

Impact of Taxation on Wealth Creation in Nigeria: 2010-2023

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Abstract

The study examines the impact of taxation on wealth creation in Nigeria for a period of fourteen years (2010-2023). Data was collected from published reports of the Central Bank of Nigeria (CBN) and the Federal Inland Revenue Service (FIRS) and analyzed by means of descriptive statistics, correlation and multiple regressions. The study found that taxation (direct and indirect) is generally an instrument for sustainable revenue generation and collection, stabilization of the economy, controlling productive and consumption behaviors and narrowing of the gap between the rich and the poor. Individually, some taxes have more impact on wealth creation than others. For example, the impact of Petroleum Profit Tax (PPT) is higher than that of Companies Income Tax (CIT) or Value Added Tax (VAT) in Nigeria. The study recommends that government should intensify efforts at blocking all loopholes in the tax laws as well as bring more prospective tax payers (firms and individuals) into the tax net, especially those high net worth individuals and firms who do not pay tax properly. More so, Nigerian government should judiciously use the tax revenue collected for executing various developmental projects, including empowerment of micro, small and medium enterprises who could improve the quality of livelihood and infrastructures in the country, with a view to creating massive wealth needed to pave ways for the country to achieve sustainable development.

Keywords: Taxation, Tax Revenue, Wealth Creation, Infrastructure, Sustainable Development

1.0 Introduction

The nexus between taxation policies and wealth creation stands as a focal point of scholarly inquiries as taxation policies wield significant influence over a nation's economic landscape. Taxes contribute substantially to the national coffers. However, the impact of taxation extends beyond mere revenue collection. It shapes economic behavior, resource allocation, and wealth creation. Nigeria's tax system includes taxes such as personal income tax,

value added tax, capital gain tax, petroleum profit tax, companies' income tax, and customs and excise duties, which all contribute substantially to the national coffers.

The government of any nation is saddled with enormous responsibilities which are influenced greatly by the income generated by the government from different sources, one of which is taxation. To finance its operations, the Nigerian government is

primarily reliant on taxes. Individuals or companies must pay appropriate taxes to the government for public goods and services to be provided by the government. Taxation being a major source of funding developmental projects by all three tiers of government in Nigeria is highly important in articulating the macroeconomic policies in the country.

Wealth creation encompasses the multifaceted processes through which individuals, businesses, and nations generate value and accumulate assets over time. It extends beyond the accumulation of financial resources; to the broader enhancement of well-being, creation of employment opportunities, and the development of sustainable economic structures. Taxation plays a pivotal role in shaping the environment within which wealth creation occurs. As taxes influence the allocation of resources, individual incentives, and investment decisions, they become integral determinants of the pathways through which wealth is generated. The diverse array of taxes in Nigeria, (including personal income tax, profit gain tax, value-added tax, capital gain tax, Petroleum Profit Tax, Companies Income Tax, and Customs and Excise Duties), not only contribute significantly to the national coffers but also exert a profound impact on economic behavior and resource allocation (Onuoha & Akintoye, 2018).

This link between taxation and wealth creation is therefore a simple one: since higher taxation increases wealth creation, as wealth creation transcends individual

prosperity. This research therefore delves into the crucial effect of taxation on wealth creation.

Prior studies have examined impact of taxation on wealth creation in both developing and developed nations (Adefolake & Omodero, 2022; Victory et al., 2022; Onuoha & Akintoye, 2018; Saidu, 2014). There are few studies on the perspective of the relationship between taxation on wealth creation in Nigeria. The available study on relationship between taxation on wealth creation includes (Adefolake & Omodero, 2022; Onuoha & Akintoye, 2018). These studies concluded that taxation could be employed to stimulate economic growth through increased trade and economic activities. This study therefore, represents an attempt to bridge the research gaps by examine relationship between taxation and wealth creation in Nigeria. This study is for a period of fourteen years 2010 to 2023 thus fill the gap for the need for recent study. The remainder of this paper is structured as follows. Section two, is an overview of the relevant literature. Section three describes the research methodology of the study. The results and discussion are discussed in Section four while Section five is a conclusions and recommendations.

2.0 Literature Review

The Concept of Wealth Creation

The meaning of wealth has different connotations for different perspectives and people. In general, it means abundance of something which someone or entity possesses with embedded value. In business terms, wealth means products or services

generated by a given economic activity, and usually refer to the accumulation of resources by a certain society (Yelwa & Emmanuel, 2013). Wealth creation occurs through various channels: successful businesses, real estate investments, stock markets, and intellectual property. Entrepreneurship plays a pivotal role in this process. When entrepreneurs innovate, create jobs, and build successful enterprises, they contribute not only to their own wealth but also to the broader economy. Effective wealth creation strategies involve not only financial accumulation but also social impact on the nations' Gross domestic product as a whole.

