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INCOME TAXES AND HUMAN DEVELOPMENT INDEX IN NIGERIA 2006 - 2023

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Abstract

The research investigated on effect of income taxes on Nigerian Human Development Index for the period 2006 - 2023. The dependent variable of the study was Human Development Index (HDI) which served as the dependent variable. The Human Development Index (HDI) measures the average achievements in a country in three basic dimensions of human development: long and healthy life, access to knowledge and decent standard of living. Income taxes adopted in the model include; Tertiary Education Tax (TEDT), Company Income Tax (CIT) Petroleum Profit Tax (PPT) and Personal Income Tax (PIT) which were used as the independent variables. The objectives were stated, to ascertain the effect of the four income tax sources on Human Development Index. Based on the objectives of the study four hypothesis were developed to pilot the study. Data for the research was secondary data sourced from the FIRS online tax revenue statistical update. Data generated were analyzed with E-View 10 statistical tool. The model adopted was the Econometric technique of Autoregressive Distributed Lag (ARDL) Bounds Test. Linear relationship was developed between TEDT, CIT, PPT, PIT and HDI. Findings revealed that TEDT, CIT, PPT, and PIT revenue has no significant effect on the Human Development Index to spur human development. The research recommends that the revenue authorities should articulate creative strategies to increase tax revenue generation from TEDT, CIT, PPT and PIT respectively.

Keywords:Human Development Index, Taxes, Revenue

Introduction.

Payment of taxes by all sectors of the economy enable government to generate revenue for national development. Nigeria has long relied on revenue from oil but there is wide spread recognition of the need to diversify sources of government revenue and build a more sustainable tax revenue base for sustainable development of the economy. There is a paradigm shift to tax revenue as a better alternative source of revenue generation and the need for Nigerian government to generate adequate revenue from tax has become a matter of urgency and importance (Afuberon and Okoye, 2014). The government has responsibilities of meeting the changing needs of the society, ensuring income redistribution, reducing inflation, generating employment and stimulating economic growth in the modern economy. This posit that tax revenue has a major role in accelerating economic development of an underdeveloped economy like Nigeria. Key to raising increased tax revenue in an equitable manner without impeding economic growth is rigorous research that informs both tax policy and practice (Fajimi 2017). The prevailing economic situation prompts the government to

gear towards diversification of the economy as well as the country's revenue base. Nigeria is governed by a federal system and its fiscal operations also adhere to the same principle, this has implication on how the tax system is managed. The administration of tax is vested on various tax authorities depending on the type of tax under consideration, there are three tax authorities in Nigeria, Federal Board of Inland Revenue, State Inland Revenue Service and Local Government Revenue Authority.

The Federal Inland Revenue Service (FIRS) collects all federal taxes and its respective collectible tax sources are, Petroleum Profit Tax, Company Income Tax, Education Tax, Capital Gain Tax, Stamp Duty, Value Added Tax, and National Information Technology Development Fund (NITDEF). The FIRS administers revenue laws on corporate bodies while the Federal Capital Territory Internal Revenue Service and State Internal Revenue Services primarily administer the Personal Income Tax Act. The Local Government Revenue Committee is responsible for assessment and collection of all taxes, fines and rates under its jurisdiction and accounts for all revenue collected to the chairman of the local government. States within the federation of Nigeria, currently 36 states and the Federal Capital Territory imposes variety of local taxes in their areas of jurisdiction. Local taxes include motor vehicles license/registration, consent fees for transfer of real estate, property tax, gaming/casino tax, water rates and others. Local Councils impose tenement rates and several other levies (Tax Deloite 2019). Company Income Tax is payable on profit of companies registered in Nigeria. Currently the rate is 30% on large companies with turnover of N100 million and above, medium sized companies with turnover base of over N25 million but below N100 million are charged with CIT rate of 20% and small companies of turnover of less than N25 million has 0% zero CIT rate and therefore are exempted from CIT (Finance Act 2019). Company Income Tax Act (CITA) aims to tax companies in each state of federation more effectively, it is collectible by the Federal Inland Revenue Service. The statistical update of FIRS reveal trend of CIT revenue for four recent years, in 2019 the CIT revenue was 1604.69 billion of naira, in 2020 it decreased to 1275..38 billion and in 2021 it fluctuated to 1747.99 billion, but in 2022 it increased to 2649.911billion (FIRS tax revenue statistics 2022).

Petroleum Profits Tax (PPT) is imposed on income of companies in petroleum operations (Upstream). The tax is governed by the Petroleum Profits Tax Act, Cap P13 LFN 2004 (as amended). Education Tax is a deductible expense in computation of assessable profits of petroleum companies (FIRS 2022). Oil is a natural petroleum product from hydrocarbon deposits and other organic materials. As a major source of income for the Nigerian economy, statistics revealed that PPT accounted for 41.34% of total tax revenue in 2022 (FIRS revenue statistics 2022). The primary function of a resilient oil and gas tax system is to raise enough revenue to finance essential government expenditure that will raise the standard of living, promote sustainable firms and create jobs for economic growth (Pibowei and Marei, 2021). Tertiary Education Trust Fund (TETFD) administers Tertiary Education Tax in Nigeria. The tax is imposed by the TETFund act and which disburses the amounts to the educational institutions at federal, state and local government levels. It also monitors the projects executed with the funds allocated to beneficiaries.

Tertiary Education Tax is shared between universities, polytechnics and colleges of education in the ratio of 2:1:1, 50% (for university education); 25% (for polytechnics) and 25% (for colleges of education) with emphasis placed on science and technology due to the expensive nature of training within the country. The Tertiary Education tax rate had undergone some changes in the recent time, the Education Tax payable by Nigerian companies was increased from 2% to 2.5% by the finance Act 2021. The former Nigerian President Muhammadu Buhari signed into law on Finance Act 2023 (FA2023) on 28th May 2023 introduced significant changes to the existing tax laws and regulatory framework, aiming to foster economic growth, enhance fiscal stability and promote sustainable

development. By the amendments to Section 1(2) of the TET Act, the rate of TET was changed from 2.5% to 3% of assessable profits by The Finance Act 2023. Adedayo (2023) identified some contributions of Tertiary Education Tax revenue in Nigerian which include provision of fund for: investment in quality education: expanding access and encouraging research and development, transparency and accountability, national development.

