, distributional, and stabilization functions. The allocation function ensures that the public sector determines the pattern of production, the goods that are to be produced, who produces them, the relationship between the private and public sectors and the point of social balance between the two sectors (Anyanwu, 1997; Musgrave and Musgrave, 2006; Nzotta, 2007). Taxes are used here to encourage or discourage the production of various goods and services (Nzotta, 2007). The distribution function of taxes relates to the manner in which the effective demand over economic goods is divided, among the various individual and family spending units of the society (Musgrave and Musgrave, 2006; Nzotta, 2007). The distribution function of taxes seeks to assist an economy attain high level of employment, stable prices, balance of payments equilibrium, exchange rate stability and non-inflationary growth in output (Musgrave and Musgrave, 2006; Nzotta, 2007).

Value added tax is a consumption tax imposed on certain category of goods and services introduced in Nigeria following the recommendation of the panel set up by the government in 1991 (Nwezeaku, 2005). According to Bhartia (2009), value added belongs to the family of sales. It is a tax not on the total value of the good being sold, but only on the value added to it by the last seller. Also Anyanwu (1993) state that the value added tax is
not a tax on the total value of the good being sold but only on the value added (the difference between the value of factor services and materials that the firm purchases as inputs and the value of its input) the value that a firm adds by the virtue of its own activities to it by the last seller. Scholars have observed that value added tax has become a major source of revenue in Nigeria. However, others have criticized the regressive nature of value added tax. Therefore, the objective of this paper is to examine the impact of value added tax on the economic growth of Nigeria for the period 1994 to 2012.

To achieve this objective, the paper is divided into five interconnected sections. The next section examines the review of related literature; the third section examines the materials and methods. The fourth section examines the results and discussions and the final section discusses the concluding remarks.

LITERATURE REVIEW

Theoretical Framework
According to Bhartia (2009), a taxation theory may be derived on the assumption that there need not be any relationship between tax paid and benefits received from state activities. In this group, there are two theories, namely, (1) socio-political theory and (2) the expediency theory. Also, a taxation theory may be based on a link between tax liability and state activities. This reasoning justifies the imposition of taxes for financing state activities and also providing a basis for apportioning the tax burden between members of the society. This reasoning yield the benefit received theory and cost of service theory. There is also the faculty theory of taxation.

1. Socio Political Theory: This theory of taxation states that social and political objectives should be the major factors in selecting taxes. The theory advocated that a tax system should not be designed to serve individuals, but should be used to cure the ills of society as a whole.

2. Expediency Theory: This theory asserts that every tax proposal must pass the test of practicality. It must be the only consideration weighing with the authorities in choosing a tax proposal. Economic and social objectives of the state as also the effects of a tax system should be treated irrelevant (Bhartia, 2009).

3. Benefit Received Theory: This theory proceeds on the assumption that there is basically an exchange relationship between tax-payers and the state. The state provides certain goods and services to the members of the society and they contribute to the cost of these supplies in proportion to the benefits received (Bhartia, 2009). Anyanfo (1996) argues that taxes should be allocated on the basis of benefits received from government expenditure.

4. Cost of Service Theory: This theory is similar to the benefits received theory. It emphasizes the semi-commercial relationship between the state and the citizens to a greater extent. In this theory, the state is being asked to give up basic protective and welfare functions. It is to scrupulously recover the cost of the services and therefore this theory implies a balanced budget policy.

5. Faculty Theory: According to Anyanfo (1996), this theory states that one should be taxed according to the ability to pay. It is simply an attempt to maximize an explicit value judgment about the distributive effects of taxes. Bhartia (2009) argue that a citizen is to pay taxes just because he can, and his relative share in the total tax burden is to be determined by his relative paying capacity.