The measurement of wealth creation has been discussed by scholars having different views. However, Otu and Adejumo (2013), Ibadin and Oladipupo (2015) opined that wealth creation is measured as economic growth that is normally measured by Gross Domestic Product (GDP). These scholars conclude that the GDP measures national production for a given period of time in a way that shows capital stock operations, technological advancements, quality of education and healthcare and security services. According to Onuoha and Akintoye (2018), for a nation, wealth creation is measured by its economic growth which is any kind of increase in production and service activities that sustain the national income for some period of time.

This shows that increased employment, capital stock improvement and technical advancement are taking place. An increase in labor force shows that there is an economic activity that generates

employment for the citizens; the investment climate is fair to all and resources are being equally allocated where there is also increase in production output of a nation and per family or head which is translated as improvement in citizens' welfare. Through capital stock, there is increase in investment opportunities since there is availability of finance from primary and secondary capital markets (Lee & Gordon, 2005). Thus, wealth creation requires the development and improvement of basic physical and social infrastructures that improves standard of living in the society. These include construction of schools for education, hospitals for quality healthcare, roads construction, bridges settings, railways, seaports and modern airports. These become facilities for wealth creation among the citizens of a nation (Afuberoh & Okoye, 2014; Adereti et al., 2011). The government's role should be the stabilization of the national economy, improvement of services provision to citizens and redistribution of income among the population in terms of public facilities (Ayuba, 2014).

Appah (2010) considered economic growth as a measurement of wealth creation for the nation that comes from the economic activities which are supported by the government's contribution to the business conduct and facilitation in terms of public goods creation. Lymer (2010) and Chigbu and Njoku (2015) are of the opinion that government should have a sound and fair fiscal policy which allows for economic stability, employment provision, externalities balance and sustained economy so that its nation should continually develop

and secure its future for the citizenry. Thus, the tax policy should be used to collect relevant tax revenues or income to government for government's capacity to generate public goods as indicators of wealth creation.

The Concept of Taxation

Taxation has been in use for centuries as a tool for collecting tax revenue or a weapon to generate revenues that would support the governmental expenses in terms of capital and recurrent expenditures that help in improving life conditions of the citizens. Taxation has been defined as a mechanism, process, procedures or a system set by government of a given nation with the main aim of collecting tax revenues or income from citizens such as individuals, entities or companies, in order to finance its public expenditures or utilities and fulfillment of other public duties and responsibilities (Farayola, 1987; Adams, 2001; Somorin, 2012). A sound Tax system is necessary to every nation (Ogbonna & Ebimobowei, 2012) as taxation was considered main source source of national income of nations by Afubero and Okoye (2014), used as a mechanism by the government to stabilize the economic growth, improving living standards, Creating and redistributing wealth (Afuberoh & Okoye, 2014) and a key support that enables officials to discharge their responsibilities in creating and enhancing the welfare of the citizens Azubike (2009).

Taxes can be Direct or indirect. Direct taxes are taxes paid directly by the individuals or companies from their direct income or revenues. These include personal tax, non-

oil tax, property, capital gain and income taxes (Somorin, 2012). Indirect taxes are impersonal taxes which are deducted or imposed on transactions, goods and services. They are not directly borne by individuals' incomes; rather consumers of goods and services pay often not knowing they do. These taxes are imposed on last line consumers. They include sales tax, services tax, value added tax, excise duties, customs (import/export) duties, expenditure tax, stamp duty, registration duty, transaction tax, entertainment tax and taxes on some hard drinks, tobacco and petrol, and they are also imposed on the manufacturers (Somorin, 2012).

Theoretical Review

Two theories are reviewed in this paper, namely: expediency and social political tax theories. Expediency theory was proposed by Musgrave in (1959). This theory is of the idea that just about every tax plan meets the practicality test, which is the government's single criterion for deciding on a tax policy (Otu & Adejumo, 2013). It must be the only factor taken into account by the authorities when deciding on a tax proposal. One should disregard the impact of a tax system as well as the state's social and economic goals (Ayuba, 2014). According to Kiabel (2009), the state's economic and social goal is to emplace an effective tax system that is relevant to a nation's economic growth. The concept of expediency is based on a link among both tax liabilities and government actions. The state is expected to levy generally the societal members for the amenities it provides (Anyanfo, 1996). More so, the socio political theory posits that states have political and social objectives as

major contributing factors in the taxes policies selection and establishments. This theory holds that the tax system should be established not to serve individuals but to solve the problems of society as a whole. Thus, all the politics around taxes setting and administration should focus on the social and economic objectives of a nation (Bakija, 2013). The result is a tax system that provides mutual benefits to the state and the people.