The trend of Tertiary Education Tax revenue for four year period as detailed in the Federal Inland Revenue Service (FIRS) statistics are: 2019 N221.0558, 2020 N259.5634, 2021 N189.54, and 2022 N328.6744 respectively (FIRS Tax Statistics 2022). In the year 2022, total value of TETFund disbursement made to beneficiary institutions under various interventions projects and payment made under the general overhead of funds amounted to a sum of N248,991,247,836.63, this was disbursed as follows: Universities N135,576,307,102.61, Polytechnics N57,781,087,140.79, Colleges of Education N55,633, 853,593.23 (TETFund published audited annual report 2022). Personal Income Tax is imposed on income of individuals (employees), communities, families or trustees or executors of any settlement. It also covers taxation of sole traders, partnership assessment, and taxation of estates. Personal Income Tax (PIT) in Nigeria was chargeable at a progressive rate of 5% to 25%. The 2011 Personal income tax reform is an amendment of the 2004 personal income tax Cap P8 LFN. It is a law that takes care of tax matters as it affects all income earners which include employees, self-employed and all other persons that pay personal income tax in Nigeria.

The House of Representatives passed the bill on 25th May, 2011 while the Senate passed the bill on 1st June 2011 and was finally signed into law by the then President of the Federal Republic of Nigeria, His Excellency Goodluck Ebele Jonathan on the 14th of June 2011. The Nigerian President on Tuesday 13th December 2011 while presenting the 2012 Federal Budget proposal to the joint session of the National Assembly confirmed that the Personal Income Tax (Amendment) Bill has been signed into law. Based on the amendment dated I4th June 2011, the Personal Income Tax rate was reformed with a progressive rate of 7% to 24% from the former progressive rate of 5% to 25%. The finance act also increased the minimum tax rate from 0.5% to 1% of gross income. In the year 2019 reforms in Nigerian tax laws were enacted through the Nigerian Finance Act. The Finance Act 2021 further stipulates reforms in Nigeria Personal Income Tax Act (PITA) which among others specify that Insurance premium paid on life insurance for an employee and his spouse is allowable for tax purposes in line with the previous original Act. However, taxpayers should note the exclusion of contracts for deferred annuity from deductibility (Finance Act 2021).

The human development index was introduced in 1990 as part of the united nations programme (UNDP) to provide a means of measuring economic development. The introduction of the index was an explicit acceptance that development is a considerable broader concept than growth and should include a range of social and economic factors. Todoaro (2013) noted economic development to be an increase in living condition, improvement of the citizens, self-esteem needs and free and just society. According to him the most accurate method of measuring economic development is the Human Development Index which takes into account the literacy rates and life expectancy which in turn has an outright impact on productivity. The Human Development Index (HDI) is a summary measure for assessing long-term progress in three basic dimensions of human development which include long and healthy life, access to knowledge and a decent standard of living. The index is equally based on three weighted components:

Longevity, measured by life expectancy at birth. Knowledge, measured by adult literacy and number of years children enrolled at school and also standard of living which is measured by real GDP per capita at purchasing power parity. There has been conflicting preposition as to the extent of Income taxes contributions to the development of Nigerian economy. Researches in the context have revealed that tax revenue is related to economic

performance (Uket , Wasiu , and Etim 2020) justifies the claim. Increasing Human Development Index requires growth in the tax base with an efficient tax system. Weak tax administration tends to be associated with low tax revenue performance.

Statement of the Problem

The purpose of tax administration is to fully implement an efficient tax system and ensure that tax payers comply with the provisions of tax laws while fund derived from tax sources are paid into the government purse. Income taxation as a source of financing development activities in Nigeria have been a difficult task primarily traceable to various forms of both corporate and non-corporate entities resistance such as tax evasion, avoidance and corrupt practices.

Notably tax evasion, avoidance and corrupt practices are prevalent practices in Nigeria. Asuquo (2012) also observed that paucity of data base contributes to tax avoidance in the country. A lot of factors account for low tax revenue in Nigeria. The tax laws are coded in complex terms and tax payers are not consistently educated and updated with the recent tax laws which contributes to low tax compliance in Nigeria. The issue of corruption is still a perennial issue; many corporate entities and individuals obtain their tax clearance certificates from revenue authorities without duly clearing all tax liabilities. Fluctuations in oil prices in the international market has been a serious concern in the oil sector tax revenue performance. For instance, revenue statistics revealed that between the period of 2017 to 2022, Petroleum Profit Tax (PPT) on average accounted for 37.5% of total tax revenue while 62.5% was collected from other taxes (FIRS 2022). According to Kolado and Ajogbor (2019) out of seventy seven (77) million labor force in Nigeria only ten (10) million persons are registered for tax purposes. This posit that higher percentage of the Nigerian labour force are not registered for tax purpose and by implication are not paying income taxes. The primary purpose of the Tertiary Education Tax revenue is to generate revenue for the government which is used for tertiary education funding. The dilapidated state of higher educational institutions in the country despite the increases in the Tertiary Education Tax rate with associate increases in the annual revenue generation has become a recurring subject matter for enquiry.

Omedoro, Adeyome, Ekundayo, Omesue (2023) in their research empirically revealed that education in Nigeria requires more funds as the Tertiary Education Tax lacks the capacity to adequately fund academic activities in the country. Nevertheless, Oladosu (2022) observed that the failure of registered companies in meeting their Educational Tax obligations appears to be constraining TETFund to fulfill this mandate. It is worrisome to note that in 2021 total EDT collected was 189.54 billion naira, out of the 323.29 billion naira annual target of the year. The most important index that measures the performance of service is revenue collection. These perennial challenges in the Nigeria tax system account for low tax revenue to foster economic growth and development.

According to the UNDP (2019) statistical update the Nigerian HDI value in 2019 is 0.539, the category is currently at low rank of 161 out of the 187 countries in the territory, this posit that significant revenue generation has not been attained to boost the HDI to engender economic development. Nigeria therefore remains a low income despite the increasing status of Nigerian Income taxes. Empirical Literature reveal that researches in the context are scanty, therefore the current study will contribute to the existing researches.

Objectives of the Study

The objective of the study is to investigate the effect of income taxes on Human Development Index (HDI) of Nigeria. Specifically the study will evaluate;

1. The effect of the Tertiary Education Tax (EDT) on the Nigerian Human Development Index.
2. The effect of the Company Income Tax (CIT) on the Nigerian Human

Development Index.
3. The effect of Petroleum Profit Tax on the Nigerian Human Development Index
4. The effect of Personal Income Tax on the Nigerian Human Development Index

Research Questions

The following research questions were formulated to guide the research
1. To what extent does Tertiary Education Tax (EDT) affect the Nigerian Human Development Index?
2. To what extent does Company Income Tax (CIT) affect the Nigerian Human Development Index?
3. How has Petroleum Profit Tax affected the Nigerian Human Development Index?
4. What is the effect of Personal Income Tax on the Nigerian Human Development Index?

Research Hypotheses

The following hypotheses were formulated to guide the research;

$H0_1$:Tertiary Education Tax has no significant effect on Human Development Index in Nigeria.

$H0_2$: Company Income Tax has no significant effect on Human Development Index in Nigeria.