Value Added Tax in Nigeria
According to Ola (2001), value added is the difference between “the increase in the value of goods or services in the process of their production of delivery. Value added is calculated by deducting from the value of goods or services the cost of the input of the other goods or services that were used in the process of the production of the goods or in the delivery of the services. It is the basis that Anyanwu (1993) stated that value added tax is not a tax on the total value of goods or services being sold but only on the value added (the difference between the value of factor services and materials that the firm purchases as inputs and the value of the its inputs) the value that a firm adds by the virtue of its own activities to it by, the last seller. Bhartia (2009) provided another definition of value added tax as:

VAT is a tax not on the total value of the good being sold, but only on the value added to it by the last seller. The seller, therefore, is liable to pay a tax not on its gross value, but net value: that is the gross value minus the value of inputs.

The IMF in Ezejelue (2001) gave an all embracing definition of value added tax. The definition according to IMF is:
The typical value added tax (VAT) is an indirect tax imposed on each sale beginning at the start of the production and distribution cycle and culminating in the sale to the customer. Each seller in the chain collects the VAT from the purchaser at the time of the sale (the VAT is added to the sales price but must be separately stated except on the final sale to the consumer), deducts from this amount any VAT he himself has paid on his purchases, and remits the balance to the government. The net effect of offsetting purchases and sales is to impose the tax at each stage of production on the sum of wages, interest, rents, profits, and other factors of production not furnished by suppliers subject to the tax at the previous stage of production. Hence, it is a tax on “value added”. The seller sustains no economic burden on his purchases since he receives a credit from the government for any VAT paid to his suppliers. In effect, the VAT is pushed forward through the production and distribution chain to the customer. The consumer absorbs the VAT as part of the sales price but receives no credit. Thus, the VAT is essentially a consumption tax with collection throughout the production chain.

Ola (2001) reported that the history of Value Added Tax in Nigeria can be traced to Ola’s “Nigerian Income Tax Law and Practice” where he made a strong case for the introduction, modus operandi and implementation of VAT. This led to the inauguration of a 20 member study group by the former Federal Minister of Budget and Planning Dr. S.P. Okongwu in 1991 to review the entire tax system. The report of the study group came with the idea of introducing VAT in Nigeria, as a result of the low voluntary compliance with our tax laws by the experts and the tax practitioners. In 1991 the government formed a study group on indirect taxation to study the feasibility of introduction of VAT as an improvement on the sales tax in existence then. The study group recommended inter alia, the introduction of VAT in Nigeria which the government accepted. But the government set up the Modified Value Added Tax, MVAT committee, to undertake feasibility studies on the implementation of VAT in Nigeria. The committee worked in close collaboration with the Federal Inland Revenue Service (FIRS) until January, 1993 when the Federal Government agreed to introduce the new tax into the country with the promulgation of Decree No. 102 of 1993 to give legal effect to the new tax system (Nwezeaku, 2005). The VAT scheme came into operation in 1994. Ola (2001) reported that when VAT was introduced in Ghana twenty six people died. In Senegal violence eschewed when VAT was introduced. In South Africa, no fewer than 18 people lost their lives. A few other countries that introduced VAT experienced one problem or the other.

Anyanwu (1997) stated that VAT is consumption tax on economic operations including import except those exempted as per the provisions of the Act as amended. The system attracts a flat rate of 5% and initially covered goods and services. The tax is collected on behalf of the Federal Government by businesses registered with the Federal Inland Revenue Service (FIRS) for VAT services.

In the year 2007, the Value Added Tax (VAT) Amendment Act 2007 was enacted, giving the Federal Government the power to determine the VAT rate. Though the government subsequently increased the rate from 5% to 10%, but there was protest all over the country and it was reverted back to the 5%.

Types of Value Added Tax

Value added tax exists in different forms. Ola (2001) noted that there are basically three types of VAT, namely: consumption type, the income type, and the gross product type. Anyanwu (1993), Bhartia (2009), reported that there are four possible types of VAT: production VAT, consumption VAT, wage – type VAT, and income – type VAT.