Empirical Review

Taxation and Wealth Creation

The seminal works of economists have laid the groundwork for understanding the direct impact of taxation on wealth creation. Becker and Murphy (2007) elucidated the fundamental role of tax policies in shaping individuals' incentives to engage in wealth-generating activities. Their comprehensive analysis highlighted the multifaceted ways in which tax structures influence investment decisions, savings patterns, and, consequently, the accumulation of wealth. Researches within the dynamics of Taxation and wealth creation have attempted to explain the relationship between these variables while Taxation is identified as a major source of revenue to the Government (Azubike, 2009). Tomljanovich (2004) defined tax as a mechanism for reducing income wealth inequalities between the poor and rich and inflation. Gentry and Hubbard (2005) also found taxation to be an effective tool for economic growth and wealth creation.

Further studies of McBride (2012) and identified taxation as an effective tool for wealth creation and distribution. Gentry and

Hubbard (2005) further prove taxation to be a veritable tool in the development of the economy, employment and income distribution among the citizens. This is in line with Ogbonna and Ebimobowei (2012) assertion that taxation plays a role as a wealth creation engine and helps to regulate economic activities by motivating some sectors considered important for more development opportunities. They also found tax reforms to have a significant effect on economic growth. Taxation plays an important role in wealth creation in Nigeria, Somorin (2011), Afubero and Okoye (2014) and Appah (2010) considered economic growth as a measurement of wealth creation for the nation that comes from the economic activities.

Okoye (2014) and Appah (2010) have corroborated that taxation plays an important role in wealth creation in Nigeria. Their list of the areas that are supported by tax revenues include: (i) stimulating growth in the economy, by increased trade and economic activities; (ii) stimulating domestic and foreign investment; (iii) revenue generated from taxes can also be applied directly to identify sectors of the Nigerian economy to stimulate more attractive sectors; (iv) revenue earned from taxes can be used to develop effective regulatory systems, strengthen financial and economic structures and address market imperfections and other distortions in the economic sector; and (v) redistribution of income. Worlu (2012) adds that tax revenue realized from high income earners is used to provide public infrastructure and utilities to the lowest income earners.

Inyiama et al. (2016) used regression analysis to examine the impact of VAT, customs, and excise levies on Nigeria's economic growth. The outcome demonstrated a beneficial effect of value added tax, customs tariffs, and excise taxes on economic growth. Also, Ojong et al. (2016) studied on the tax revenue and national economic growth in Nigeria find that petroleum profit tax contributes to the wealth creation of Nigerian economy. Also they found that non-oil tax revenue significantly affects economic growth and the low tax contributor to the tax revenue pool was found to be company income tax. The main challenge they asserted were the poor tax administration, tax evasion and tax avoidance levels which were too high.

Similarly, Ayeni et al. (2017) using the Paired sample T-test looked at the effects of oil revenue and non-oil revenue on Nigerian economic growth 1986 to 2015. Oil revenue and non-oil revenue were both positive and highly associated with real GDP but there was a considerable difference between the effects of oil revenue and non-oil income on economic growth. Non-oil revenues were estimated to have contributed 2.5% to GDP growth while oil revenues contributed 7.7%. Udofot and Etim (2017) from 1980 to 2015 looked into the relationship between SMEs' tax revenue and economic growth in Nigeria. The study's data came from several editions of the Central Bank of Nigeria (CBN) statistical reports and the Federal Inland Revenue Service (FIRS) yearly reports. Regression and correlation analyses were used to examine the data collected. The findings demonstrate that the variables are

positively and strongly related, and they suggest redesigning the entire tax administration system to increase revenues collection.

Abomaye-Nimenibo et al. (2018) conducted Multiple Regression Analysis to conduct an empirical assessment of the influence of tax revenue on economic growth from 1980 to 2015. The analysis indicated that, in the short run, petroleum profit tax and corporate income tax had no major impact on economic growth, although customs and excise tariffs did. However, it is recommended that the government ensure that all companies are registered in Nigeria, limiting the risk of tax evasion. Asaolu et al. (2018) investigated the relationship between tax revenue and economic growth in Nigeria from the year 1994 till 2015, the study employed a descriptive and historical research design and an Auto Regressive Distributed Lag (ARDL) Regression. The study revealed a significant relationship between CED and VAT with economic growth, a negative and significant relationship with economic growth and an insignificant relationship with economic growth.