$H0_3$:Petroleum Profit Tax has no significant effect on the Human Development Index

$H0_4$Personal Income Tax has no significant effect on the Nigerian the Human Development Index

Scope/ Limitation of the Study

This study was carried out to evaluate the relationship between income taxes and economic development in Nigeria for the period 2006-2023. The content scope covers income taxes: Company Income Tax, Education Tax and Personal Income Tax and Petroleum Profit Tax. The economic development indicator used is the Human Development Index. The area scope is Nigeria with its federal capital territory in Abuja.

Significance of the Study

There is need to investigate on effect of tax revenue on Nigerian economic development. The current study serves the need of the government, researchers, investors revenue authorities and the society in different ways.

The Government

The study will guide the government and her regulatory agencies in the formulation of policies that will boost tax revenue in the country without distorting the private sector investment. It will inform the government on how to adopt relevant fiscal policy measures that will encourage tax compliance as no economy develops significantly without adequate revenue generation

Researchers.

This study serves the need of researchers and students by adding to the pool of their knowledge and also serve as a source of reference for research purposes. Researchers in the field will be exposed to other related areas not yet covered and stand to benefit immensely from the research design and statistical analysis that formed part of the study with view of determining their relevance design and methodology.

Revenue Authorities

The findings of this research provides an explanatory scheme which the Revenue Authorities can use to inculcate tax culture to the society. It will enlighten them on how to educate tax payers and the Revenue Authorities will tend to be more oriented towards seeking result through cooperation with tax payers after reading the research finding.

The Society. It will expose knowledge and information to the society who rely on research in the area so as to gain insight into taxation. ii) It will enlighten the society on gains of tax revenue on economic development the society will therefor support government spending by

paying their tax to boast government revenue.

Policy Makers

in line with effort at social and economic development pursuit by less developed countries, the study is significant, it will enlighten tax policy makers in the formulation of tax policy that is capable of capturing all sectors of the economy into the tax net and enforcing tax compliance which will help to diversify the economy and increase revenue base of the government.

Review of Related Literature

Nigerian Income Taxes: an Overview

Income taxes are pecuniary burden levied upon income of individuals (Personal Income Tax) and corporate entities (Tertiary Education Tax, Company Income Tax, Petroleum Profit Tax) to supplement government revenue. The FIRS is the body statutorily empowered to administer and enforce the various tax laws in Nigeria at the federal level. The States' Governments administer tax through the various State Boards of Internal Revenue, while the Local Government Revenue Committee of each State administers taxes at the local government areas. Taxation is basically the process of collecting taxes within a particular location. It is a means by which government finance expenditure, it is a monetary charge imposed by the government on persons, entities transaction or properties to yield revenue (Evans-Obinna and Ndieze 2017).

Tertiary Education Tax:

Education tax is regulated by the Education Tax Act, CAP E4, Laws of the Federation of Nigeria, 2004 and administered by the FIRS. It is also governed by Tertiary Education Trust Fund (Establishment, Etc.) Act 2011. EDT is imposed on all companies registered in Nigeria. The amount in the Fund is distributed between Universities, Polytechnics and Colleges of Education in the ratio 2:1:1 respectively. (TETFund Act 2011). Education is the cornerstone of a prosperous society. In Nigeria, as in many other nations, funding quality education has been a pivotal challenge. To address this issue, Nigeria introduced the Education Tax Fund Act in 1993, which later became the Tertiary Education Trust Fund (TETFund) Act in 2011. This initiative represents a significant stride towards ensuring that education remains accessible and of high quality in the country. The TETFund was established to impose a tax on the assessable profit of companies registered in Nigeria.

This tax is meant to provide intervention funds for public tertiary institutions to enhance their infrastructure, teaching, and research capabilities (Adedayo 2023). The Tertiary Education tax rate had undergone some changes in the recent time, the Education Tax payable by Nigerian companies was increased from 2% to 2.5% by the finance Act 2021. Sequent to the Act the Finance Act 2023 (FA2023), which the former Nigerian President Muhammadu Buhari signed into law on 28th May 2023, introduced significant changes to the existing tax laws and regulatory framework, aiming to foster economic growth, enhance fiscal stability and promote sustainable development. By the amendments to Section 1(2) of the TET Act, the rate of TET was changed from 2.5% to 3% of assessable profits by The Finance Act 2023. The new TET rate of 3% shall take effect for TET becoming due in respect of the accounting period ending on or after 1st September, 2023. Adedayo (2023) identified some key points about Tertiary Education Tax in Nigeria which are highlighted below:

Investment in Quality Education:

The primary aim of the TETFund is to improve the quality of education in Nigeria's public tertiary institutions. By providing financial support for infrastructure development, research, and staff training, the fund contributes to a more conducive learning environment.

Expanding Access:

TETFund also focuses on expanding access to higher education. It provides sponsorship for indigent students, which makes higher education attainable for more young Nigerians.

Encouraging Research and Development:

The fund allocates resources to promote research and development in public universities, polytechnics, and colleges of education. This enhances the nation's research capabilities and encourages innovative thinking.

Transparency and Accountability:

The TETFund operates with a high level of transparency and accountability. It ensures that allocated funds are used for their intended purposes and conducts periodic audits to maintain integrity.

Contributing to National Development:

Quality education is a cornerstone of national development. By investing in education, Nigeria is investing in a brighter future with a skilled and knowledgeable workforce, capable of driving economic growth and social progress. Nigeria's education tax, administered through the TETFund, is a vital instrument for improving the nation's education system. It demonstrates the government's commitment to providing quality education, expanding access, and fostering research and development. By investing in education, Nigeria is paving the way for a more prosperous and educated society, ultimately contributing to the nation's growth and development (Adedayo 2023).

Company Income Tax:

The Companies Income Tax Act (CITA) governs the taxation of companies other than those carrying out petroleum operations. A Nigerian company is liable to tax on its worldwide income, while a non-resident company is charged tax on the income attributable to its Nigerian operations only. The tax is self-assessed on a preceding year basis, that is., the accounting period preceding the government's fiscal year.

However, a number of special rules apply on commencement, cessation and change in accounting date of companies. It is a tax imposed on profit of companies from all sources. Company Income Tax Act (CITA) aims to generate tax from companies in each state of the federation more effectively. However, the level at which this is achieved depends on tax administration. The Nigerian Finance Act (2019) amended some of the Nigerian tax laws, among which included the Companies Income Tax Act ("CITA 2007"), The Company Income Tax Act (CITA) Cap C21, LFN 2007 (as Amended) Resident companies in Nigeria are subjected to the Company Income Tax (CIT) which is generally levied at 30% flat rate but reduced to 20% for smaller companies with a turnover not exceeding one million naira (N1, 000,000) operating in the manufacturing industry and wholly export –oriented.