Production VAT: This is a type of VAT where the value of inputs purchased by it from other firms is not deducted in full. Only the value of non-capital purchases is deducted such that for the economy as whole the value added becomes equal to the GNP (Anyanwu, 1993, Bhartia, 2009).

Consumption VAT: This is a type of VAT where the tax base is the sum of wages, profits and depreciation less investment; that is, the definition of value added as net of all fixed capital purchases instead of depreciation (Anyanwu, 1993). Bhartia (2009) stated that in the absence of foreign trade, the aggregate base of this tax for the economy as a whole becomes Wages (W) plus Profits (P) plus Depreciation (D) minus Investment (I). Now since GNP is equal to W + P + D = Consumption(C) + Investment (I), therefore, the aggregate tax base becomes GNP – I, that is, consumption in the economy. In the same vein, Ola (2001) noted that consumption VAT has three distinct advantages to the taxable firm, namely: the taxable firm can calm credit for the tax paid on capital assets immediately and this will ease its cash flow; the tax burden from capital expenses is shifted to the consumer.
in full and immediately instead of being borne wholly or in part by the company; and the consumption VAT is easier to compute since the firm does not have to separate expenditure on capital from expenditure on other items purchases determining the VAT base. Bhartia (2009) further says that all European countries which have adopted VAT have chosen the consumption type. **Income VAT:** This type of VAT allows the firm to deduct the full value of its non-capital purchases from other firms and depreciation on the capital – purchases from other firms. The tax base becomes the total sales minus materials minus depreciation for each firm such that for the economy as a whole, the tax base is the NNP. **Wage VAT:** This type of VAT one where the firm is able to deduct the net earnings from its capital in order to arrive at the tax base.

**Economic Growth and Growth Models**

According to Sharp, Register and Grimes (2002), economic growth is the long run process that results from the compounding of economic events over time. Similarly, Dwivedi (2002) stated that economic growth means a sustained increase in per capita national output or net national product over a long period of time. It implies that the rate of increase in total output must be greater than the rate of population growth. To measure economic growth, economists generally examine the rate of change in real GDP from one year to the next. The Central Bank of Nigeria (2008) stated that GDP is the money value of goods and services produced in an economy during a period of time irrespective of the nationality of the people who produced the goods and services. It is usually calculated without making any allowance for capital consumption (or deductions for depreciation). Also, GDP by expenditure based is the total final expenditure at purchases’ prices (including the f.o.b. value of exports of goods and services) less the f.o.b. value of imports of goods and services. Buhari (1993) clearly states that the GDP or Gross Domestic Product is the total volume of production that has taken place in the economy irrespective of the nationality of the people who produced the goods and services. According to him, it is the total production that has taken place in Nigeria by Nigerians themselves and foreigners living in Nigeria by Nigerians themselves and foreigners living in Nigeria.

**Empirical Evidence**

There is plethora of studies on the relevance of value added tax as a form of revenue for the development of any nation.

Ajakaiye (1999) studied macroeconomic effects in Nigeria: a computational general equilibrium analysis. His study revealed that value added tax showed a significant source of revenue in Nigeria. Ajakaiye study used three scenarios to approximate the Nigerian situation. First, he assumed that the government pursued an active fiscal policy involving the reinjection of value added tax via increased government spending in combination with a presumed non-cascading treatment of value added tax. He also assumed two other simulations considered as active fiscal policy combined with cascading treatment of value added tax and a passive fiscal policy. The results showed that cascading treatment of value added tax with active fiscal policy not only had the most harmful effects on the economy and it also the one that most closely approximated to the Nigerian situation.

Owolabi and Okwu (2001) studied value added tax and development of Lagos State economy. Their study used simple regression analysis to evaluate the effect of value added tax revenue to the economic growth of Nigeria. Their analytical results showed that value added tax revenue contributes to the development of infrastructural development, environmental management, education sector development, youth and social development, agricultural sector development, health sector development and transportation sector development.