In other study conducted by Dladla and Khobai (2018) used the Autoregressive Distribution Lag (ARDL) research method to look at the long- and short-term effects of taxation on economic development in South Africa from 1981 to 2016. The study's results revealed a large and negative long- and short-term impact of taxes on economic growth as well as a long- and short-term favorable association between trade

openness and economic growth. Similarly, Onuoha and Akintoye (2018) examined taxation as a veritable tool for wealth creation in Nigeria. The study adopted the *ex post facto* design. Data covering 16 years between 2001 and 2016 were collected and analyzed using inferential statistics and simple regression technique. The finding shows that total tax revenues have a significant effect on the GDP which was used as proxy for wealth creation. The implication of the conclusion is the strong need for more effective collection of the tax revenue and greater emphasis on efficient tax administration.

Yahaya and Bakare (2018) using data from the Federal Inland Revenue Service and the CBN statistical bulletin, analyzed the influence of petroleum profit tax and company income tax on Nigeria's economic growth from 1981 to 2014. The researchers employed a time series study approach and ordinary least square regression analysis. Petroleum profit tax and firm income tax have a favorable significant impact on economic growth in Nigeria, according to the study. It was suggested that the government use the revenue earned by these tariffs for economic development and infrastructure improvements. Adeusi et al. (2020) investigated the impact of non-oil revenue of the economic growth of Nigeria where company income tax, value added tax, personal income tax and custom and excise duties where the non-oil revenue for the period 1994–2018 with data gotten from Federal Inland Revenue Service and National Bureau of Statistics. Ordinary Least Square Regression Techniques was

used for data analysis. The study revealed that Value Added Tax and Custom and Excise duties have more significant positive impact on economic growth while Company Income Tax and Personal Income Tax have a negative but significant effect on economic growth. John and Dickson (2020) using Error Correction Models analyzed the influence of tax revenue on economic growth using both unadjusted and adjusted Gross Domestic Product from 1984 to 2018. When GDP was not adjusted for inflation, PPT had a minor but beneficial effect on economic growth, whereas VAT and CIT had a large but negative impact on GDP. PPT had a negative and insignificant impact on adjusted GDP, but VAT had a positive and considerable impact, and CIT had a negative and significant one.

Etim et al. (2021) Using a descriptive and inferential statistical technique, correlational and regression statistics, and an *ex post facto* research design, the study compared the effects of direct and indirect taxation on the growth of the Nigerian economy. The study demonstrated that indirect taxes have a greater detrimental impact on economic growth. Mukolu and Ogodor's (2021) study examined the impact of VAT on the Nigerian economic growth for the year 1994 till 2018 using an Augmented Dickey Fuller analysis method. Data from Central Bank of Nigeria statistical bulletin and Federal Inland Revenue Service were used for analyze. The study showed that there is a positively significant impact of Value Added Tax on Gross Domestic Product. It also showed that VAT has to a great extent

given rise to the total revenue of the nation and has helped in tax evasion by taxpayers. Adefolake and Omodero (2022) assessed the effects of tax revenue on the economic growth of Nigeria utilizing time series data spanning from year 2000 till 2021. The study's specific goal is to evaluate the influence of hydrocarbon tax, corporation income tax and Value Added Tax on Nigeria's economic growth. The study employs secondary form of data which have been sourced from CBN statistical bulletin and published Federal Inland Revenue Statement. Ex-post facto research design is used for this study. The data collected are analyzed and tested for unit root using Augmented Dickey Fuller method. The study variables which comprise GDP, PPT, CIT & VAT are found to be stationary at first difference. Thus, a Johansen co-integration test is also conducted and it reveals a long-run relationship. Consequently, the study utilizes the Vector Error Correction Model to evaluate the effects of PPT, CIT and VAT on GDP. The findings revealed that PPT and VAT have positive and significant effects on GDP. It also reveals that CIT has a negative and significant effect on GDP.