Changes were effected by the Nigerian finance Act of 2019, according to the Act, large companies with turnover of N100 million, the rate applicable is 30%. Medium-size companies with turnover of N25 million but less than NI00 million has their CIT rate at 20% and small companies with turnover of N25million has 0% CIT rate. The Finance Act 2023 (FA2023), made amendment on tax incentive on investment through reserved funds in tourism by hotels. By the Act, Section 37 of the Company Income Tax Act which provides for tax exemption of 25% of income in convertible currencies set aside as reserved funds for hotels infrastructural development, has been repealed.

However, previously set-aside reserved funds (before the effective date of FA2023) shall continue to enjoy the tax exemption until the funds are fully utilized or for five years, whichever occurs first. This change took effect on tax returns for accounting periods which ended on or after 1st July 2023.

Personal Income Tax Act (PITA) 2007 (as Amended):

Personal Income Tax Act enables the imposition and regulation of tax on incomes of individuals, sole traders and partnerships. It is tax imposed on income of individuals (employees), corporate or body of individuals, communities, families or trustees or executors of any settlement as the case may be. It also covers taxation of sole traders, partnership assessment, and taxation of estates. The relevant tax authority responsible under the law to administer this type of tax may vary from the FIRS to the various State Boards of Internal Revenue (Sani 2019).

Petroleum profit tax (PPT):

PPT is a tax on the income of companies engaged in upstream petroleum operations in lieu of CIT. According to Pibowei and Marei, (2021) the primary function of a resilient oil and gas tax system is to raise enough revenue to finance essential government expenditure that will raise the standard of living, promote sustainable firms and create jobs of the future for economic growth. Sustainability of economic growth and development which remains the true essence of governance is threatened in Nigeria due to insufficient fund caused by declining petroleum revenue upon which the country relies for development (Khadijat and Taophic 2018). The PPT rates vary as follows: 50% for petroleum operations under production sharing contracts (PSC) with the Nigerian National Petroleum Corporation (NNPC). 65.75% for non-PSC operations, including joint ventures (JVs), in the first five years during which the company has not fully amortized all pre-production capitalized expenditure.85% for non-PSC operations after the first five years. 30% for upstream gas profits (pwc 2024).

Following the enactment of the Petroleum Industry Act 2021, holders of a Petroleum Prospecting License and Petroleum Mining Lease will be subject to both CIT at 30%, and Hydrocarbon Tax (HCT). HCT rates are as follows: 30% for converted/renewed onshore and shallow offshore Petroleum Mining Lease, 15% for onshore and shallow onshore Prospecting Petroleum license and Marginal Fields. Deep offshore is exempt from HCT. This means that the highest headline tax rate for companies in the upstream oil and gas industry will be 60%. Current Oil Mining License and Oil Prospecting License holders will continue to be taxed in line with the Petroleum Profits Tax Act (PPTA) unless a conversion contract is executed in line with the provisions of the Petroleum Industry Act 2021 (World wide tax summaries pwc 2024).

Challenges of Nigeria Income Taxes

The Nigerian tax system has undergone significant changes in recent times with subsequent review of tax policies. Nigerian taxation is enforced by the three tiers of government, federal, state, and local government, with each having its sphere clearly spelt out in the Taxes and Levies (Approved List for Collection) Decree, 1998. Issues of tax evasion, avoidance, deplorable infrastructure, paucity of data are perennial issues that poses challenges to tax system in Nigeria. Asuquo (2012) observes that paucity of data base contributes to tax avoidance in the country. Nigeria corporate tax payers especially the large ones, both foreign owned and indigenous seem to be engaged in a continuing smart game of trying to out-wit the tax authorities to maximize tax allowable deductions and minimize overall tax liability (Okarfor 2012).

Despite the potentials of taxation as a dynamic tool for sustainable national development, Nigeria tax system has been unable to achieve its objectives due to the following challenges, among others: lack of robust framework for the taxation of informal sector and high network individuals, thus limiting the revenue base and creating inequity.

- Fragmented database of taxpayers and weak structure for exchange of information by the tax authorities, resulting in revenue leakage;
- Inordinate drive by all tiers of government to grow internally generated revenue which

has led to the arbitrary exercise of regulatory powers for revenue purpose;

- ❖ Lack of clarity on taxation powers of each level of government and encroachment on the powers of one level of government by another;
- ❖ Insufficient information available to taxpayers on tax compliance requirements thus creating uncertainty and non-compliance; poor accountability for tax revenue;
- ❖ Insufficient capacity which has led to the delegation of powers of revenue officials to third parties, thereby creating complications in the tax system.
- ❖ Use of aggressive and unorthodox methods for tax collection.
- ❖ Failure by tax authorities to honour refund obligations to taxpayers.
- ❖ Non-regular review of tax legislation, which has led to obsolete laws, that do not reflect current economic realities.
- ❖ Lack of strict adherence to tax policy direction and procedural guidelines for the operation of the various tax authorities (Federal ministry of finance 2017).

Human development index (HDI)

Human development index was introduced in 1990 as part of the united nations development programme (UNDP) to provide a means of measuring economic development. The introduction of the index was an explicit acceptance that development is a considerable broader concept than growth and should include a range of social and economic factors. The index tracks changes in the level of development of countries over time. The introduction of the index was an explicit acceptance that development is a considerably broader concept than growth, and should include a range of social and economic factors. The HDI is a very useful means of comparing the level of development of countries, GDP per capita alone is clearly a narrow indicator of economic development and fails to indicate other aspects of development, such as enrolment in school and longevity while the HDI is a broader and more encompassing indicator of economic development.

The HDI is a summary measure for assessing long-term progress in three basic dimensions of human development which include long and healthy life, access to knowledge and a decent standard of living. The index is equally based on three weighted components: Longevity, measured by life expectancy at birth. Knowledge, measured by adult literacy and number of years children enrolled at school. Standard of living, measured by real GDP per capita at purchasing power parity. The HDI has a scale ranging from 0-1, a scale of zero (0) indicate no development and a scale of one (1) indicate complete development. An index of 0 –0.49 indicates low development, an index of 0.5 – 0.69 medium development, an index of 0.7 to 0.79 high development and above 0.8 index indicates very high development.

However, trend of Nigerian human development index shows that the Nigeria human development index is 0.548 in 2023, which posit Nigerian HDI in a medium development range of 0.5-0.69 for the recent three years.

Theoretical Framework

Tax Compliance Theory:

Tax compliance theory is discussed in relation to sociological theory. Sociologists tend to see the cause of variation in human behavior in the structure of the social system. Thus they explain people's actions by examining the forces that impinge on the position that they occupy within the system. Taxes naturally much of it is unconvincing and ambiguous. Any strategy to prevent tax evasion should begin with the theory of why people cheat on their taxes. Naturally, much of it is unconvincing and ambiguous. The sociological theory' advocates that strategies to prevent tax avoidance and effect compliance arc to begin with, finding out why people fail to pay taxes, finding out their feelings towards tax compliance and addressing their views.