Desai and Hines (2002) empirically studied value added tax and international trade to advance the study of Feldstein and Krugman et al. They examined the effects of value added tax on international trade. Their study revealed that there are negative effects of introducing value added tax on international trade most on low income countries using value added to control import and encourage exports.

Ekeocha (2010) made a simulation study advocating value added tax trade from 5% to 15%. He argued that an increase in the rate of value added tax will affect the country’s revenue base.

Adereti, Sanni and Adesina (2011) empirically showed the contribution of value added tax to the gross national product of Nigeria for the period 1994-2008. Their study used time series data of gross domestic product and value added tax using simple regression. Their findings shows that value added tax contributes to the total tax
revenue averaged of 12.4% which they considered low compared to some other sub-saharan African countries like Ivory Coast, Kenya and Senegal 30%. Their study shows a positive and significant relationship between value added tax and economic growth proxied by gross domestic product.

Umeora (2013) investigated the effects of value added tax on the economic growth of Nigeria for the period 1994-2010 using simple regression model. The empirical results of the study shows that value added tax has significant effect on gross domestic product and also on total tax revenue.

**MATERIALS AND METHODS**

The time series data for the study were sourced from Statistical Bulletin of the Central Bank of Nigeria (CBN) and Federal Inland Revenue Service (FIRS). The macroeconomic data cover gross domestic product (GDP) and value added tax (VAT) between 1994 and 2012 in Nigeria.

**The Model:** The model for this study uses Granger causality test to ascertain the direction of causality between GDP and VAT between 1994 and 2012. Other econometric tests such as unit root test, co-integration test and vector error correction mechanism were also performed to determine the stationarity of the data and long run relationship between the variables.

The test procedure is illustrated below:

\[
\text{GDP}_t = \sum_{j=I}^K A_j \text{VAT}_{t-1} + \sum_{j=I}^K B_j \text{GDP}_{t-j} + U_t \tag{1}
\]

\[
\text{VAT}_t = \sum_{j=I}^K C_j \text{VAT}_{t-I} + \sum_{j=I}^K D_j \text{GDP}_{t-I} + U_{2t} \tag{2}
\]

Equation (1) postulates that current GDP is related to past values of itself as well as that of VAT and vice-versa for equation (2). Unidirectional causality from VAT to GDP is indicated if the estimated coefficient on the lagged PPT in equation (1) is statistically different from zero as a group (i.e., \( \sum A_i \neq 0 \)) and the set of estimated coefficients on the lagged GDP in equation (2) is not statistically different from 0 (i.e., \( \sum D_j = 0 \)). The converse is the case for unidirectional causality from GDP to VAT.

Feedback or bilateral causality exists when the sets of VAT and GDP coefficient are statistically different from 0 in both regressions (Gujarati and Porter, 2009).

The more general model with instantaneous causality is expressed as:

\[
\text{GDP}_t + b_o \text{VAT}_t = \sum_{j=I}^K C_i \text{VAT}_{t-1} + \sum_{j=I}^K D_j \text{GDP}_{t-j} + U_t \tag{3}
\]

\[
\text{VAT}_t + C_o \text{GDP} = \sum_{j=I}^K C_i \text{VAT}_{t-1} + \sum_{j=I}^K D_j \text{GDP}_{t-j} + U_{2t} \tag{4}
\]