Victory et al. (2022) investigated the impact of tax reforms on economic growth of Nigeria. This study adopted time series strategy basically concerned with how to perform impact analysis on already existing data. Secondary data were used in this study. However, relevant data for the study were obtained from Central Bank of Nigeria (CBN) Statistical Bulletins, Federal Inland Revenue Services Bulletins, and the World

Bank, using judgmental sampling technique, a sample of 21 years' period from 2000 to 2021. Regression analysis technique was used to measure the effects of the predictor variables on the criterion variables. This study used estimated technique of both descriptive statistics and Ordinary least square (OLS) regression analysis method with the help of Statistical Package for Social Sciences (SPSS 25). The results revealed that there is a positive significant impact of VAT, CIT & PPT on RGDP in Nigeria among other things. Therefore, the researcher established that there is a significant positive impact of tax reforms on Nigeria's economic growth.

Chenge and Oigbochie (2023) explained the unique political and economic nature of governance in resource-rich countries starting in the 1970s. The wealth in a renter state is usually accrued through extraction and selling of valuable natural resources under the full control of the government which is mainly directed by a ruling elite group. Nigeria is described as a 'rentier state' as a result of its mono-economy in which oil rents play a dominant part. The study examines the rentier state syndrome in Nigeria and how it affects tax revenues, which are largely based on non-oil sector development. A documentary research design was used for the study. Data collection was done using secondary sources while data analysis involved the use of descriptive statistics and content analysis. Findings of the study revealed that oil revenue has over the years surpassed tax revenue and remains the mainstay of the Nigerian economy. It also showed that the

imbalance between tax revenues and resource rents in Nigeria is due to quick profits from oil; opportunistic rent seeking and rent grabbing; weak private sector; and the desire by political elites to undermine transparency and accountability that comes with a functional tax system.

Adeyemi (2012) is of the opinion that taxation has a role to play in terms of attracting the domestic and foreign direct investment that all aim at providing the sustainable social and economic development and growth. Thus, tax incentives and exemptions are used in creating investment opportunities. This shows that the tax system of any given country is a tool for improved level of investment that creates wealth to the owners of the capital (investors) and citizens who get employment and earn income that helps them to solve their social and economic problems. As a result, tax experts agree that new investments bring new monetary flows within a nation where many people get involved and new business activities would be developed as small scale activities created by big investments. Thus, tax policies should be developed in such a way that maximizes value creation in terms of wealth that is distributed among the citizens and business partners who also develop themselves as a result of domestic and foreign direct investments attracted through those tax policies. This shows that taxation should be well structured so that it becomes a tool for increasing and improving the

economic sustainability of a nation as source of fostering the development in all economic and social endeavors of the population (Ogbonna & Ebimobowei, 2012 and Gale et al., 2015). Hence, the hypothesis is formulated as follow:

H0₁: Taxation has insignificant impact on wealth creation in Nigeria.

3.0 Methodology

This study adopted ex-post facto design. The data was collected from published reports by the Central Bank of Nigeria (CBN) and the Federal Inland Revenue Service (FIRS). The period covered by this study is 14 years ranging from the year 2010 to 2023, this period was considered appropriate because of the availability of data and its currency to the prevailing economic environment of the country. The study adopted Descriptive and inferential statistics which helped to test the econometric model of the study by using the simple regression statistics.

The variables for the study are categorized into two dimensions (presented in Table 1): Taxation (independent) and wealth creation (dependent). Taxation was measured as the yearly tax generated in Nigeria. Wealth creation is measured by economic growth which reflects increase in production activities and gross domestic products. This is obtained from data from the National Bureau for statistics (NBS) and the central Bank of Nigeria (CBN). The definitions and measurements of the variables are presented in Table 1 below:

Table 1: Variables of the Study and their Measurements

Variables	Symbol	Measurement	Source/Justification
Wealth Creation	GDP	Gross Domestic Product	Adefolake and Omodero (2022), Bello (2020), Asaolu et al. (2018), Onuoha and Akintoye (2018) and Udofot and Etim (2017)
Taxation	TT	Natural Logarithms of tax generated each year.	Adefolake and Omodero (2022), John and Dickson (2020) and Dladla and Khobai (2018).
	PPT	Natural Logarithms of petroleum profit tax generated each year.	Adefolake and Omodero (2022), Victory et al. (2022), Yahaya and Bakare (2018) and Abomaye-Nimenibo et al. (2018).
	NOT	Natural Logarithms of non-oil tax generated each year.	Adeusi et al. (2020) and Ayeni et al. (2017).
	CIT	Natural Logarithms of companies' income tax generated each year.	Adefolake and Omodero (2022), Victory et al. (2022), Adeusi et al. (2020), John and Dickson (2020 and Yahaya and Bakare (2018).
	VAT	Natural Logarithms of value added tax generated each year.	Adefolake and Omodero (2022), Victory et al. (2022), Etim et al. (2021), Mukolu and Ogodor's (2021), Adeusi et al. (2020), John and Dickson (2020) and Asaolu et al. (2018).
Exchange Rate	ER	Yearly exchange rate	Onuoha and Akintoye (2018).
Interest Rate	IR	Yearly interest rate	Asaolu et al. (2018) and Dladla and Khobai (2018).
Inflation Rate	INFI	Yearly inflation rate	Yadawananda and Achal (2020).