This posit that before enforcing tax compliance, there should he critical consideration of why people fails to comply to tax payment. The authorities arc to provide avenues or platform that allow tax payers express their psychological feelings on tax and their views are to be properly addressed so as to clarify them on tax issues and administrations so as to effect

tax compliance culture among the society.

Neo-Classical Theory of Solow/Swan:

The neo-classical theory (Solow/Swan) of economic growth as adapted from Tejvan (2019) suggests that increasing capital or labor leads to diminishing returns. Therefore, increasing capital has only a temporary and limited impact on increasing the economic growth. As capital increases, the economy maintains its steady-state rate of economic growth. The theory suggests that poor countries that invest more should see their economic growth converge with richer countries. This posit that, in order to increase the index of Human Development, there is need to increase the proportion of GDP that is invested, which must also be limited as higher proportion of investment leads to diminishing returns and convergence on the steady state of growth.

As economies become more developed and incomes rise, people generally begin to demand more services from the government, whether in health care, public transportation, or education as they pay their tax revenue to the government. This tend to explain why Human Development Index differ across developed and undeveloped countries.

Relevance of the Theories to the Current Research

The Neo-Classical theory (Solow/Swan) is also related to the study. The theory advocates that as economies become more developed and incomes rise, people generally begin to demand more services from the government, in term of health care, public transportation or education as they pay their tax revenue to the government. The reverse is the ease in less developed economies with low revenue base. This tend to explain why the Human Development Index differ across developed and undeveloped countries. This theory is intended to guide the authorities in tax policies across developing countries. It will enlighten them on policies that can increase tax revenue effect an increase in the Human Development Index.

Empirical Review

The present study is anchored on empirical study of previous researches in the context with a view to establish gap in literature so as to fill the identified gap.

Edame, and Wilfred (2014) examined impact of tax revenue sources, Company Income Tax, Personal Income tax on investment, economic growth and government expenditure in Nigeria from 1980-2010. The ordinary least square method of multiple regression analysis was used to analyze the data. The study found that taxation statistically is significant factor influencing investment, GDP and government expenditure in Nigeria. Onyekwelu and Ugwuanyi (2014) examined the effects of Personal Income Tax amendment act 2011 on revenue generation in Nigeria.

In data collection primary data were employed and analysed with chi square. The study revealed among that the increase in the tax rate affected the tax payers' revenue generation and the retroactive nature of our tax laws constitute a major problem, thus resulting in double taxation during assessment and collection of taxes

Cornelius, Ogar and Oka (2016) investigated on the impact of tax revenue on Nigerian GDP using Ordinary Least Square (OLS) method of econometrics analysis. The study found that Petroleum Profit Tax is significantly related to economic growth while Company Income Tax had no significant impact on Nigerian economic growth.

Onakoya and Afintinni (2016) investigated on relationship between tax revenue and economic growth in Nigeria from 1980 to 2013. Econometric Co-integration and Error Correction Model (VECM) techniques were used. Results revealed significant positive relationship between Petroleum Profit Tax, Companies Income Tax and GDP, while a negative association was found between GDP and customs and excise duties.

Peter, Musa and Emmanuel (2019) in their study examined the impact of Company Income Tax on economic growth in Nigeria for an eleven-year period (2007-2017). The

study employed multiple regression analysis techniques based on the SPSS 20 version. The findings indicated that Company Income Tax has significant influence over economic growth in Nigeria.

Peter and Bukola (2021) investigated on tax revenue, economic growth and human development index. To achieve this main objective in specific terms, the paper evaluated the impact of some major taxes, including Company Income Tax (CIT), Petroleum Profit Tax (PPT), Value-Added Tax (VAT) and Customs and Excise Duties (CED) on Real Gross Domestic Product (RGDP) and Human Development Index (HDI). The variables of RGDP and HDI have respectively been largely used as measures of economic growth and economic development. The paper involved the use of annual time series data for the period 1994 to 2017. Findings showed a positive and significant relationship between tax revenue and HDI. The result reveals that the impact of tax revenue on HDI is lower than that of RGDP. both as dependent variables.

In consequence, we suggest more reliance on the use of the measures of HDI as it is more encompassing than the use of RGDP, which, going by our findings, provides a weaker picture of relationships between tax revenue and economic growth in Nigeria.

Miftahu and Habiba (2022) examined the effects of taxation on economic growth in Nigeria. Specifically, the study investigated the effect of Petroleum Profit Tax, Company Income Tax, and Custom and Excise duty on the real gross domestic product in Nigeria. The study revealed that significant relationship exists between Petroleum Profit Tax and gross domestic product. The finding further showed that the positive relationship between Petroleum Profit Tax and gross domestic product is not that significant compared to other tax variables under study.

Omedoro, Adeyome, Ekundayo, Omesue (2023) in their study assessed the effectiveness of Tertiary Education Tax and Information Technology Development Levy in providing the needed funds for schools. Secondary data were employed for the period of 2010 to 2021 and multiple regression model was applied for the analysis. The result revealed that education in Nigeria requires more funds as the Tertiary Education Tax lacks the capacity to adequately fund academic activities in the country. Information Technology Development Levy exerts a considerable impact on education financing.

In their study they proposed among others, that government should exploit other funding opportunities from other national income sources to augment the Tertiary Education Tax.

Gap in Literature

The current study identified gaps in literature, the reviewed studies failed to explore the nexus between Tertiary Education Tax, Company Income Tax revenue, Personal Income Tax and Petroleum Profit Tax and Nigerian Human Development Index. The current study would fill the identified gap to investigate contributions of Tertiary Education Tax, Company Income Tax revenue, Personal Income Tax and Petroleum Profit Tax to Human Development Index for the period 2006-2023 as reviewed literature failed to explore data to year 2023.

Research Methodology

Research Design

This study is designed to examine the effect of income tax revenue on Human Development of Nigeria for the period 2006-2023. Ex-post facto research design which is a type of research design that utilizes existing data on past events was adopted, such data are already in existence.

Method of Data Collection

Secondary data were sourced from online published tax revenue statistics of the Nigerian Federal Inland Revenue Service (FIRS 2023) and online data base of the United Nations Development Programme (UNDP 2023).