Instantaneous causality occurs and knowledge of GDP will improve prediction or goodness of fit of the first equation for PPT. In this study, a bivariate regression of the form presented below is estimated:

\[
\text{VAT}_t = \infty_0 + \infty_1 \text{VAT}_{t-1} + \ldots + \infty_t \text{VAT}_{t-1} + B_1 \text{GDP}_{t-1} + \ldots + B_1 \text{GDP}_{t-1} \tag{5}
\]

\[
\text{GDP}_t = \infty_0 + \infty_1 \text{GDP}_{t-1} + \ldots + \infty_t \text{GDP}_{t-1} + B_1 \text{VAT}_{t-1} + \ldots + B_1 \text{VAT}_{t-1} \tag{6}
\]

http://www.ijmsbr.com
The equation for the second model is stated thus:

\[ \text{GDP}_t = f (\text{VAT}_t) \]  \hspace{2cm} (7)

\[ \text{GDP}_t = \alpha + \beta_1 \text{VAT}_t + \text{Ut} \]  \hspace{2cm} (8)

To avoid spurious regression outcomes on time series data, unit root test that affirms the stationary of the series and co-integration test that affirms at least one co-integration equation were conducted (Wooldridge, 2006; Asterious and Hall, 2007). Sequel to the above, the OLS in equation (8) is re-specified to take care of possible short term disequilibrium as follows:

\[ \Delta \text{GDP}_t = \alpha + \beta_1 \Delta \text{VAT} + \beta_2 \text{U}_{t-1} + \sum_t \]  \hspace{2cm} (9)

\( \beta_1, \beta_2 \) is to be greater > 0

Where: GDP = Gross Domestic product; VAT = Value Added Tax

Test for stationarity: To avoid spurious regressions which may arise as a result of carrying out regressions on time series data without subjecting them for test whether they contain unit root, we first subject the data to stationarity test by using the Augmented Dickey fuller (ADF) tests. The econometric views (E-views package was employed) to carry out the regressions.

RESULTS AND DISCUSSIONS

This section presents the results and discussions of findings from the econometric analysis conducted on the data collected from the Central Bank of Nigeria (CBN) and the Federal Inland Revenue Service (FIRS) for the period 1994-2012.

Table 1: Diagnostic Tests

<table>
<thead>
<tr>
<th>Type of Test</th>
<th>F-statistics</th>
<th>Obs *R</th>
<th>Probability</th>
<th>Probability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Breusch Godfrey Serial Correlation LM test</td>
<td>4.20124</td>
<td>7.80516</td>
<td>0.640262</td>
<td>0.623241</td>
</tr>
<tr>
<td>White Heteroskedasticity</td>
<td>0.002702</td>
<td>0.005830</td>
<td>0.997302</td>
<td>0.997089</td>
</tr>
<tr>
<td>Ramsey RESET test</td>
<td>8.463112</td>
<td>8.243975</td>
<td>0.073126</td>
<td>0.064395</td>
</tr>
<tr>
<td>Jarque Bera test</td>
<td>12.03674</td>
<td>0.12042</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: e-view output

The table above shows the relevant diagnostic tests for serial correlation, heteroskedasticity, normality and model specification. The Breusch-Godfrey serial correlation LM test shows f-statistics of 4.20124, observed *R of 7.80516, probability of 0.640262 and 0.623241; the result indicates that the probability value of about 62% (0.623241) is greater than 5% (0.05) critical value, hence we confirm no serial correlation in the model. The White Heteroskedasticity test also shows f-statistics of 0.002702, obs *R of 0.005830, probability of 0.997302 and 0.997089; the result suggest that there is no evidence of heteroskedasticity in the model. The Ramsey RESET test for model misspecification shows f-statistics of 8.46312, obs* R of 8.243975, probability of 0.073126 and 0.064395; the result indicates that the probability values of 7.3% (0.073126) and 6.4% (0.064395) is greater than the critical value of 5% (0.05); hence there is no evidence of model misspecification and the Jarque Bera test for normality of the model shows that the probability value of about 12% (0.12042) is higher than the 5% (0.05), therefore the model is normally distributed.
Table 2: Unit root test

<table>
<thead>
<tr>
<th>Variable</th>
<th>ADF</th>
<th>1%</th>
<th>5%</th>
<th>Stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP</td>
<td>-4.050190</td>
<td>-3.6117</td>
<td>-2.9399</td>
<td>1st Difference</td>
</tr>
<tr>
<td>VAT</td>
<td>-4.962256</td>
<td>-3.6117</td>
<td>-2.9399</td>
<td>1st Difference</td>
</tr>
</tbody>
</table>