Model Specification

The models are presented as follows:

$GDP = f(TT, PPT, NOT, CIT, VAT, ER, IR \text{ \& } INFL)$

$$GDP = \beta_0 + \beta_1 TT + \beta_2 PPT + \beta_3 NOT + \beta_4 CIT + \beta_5 VAT + \beta_6 ER + \beta_7 IR + \beta_8 INFI + \varepsilon$$

Where:

GDP= Gross Domestic Product.

TT = Total tax

PPT = Petroleum profit tax

NOT = Non-oil tax

CIT = Companies' income tax

VAT = Value added tax

ENRT = Exchange Rate

INRT = Interest Rate

INFRI = Inflation Rate

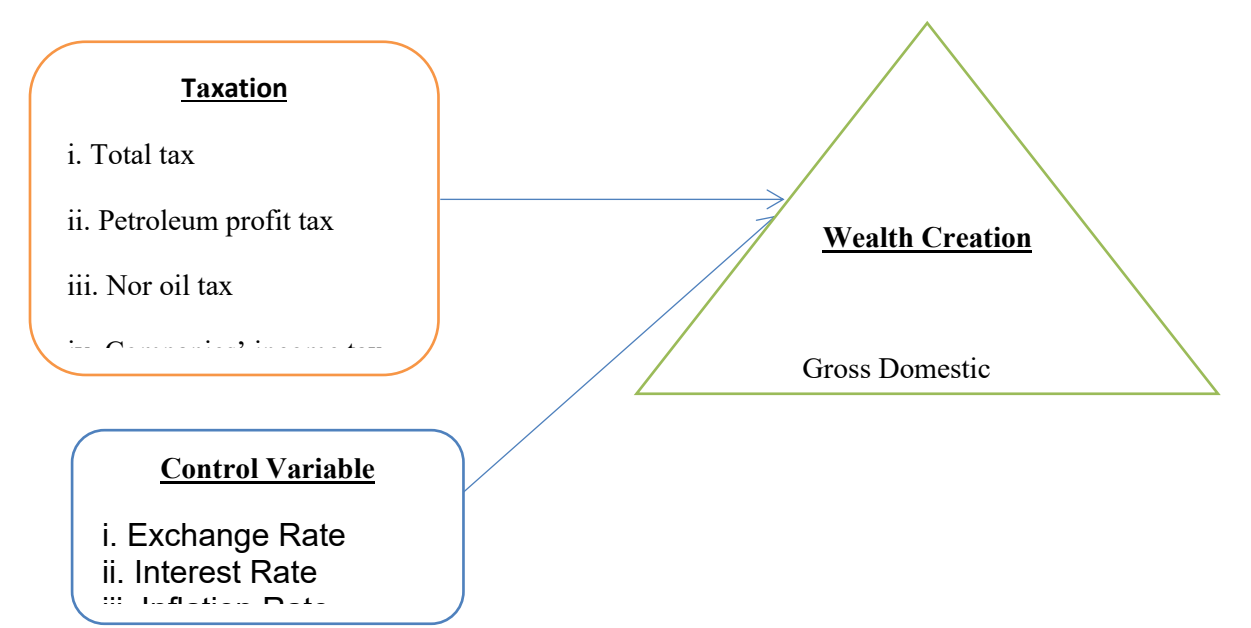
ε_{it} is the error term.

Techniques of Data Analysis

The study used three techniques in analyzing the data generated. They are descriptive statistics, correlation, and multiple regressions. Descriptive statistics involved the use of mean, standard deviation, minimum and maximum to evaluate degree of variability of the selected variables for the

study. At the same time, it is consistent with the studies of Adefolake and Omodero (2022), Adeusi et al. (2020), Asaolu et al. (2018) and Onuoha and Akintoye (2018). Correlation shows the strength and the degree of association among the variables. In other words, it is employed to determine the level of inter-relationship between the independent variables among themselves to

understand the degree of their association before conducting the regression analysis. This is consistent with the work of Adefolake and Omodero (2022) and Yahaya and Bakare (2018). Furthermore, multiple regression technique was used to examine the impact of taxation on wealth creation. Figure 1 below shows the relationship between the IV and DV.