Model Specification

Nigerian Human Development Index and income tax revenue variables: Company Income Tax, Tertiary Education Tax, Petroleum Profit Tax, Personal Income Tax respectively are adopted in the model. The model is specified thus:

HDI = (TEDT, CIT, PPT, PIT)

The model is expressed in the econometric form below $HDI = \beta_0 + \beta_1 TEDT + \beta_2 CIT + \beta_3 PPT + \beta_3 PIT + U_t$

Where:

β_0 = Intercept of the model

$\beta_1, \beta_2, \beta_3, \beta_4$ = Parameter Estimates HDI = Human Development Index EDT = Education Tax CIT = Company Income Tax PPT = Petroleum,

PIT = Personal Income Tax, U_t = Error term

A priori Expectation of Specified Model

HDI = (TEDT, CIT, PPT, PIT)

Method of Data Presentation and Analysis

Unit Root Test: To ensure that the data set employed in analysis is stationary, unit root test was carried out through Augmented Dickey Fuller (ADF) test statistics. The stationarity test was carried out so as to avoid spurious relationship.

Autoregressive Distributed Lag (ARDL) Bounds Tests for Co-integration:

In order to empirically analyze the long-run relationships and short run dynamic relationship among the variables of interest, the researcher applied the Autoregressive Distributed Lag (ARDL) Co-integration technique as a general Vector Autoregressive (VAR) model. The ARDL bounds test is based on the assumption that the variables are integrated at order I(0) and I(1) . So, before applying this test, we determine the order of integration of all variables using the unit root tests described above. The objective is to ensure that the variables are not integrated at order two , I(2) so as to avoid spurious results.

The bounds test is mainly based on the joint F-statistic which its asymptotic distribution is non-standard under the null hypothesis of no Co-integration. The first step in the Bounds test approach is to estimate the F-statistic for the joint significance of the coefficients of the lagged levels of the variables, i.e.: H_0: $b_{1i} = b_{2i} = b_{3i} = 0$ against the alternative one: H_1: $b_{1i} \neq b_{2i} \neq b_{3i} \neq 0$ for i = 1, 2, 3. The first level is calculated on the assumption that all variables included in the model are integrated of order zero, while the second one is calculated on the assumption that the variables are integrated of order one.

Decision rule:

For variables integrated at level 1(0) and first difference 1(1), the null hypothesis of no Co-integration is rejected when the value of the F statistics calculated exceeds the upper critical bounds value observed at 5% level of significance. However, the null hypothesis of no Cointegration is otherwise accepted if the F-statistic is lower than the lower bounds value at 5% level of significance. Otherwise, the Cointegration test is inconclusive.

Short Run Coefficients of the ARDL Model

$\beta_1, \beta_2, \beta_3, \beta_4$ = Parameter Estimates

The parameters $\boldsymbol{\beta_1}$ ***to*** $\boldsymbol{\beta_4}$ are the short run coefficients of the model as estimated above.

The Long Run Estimation of the ARDL Model: The long run was estimated with the Error Correction Model (ECM). The coefficient of ECM(-1) gives the long run speed of adjustment of the model. The sign of the coefficient of ECM(-1) should be negative and significant at a probability value of < 0.05.

Other tests necessary for explaining the long run model include: The coefficient of determination or adjusted R^2 it indicates how well the data fits the model. If it is high (i.e. > 50%), it shows a good fit for the model.

Test of Hypotheses

T-test: The individual test shows the individual significance of the independent variables on the dependent variable at 5% level. Decision Rule: If the probability of the t-statistics > 0.05 we reject the Null hypothesis (H_0) and conclude that there is a significant relationship.

Analysis of Data

Having gathered secondary data for the period in view, this chapter is concerned with presentation, analysis of data and discussion of findings. The findings thereof will form the basis for conclusions and recommendation.

Table 4.1 Variables of the Study for the Period 2006-2023

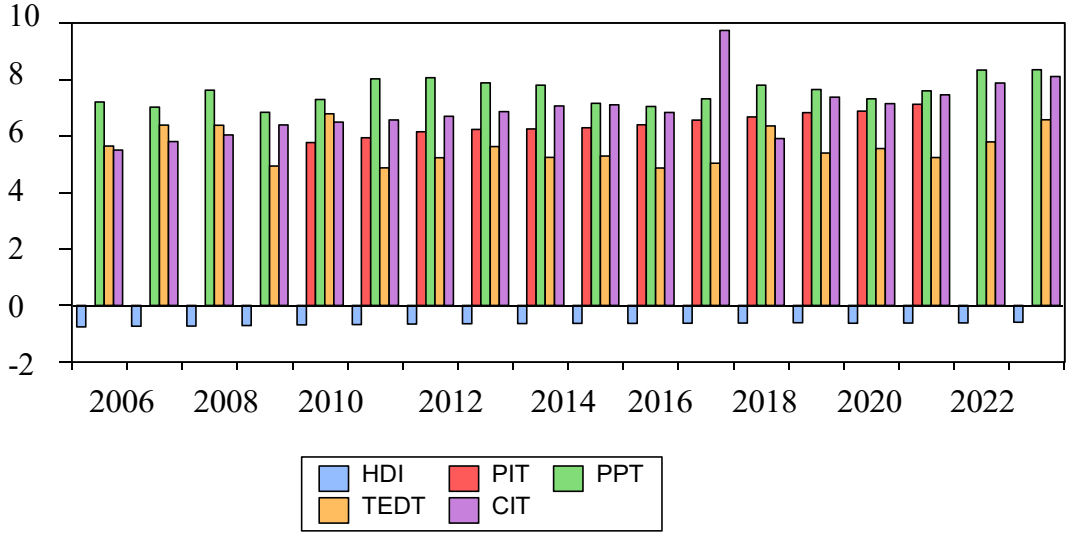
Year	CIT (In Billions of ₦)	PPT (In Billion s of ₦)	TEDT (In Billion s of ₦)	PIT (In Billion s of ₦)	HDI (In Index)
2006	246.7	1352.5	284	-	0.466
2007	332.4	1132	596	-	0.477
2008	420.6	2060.9	595	-	0.481
2009	600.6	939.9	139.5	-	0.487
2010	666.05	1480.36	891.8	320.7706	0.5
2011	715.44	3070.59	130.74	381.5414	0.507
2012	816.51	3201.31	188.435	470.3746	0.514
2013	963.55	2666.36	279.359	513.0213	0.521
2014	1180	2453.94	189.613	520.2334	0.525
2015	1229.018	1289.96	199.824	543.5614	0.527
2016	933.53	1157.8	130.12	604.7588	0.527
2017	17121.56	1520.48	154.95	711.0666	0.531
2018	371.31	2467.58	579.9	798.6303	0.534
2019	1604.69	2114.26	221.0558	927.297	0.539
2020	1275.38	1516.993	259.5634	982.158	0.531
2021	1747.99	2008.45	189.54	1246.287	0.532
2022	2649.911	4209.02	328.6744		0.538
2023	3348.75	4262.72	719.44		0.548

Source : Federal Inland Revenue Tax Statistics, www.firs.org. UNDP Statistical update, http://hdi.undp.org OECD tax revenue statistics

Table 4.1 presents array of variables of Income tax variables and Human Development Index For the period spanning from 2006-2023. The four tax variables Company Income Tax (CIT), Petroleum Profit Tax, Personal Income Tax and Education Tax (EDT) served as independent variables. Human Development Index (HDI) is used as the dependent for the period in view.