Source: e-view

The table above shows the unit root test for gross domestic product (GDP) and value added tax (VAT) conducted under the condition of an included intercept but no trend, the result reveals that the value of the augmented Dickey-Fuller (ADF) of -4.050190 and -4.962256 were generally greater than the 99% and 95% critical value of -3.6117 and -2.9399 respectively. All the selection criterion were appropriately low as expected confirming that there is no reason to doubt the stationarity of the variables in question.

Table 3: Johansen co-integration test

<table>
<thead>
<tr>
<th>Eigen value</th>
<th>Likelihood ratio</th>
<th>5%</th>
<th>1%</th>
<th>No of C.E.</th>
<th>Lag length</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.261203</td>
<td>12.17139</td>
<td>15.41</td>
<td>20.04</td>
<td>None</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: e-view output

Table 3 above shows the Johansen co-integration test for the existence of a co-integrating relationship. The results shows that the co-integrating test based on maximum eigen value of no co-integrating vector is rejected and the alternative accepted because the observed value of 26.1203 is greater than the critical values of 15.41 (5%) and 20.04 (1%) confidence levels respectively. This shows that there exist a long run equilibrium relationship between gross domestic product (GDP) and value added tax (PPT) as used in the model.

Table 4: Pairwise Granger Causality Tests

<table>
<thead>
<tr>
<th>Null hypothesis</th>
<th>Observation</th>
<th>f-statistics</th>
<th>Probability</th>
</tr>
</thead>
<tbody>
<tr>
<td>VAT does not Granger Cause GDP</td>
<td>19</td>
<td>7.29146</td>
<td>0.04122</td>
</tr>
<tr>
<td>GDP does not Granger Cause VAT</td>
<td>1.78298</td>
<td>0.18350</td>
<td></td>
</tr>
</tbody>
</table>

Source: e-view output

Table 4 above shows the pairwise Granger Causality test. The results indicate that value added tax (VAT) does granger cause gross domestic product (GDP) because the probability value of about 4.1% (0.04122) is less than the critical value of 5% (0.05) and gross domestic product does not granger cause value added tax. This is because the probability value of about 18% (0.18350) is greater than the critical value of 0.05 (5%). This is also consistent with the findings of Owolabi and Okwu (2001), Adereti, Sanni and Adesina (2011) and Umeora (2013) that value added value added tax affects the economic growth of Nigeria.

The results of the analysis also indicates that the R-Squared 0.56769 (57%); Adjusted R-squared = 0.553609 (55%); and F-ratio = 6.2316 reveals that the model shows that about 55% of change in the economic growth is as result of change in petroleum profit tax. This result is certainly correct because value added tax is the major component of indirect tax in Nigeria.

CONCLUSION AND RECOMMENDATIONS

This research examines the correlation between value added tax and economic growth of Nigeria from 1994-2012. The Johansen cointegration test result indicates the existence of long-run relationship between economic growth and VAT. The granger causality test also shows that VAT does granger cause economic growth in Nigeria for the period under review. The analysis revealed that the existence of positive and significant relationship between VAT and economic growth in Nigeria. Normalizing the relationship, it was found that VAT accounts for the increase in the total revenue of the country enhance stimulates economic growth in Nigeria for the years under review. Therefore, the paper concludes that for economic growth to be consistent, the
level of tax evasion should be reduced to achieve sustainable growth. Therefore, the paper recommends that the level of corruption should be reduced to achieve positive voluntary tax compliance by Nigerians; accountability and transparency in the management of tax revenue by the government; the FIRS should properly monitor the activities of vatible persons and agents to achieve optimum collection of VAT payable to the government.

REFERENCES