Source: From Literature (2024).

4.0 RESULTS AND DISCUSSIONS

This section presents the result of data analysis that includes descriptive statistics, correlation matrix, and multiple regression technique approach.

Descriptive Statistics

Table 4 provides a summary of statistics for the variables of the study, such as mean, standard

deviation, minimum and the maximum of the study variables. The Table shows the summary statistics of the dependent and explanatory variables to appreciate the nature of the results adequately. The descriptive statistics analyzes the essential feature of taxation variables, entrepreneurship and wealth creation. It provides a necessary insight into the quality of the data upon which analysis was done.

Table 2: Descriptive Results

Variables	Obs.	Mean	Std. Dev.	Min	Max
GDP	14	3.2968	2.8957	-1.79	8.01
TT	14	2.7986	0.7521	1.03	3.25
PPT	14	3.3671	0.1925	3.06	3.74
NOT	14	3.4364	0.1951	3.16	3.78
CIT	14	3.0879	0.1997	2.75	3.44
VAT	14	3.0336	0.2232	2.74	3.44
ER	14	397.3114	247.4439	146.2	840
IR	14	7.8436	4.2243	1.07	17.59
INFL	14	14.0014	5.3976	8.05	28.92

Source: Generated using Stata Version 14.

From Table 2, it can be observed that the number of observations for each variable is 14. This is in line with the period of the study. The mean statistics implies that the average GDP growth of Nigeria economic have a value of 3.30% approximately during the period. The maximum value that can be reached is about 8.01. However, the minimum is -1.79. This may attribute to the less economic growth during the period. The low volatility of economic growth is indicated by the deviation from the mean of 2.8957 as indicated by standard deviation. Similarly, Table 2 shows that Total Taxation (TT) has a mean value of 2.7986 with minimum value of 1.03 and maximum value of approximately 3.25. The standard deviation of 0.7521 shows that there is fairly wide deviation in ETR within the sample

Additionally, the mean value Petroleum Profit Tax (PPT) is 3.3671 for the period of the study with minimum of 3.06 and maximum value of 3.74. The standard deviation of 0.1925 indicates that there is no wide variation in data. Also, the mean value Nor Oil Tax (NOT) is 3.4364 for the period of the study with minimum of 3.16 and

maximum value of 3.78. The standard deviation of 0.1951 indicates that there is no wide variation in data. In the same vein, the mean value Companies Income Tax (CIT) is 3.0879 for the period of the study with minimum of 2.75 and maximum value of 3.44. The standard deviation of 0.1997 implies that there is no wide variation in data.

More so, Value Added Tax has a mean value of 3.0336 with standard deviation of 0.2232, indicates that VAT data has wide diverse. The minimum is 2.74 and maximum of about 3.44 for the period of the study. Also, Table 2 shows that Exchange Rate (ER) has a mean value of 397.3114 with minimum value of 146.2 and maximum value of approximately 840. The standard deviation is 247.4439, this shows that there is a wide deviation in ER data for the period under study. The mean value Interest Rate (IT) is 7.8436 for the period of the study with minimum of 1.07 and maximum value of 17.59. The standard deviation of 4.2243 implies that there is no wide variation in data. Lastly, Table 2 shows that inflation rate has a mean value of 14.0014 with

minimum value of 8.05 and maximum value of approximately 28.92. The standard deviation is 5.3976, this shows that there is a wide deviation in inflation rate data for the

period under study. The correlation matrix as presented in Table 3 shows the association link between explanatory variables and the dependent variable

Table 3: Correlation Matrix

Variables	GDP	TT	PPT	NOT	CIT	VAT	ER	IR	INFL
GDP	1.0000								
TT	-0.2549	1.0000							
PPT	0.6463	-0.7816	1.0000						
NOT	-0.2839	-0.6241	0.3187	1.0000					
CIT	-0.2596	-0.5993	0.3041	0.5740	1.0000				
VAT	-0.2783	-0.6215	0.3583	0.4820	0.5243	1.0000			
ER	-0.4692	-0.3579	0.1494	0.3640	0.5954	0.3992	1.0000		
IR	0.1770	0.0300	-0.2510	-0.2672	-0.2467	-0.3342	-0.2927	1.0000	
INFL	-0.1403	-0.7138	0.4399	0.4817	0.5118	0.1264	0.4939	0.0009	1.0000