Figure 1

Pattern of Variations in Trend of the Variables for the Period 2006-2023 .



Graphical presentation of the trend of Human Development Index (HDI) is displayed in figure 1 above. The trend revealed that HDI, PIT, PPT,TEDT and CIT showed variation in trend for the period in view.

Stationarity Test

Unit root test was performed with Augmented Dickey–Fuller (ADF) test was used. With the E-views software, the summary of unit root test results is detailed in the table below

Table 1: Augmented Dickey Fuller (ADF) Unit Root at Level and First Difference

Variables	ADF Statistic at level	Critical Value at level	Probabili ty Value	Remark	ADF Stat at 1st difference	Critical Value at 1st difference	Probability Values	Remark
HDI	-3.534594	-3.065585	0.0209*	Stationary at level	-2.946864	-3.081002	0.0634	Not Stationary at difference
CIT	-1.834470	-3.065585	0.3519	Not Stationary at level	-5.062068	-3.081002	0.0013*	Stationary at difference
PIT	-1.580204	-3.052169	0.4705	Not Stationary at level	-3.766580	-3.065585	0.0134*	Stationary at difference
TEDT	-4.248356	-3.052169	0.0049*	Stationary at level	-5.109647	-3.081002	0.0012*	Stationary at difference
PPT	-1.949165	-3.052169	0.3041	Not Stationary at level	-4.193412	-3.065585	0.0059*	Stationary at difference

Probability Value at <0.05 denotes stationary

Table 1 shows the unit root results of the variables at level and First Difference Results shows that at first difference Company Income Tax (CIT) has a probability value of 0.0013*, Personal Income Tax (PIT) has a probability value of 0.0134, the Tertiary Education Tax (TEDT) has a probability value of 0.0012* and also Petroleum Profit Tax (PPT) has a probability value of 0.0059* which are less than 0.05 respectively at the intercept. Since their respective probability values that are less than 0.05 and also their respective ADF t-statistics values are greater than their reported critical values at 5% level of significance results therefore shows that the variables are stationary at first difference.

Remarkably, at first difference, results reveals that Human Development Index (HDI) has a probability value of 0.0634 which is higher than 0.05 in the intercept. Since the

probability value is higher than 0.05, it is concluded that HDI is not stationary at first difference. Remarkably at unit root result of level the Human Development Index is view to be stationary (stationary at level). This is considering the fact that its probability value at level is 0.0209 and therefore less than 0.05, also its ADF t- statistics is higher than the critical value (-3.534594 >-3.065585).

The ARDL Bounds Test

The ARDL Bounds Test is used to test for long run relationship amongst the variables having confirmed their order of integration at level I(0) and first difference I(1) the results of the test is summarised below:

Table 2: F-Bounds Test Null Hypothesis: **No levels relationship**

Test Statistic	Value	Signif.	I(0)	I(1)
		10%	2.2	3.09
F-statistic	7.770585	5%	2.56	3.49
K	4	2.5%	2.88	3.87
		1%	3.29	4.37

Source: *E-view 10*

Results of the F-Bounds test statistics of ARDL shows that the F-statistics figure is 7.770585 which is greater than the 5% critical bounds of 2.56 for 1(0) and 3.49 critical bound of 1(1). This therefor led to the conclusion that there is level relationship within the critical bounds of the levels 1(0) and 1(1) order of integration respectively the variables of the model are therefore co-integrated.

ARDL Regression

Table 3: ARDL Regression

Dependent Variable: HDI
Method: ARDL
Dynamic regressors (0 lag, automatic):
CIT PIT PPT TEDT
Fixed regressors: C

Variable	Coefficient	Std. Error	t-Statistic	Prob.*
HDI(-1)	0.783661	0.063173	12.40508	0.0000
CIT	0.003137	0.002426	1.293254	0.2250
PIT	0.000807	0.000829	0.973738	0.3532
PPT	0.007605	0.004465	1.703380	0.1193
TEDT	0.002978	0.003344	0.890762	0.3940
C	-0.235664	0.073539	-3.204622	0.0094

R-squared	0.981010	Mean dependent var	-0.660588
Adjusted R-squared	0.971514	S.D. dependent var	0.040359
S.E. of regression	0.006812	Akaike info criterion	-6.860364
Sum squared resid	0.000464	Schwarz criterion	-6.570643
Log likelihood	60.88291	Hannan-Quinn criter.	-6.845528
F-statistic	103.3158	Durbin-Watson stat	2.448088
Prob(F-statistic)	0.000000		

Source: *E-view 10*

From the table 3 above, Company Income Tax (CIT) has positive short run relationship with the Human Development Index, with a positive coefficient value of 0.003137 (0.313%). Personal Income Tax has a positive relationship with Human Development Index (HDI) with a positive coefficient value of 0.000807 (0.081%).

Results further reveals that Petroleum Profit Tax (PPT) has a positive relationship with HDI with a positive coefficient value of 0.007605 (0.760%) and Tertiary Education Tax (TEDT) has a positive coefficient value of 0.002978 (0.29%). This reveals that the income tax variables have positive relationship with HDI in the short run. However, the significance of the relationships are further tested with T-test.

T-test/ Test of Hypotheses

T-test:

The individual test shows the individual significance of the independent variables on the dependent variable at 5% level. Decision Rule: If the t-statistics > t-critical value we reject the Null hypothesis (H0) and conclude that there is a significant relationship.

Test of Hypotheses:

In the test of hypotheses, the ARDL regression of table 4.4 is used in the test. The test is carried out to check for the individual significance of the explanatory variables on the dependent variable HDI. Decision rule: If the probability value of the t-calculated is less than 0.05, we reject the null hypothesis (H_0) and accept the alternative hypothesis (H_1).

Test of Hypotheses One

H_{01}: Tertiary Education Tax has no significant effect on Human Development Index in Nigeria. Results of the ARDL regression of table 4.4 reveals that the T-statistic of value of the Tertiary Education Tax in the intercept is 0.890762 while the probability Value is 0.3940. Decision: since Tertiary Education Tax probability value 0.3940 and is greater than 0.05 we accept the null hypothesis (H_1). It is therefore concluded that Tertiary Education Tax has no significant effect on the Human Development Index for the period in view.