Source: Stata Version 14 Output

The correlation results illustrate the relationships between the explanatory variables (TT, PPT, NOT, CIT, VAT, ER, IR and INFL) and wealth creation as well as the relationship among the independent variable. The negative correlation coefficient of -0.2549, -0.2839, -0.2596, -0.2783, -0.0692, and -0.1403 between explanatory variables (TT, NOT, CIT, VAT, ER and INFL) and wealth creation indicate that as those variables increase, the level of wealth creation practice. Meanwhile, the positive correlation coefficients between wealth creation PPT (0.6463) and IR (0.1770) suggest that moderate petroleum profit tax and interest rate may have slightly low on wealth creation in Nigeria. The results of the correlation analysis indicated that the highest correlation coefficient between independent variables is -0.7816 for TT and PPT. Farrar and Gluabar (1967) as cited in Yildiz (2014) suggest that

correlation between independent variables should not be considered harmful until the correlation coefficients reach 0.8 or 0.9 and Emory (1982) considers more than 0.8 to be problematic. Furthermore, Emory (1982) concluded that correlation coefficients exceeding 0.8 can be considered problematic due to the potential for multicollinearity issues and the challenges they pose in statistical analysis. This cautionary approach towards high correlation coefficients is essential in research to ensure the robustness and reliability of statistical findings.

Regression Analysis

This sub-section presents the regression results of the effect of taxation on wealth creation in Nigeria using multiple regressions. The regression result showing the impact of the independent variable on dependent variables as shown in Table 4 below:

Table 4: Regression Result

Variables	Taxation and Wealth Creation		
GDP	Coef.	T	P> t
TT	3.3999	1.29	0.254
PPT	19.1272	3.01	0.030
NOT	-0.7919	-0.01	0.989
CIT	-1.1895	-0.05	0.960
VAT	13.1806	0.39	0.713
ER	-0.0111	-1.52	0.189
IR	0.3400	1.75	0.141
INFL	-0.0368	-0.13	0.899
_Cons	-10.9337	-1.53	0.187
Prob > p		0.0009	
R-squared		0.0839	
Adj R-squared		0.0542	

Source: Stata Version 14 Output

Table 4 presents the regression estimates of the effect of taxation on wealth creation. The test reveals an R^2 of 0.0839 (8%) for the impact of taxation on f-value), which statistically is significant (0.0009) for the model, demonstrating that the models are statistically fit to explain the changes between the independent variable and the dependent variable in the model.

Table 4 shows that taxation (PPT) has positive and significant on wealth creation while other measurement of taxation (TT, NOT, CIT and VAT) individual shows insignificant impact on wealth creation in Nigeria. Therefore, the study proves that taxation (TT, NOT, CIT and VAT) does not significantly influence wealth creation in Nigeria while taxation (PPT) significantly influence wealth creation in Nigeria. Thus, the study provides evidence for rejecting Hypothesis two formulated but fail to reject hypothesis one, three, four and five formulated in the study.

5.0 Conclusions and Recommendations

This study explored the relationship between taxation and wealth creation in Nigeria. The regression analysis results show that petroleum profit tax influence wealth creation in Nigeria but Total tax, nor oil tax, companies' income tax and value added tax does not statistically affect wealth creation in Nigeria. More so, this study has demonstrated that total tax revenues from petroleum profit tax have a significant effect on wealth creation as measured by the GDP. This means that economic growth and development of Nigeria requires the contribution of every economic agent not only tax generated from petroleum profit tax.

Based on this finding, the study concluded that the relevance of tax revenue to an improved Nigerian economy cannot be over-emphasized. Therefore, tax revenue is an avenue for the government to source for funds to use and improve the workings of

the economy and this would lead to economic growth. Also, tax holidays or incentives should be given to companies and institutions and individuals who have been compliant to tax payment. This would encourage such institutions to keep paying tax as at when due and this will increase wealth creation. The Nigerian government should judiciously use the funds for the tax to improve the capital and recurrent expenditures and also improve on infrastructures. This would encourage the populace to benefit from the tax paid and continue to pay it.

Furthermore, government should make concerted efforts to put in place sustainable tax policies, more effective tax administration and stricter enforcement of tax laws in Nigeria. The Nigerian tax authorities should set up appropriate structures and strategies to cultivate more consistent, functional and efficient tax regimes. More so, policymakers should focus on boosting the productive capacity of the economy by reforming the tax code to prioritize economic growth and opportunity. However, government needs to expand the tax yield through improved tax administration system. This is because of the danger of over-reliance on crude oil export receipts to drive the economy among other things.

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