Test of Hypotheses Two

H_{02}: Company Income Tax has no significant effect on Human Development Index in Nigeria. Analysis revealed that the T-statistic value of Company Income Tax is 1.293254 and the probability Value is 0.2250 in the ARDL regression of table 4.4. Decision: Since Company Income Tax probability value of 0.2250 is greater than 0.05 we accept the null hypothesis (H_2). It is therefore concluded that Company Income Tax has no significant effect on the Human Development Index for the period in view.

Test of Hypotheses Three

H_{03}: Personal Income Tax has no significant effect on Human Development Index in Nigeria. Findings from the ARDL regression of table 4.4 reveals that the T-statistic of Personal Income Tax is 0.973738 and the probability Value is 0.3532. Decision Since Personal Income Tax probability value of 0.3532 is greater than 0.05 we accept the null hypothesis (H_3). It is therefore concluded that Company Income Tax has insignificant effect on the Human Development Index for the period in view.

Test of Hypotheses Four

H_{04}: Petroleum Profit Tax has no significant effect on Human Development Index in Nigeria. Results revealed that the T-statistic value of Petroleum Profit Tax is 1.703380 and the probability Value is 0.1193 in the ARDL regression of table 3. Decision; Since Petroleum Profit Tax probability value of 0.1193 is greater than 0.05 we accept the null hypothesis (H_4). It is therefore concluded that Petroleum Profit Tax has insignificant effect on the Human Development Index for the period in view.

F-Statistics (Joint Test)

The F-statistics is used to test the joint statistical significant effect of the independent variables on the dependent variable. Using P-value of 0.000000 which is less than 0.05 and F-statistics value of 103.3158, the finding reveals that the model is fit and the explanatory variables are strong predictors of the Human Development Index for the period in view.

Long Run Coefficients of the Model

Table 4.5. Variable	Coefficient	Std. Error	t-Statistic	Prob.
CIT	0.014501	0.010008	1.448960	0.1780
PIT	0.003732	0.003283	1.136725	0.2822
PPT	0.035154	0.019606	1.793061	0.1032
TEDT	0.013767	0.016415	0.838669	0.4212
C	-1.089327	0.185379	-5.876221	0.0002

Source E-view 10

From the table 4.5 above, Company Income Tax (CIT) has positive long run effect on the Human Development Index, as CIT increases by a unit, Human Development Index (HDI) increases by 0.014501 units (14.5%). The regression coefficient value is 0.014501 in the intercept. Personal Income Tax has a positive long run relationship on Human Development Index (HDI). As it increases by a unit, Human Development Index increases by 0.003732 units (0.37%). It therefore has an increasing effect on the HDI.

The regression coefficient is 0.003732. Petroleum Profit Tax (PPT) on the other hand has a positive long run effect on the Human Development Index. This is because a unit increase in Petroleum Profit Tax increases the HDI by 0.003732 units (0.37%). Results of table 4.5 further reveals that the regression coefficient of Tertiary Education Tax (TEDT) is 0.013767. This reveals that a unit increase of the variable increases the HDI by 0.013767 (13.7%) in the long run.

Error Correction Model

Table 4 ECM Regression

Variable	Coefficient	t-Statistic	Prob.
CointEq(-1)*	**-0.216339**	**-8.362731**	**0.0000**

Source:: E-view 10

Results of the ECM in table 4.6 shows that the Error Correction Term ECM(-1) is rightly signed with a negative coefficient of -0.216339 with significant T-statistics value of -8.362731 (P-value 0.0000). This explain that 21.63% of disequilibrium in the short run is corrected every year by changes in , CIT and TEDT, PPT, and PIT revenue in the long run. Results therefor affirm that there is long run causality from the income tax revenue generation to HDI. The implication of the finding is that increase in revenue generation from the income tax variables at a steady rate of 21.63% corrects the disequilibrium in the long run.

Discussion of Findings

The study examined effect of income tax revenue on the Nigerian Human Development Index for the period 2006-2023. The UNDP statistical update of 2023 presents Nigeria HDI category at the rank of 157 out of 189 countries on the HDI of the united Nations Development Programme and also in the trend of 2023 Human Development Index, Nigeria HDI figure is 0.548 (UNDP 2023), which posit Nigeria to a low HDI. In the present research Human Development Index therefore served as th dependent variable and Income tax variables, Company Income Tax, Personal Income Tax and Tertiary Education Tax and Petroleum Profit Tax served as independent variables.

The graphical trend of the variables were carried out so as to analyze the variations in trend movement of the variables from 2006-2023 period of in view which was presented in figure 4.1. The trend revealed that HDI, PIT, PPT,TEDT and CIT showed variation and fluctuations in the trend movement. The unit root test were carried out with the Augmented Dickey Fuller statistics in table 4. Results of unit root statistics revealed that the variables were stationary al level 1(0) and first difference respectively. The result validated the model for ARDL analysis as adopted by Aremu, Babalola, Aninkan and Aaloko (2015).

The ARDL bound Test for Co-integration was carried in table 4.3 within critical bounds of the levels 1(0) and 1(1) respectively, results revealed level relationship within the critical bounds of the level. ARDL Regression of table 4.4 and was carried out to estimate the coefficient values of the explanatory variables on the HDI and to test the four stated hypotheses that guided the research. Results of table 4 shows that the regression coefficient of Tertiary Education Tax (TEDT) has a positive of 0.002978. This reveals that it has a direct relationship with the HDI. Test of Hypothesis one however revealed that Tertiary Education Tax has insignificant effect on the Human Development Index for the period in view. The implication of the finding is that the revenue generated from Tertiary Education Tax has not translated into significant development in the area of the Nigerian HDI for the period in view. Company Income Tax (CIT) has a positive regression coefficient of 0.003137.

However, test of hypothesis two reveals that it has insignificant effect on the HDI, the revenue generated from the Company Income Tax has not significantly affected the Nigerian Human Development Index for the period in view. Petroleum Profit Tax (PPT) on the other hand has a positive coefficient value of 0.007605 units (0.760%). Regarding its significance to Human Development Index, the test of hypothesis three led to the conclusion that it has an insignificant effect on the HDI for the period in view. The finding is also in consonance with Pibowei and Marei, (2021) whose in their study found that Petroleum Profit Tax has no significant relationship on per capita income and the employment rate for economic growth. Miftahu and Habiba (2022) examined the effects of taxation on economic growth in Nigeria. The findings revealed that there exist positive relationship between Petroleum Profit Tax and gross domestic product but the relationship is not that significant compared to other tax variables under study. Personal Income Tax has a positive relationship on Human Development Index (HDI) as indicated by its positive coefficient value both in the short and long run regression intercept.

However ,test of hypothesis four revealed an insignificant relationship between Personal Income Tax and Human Development Index. It is therefore concluded that Personal Income Tax has insignificant effect on the Human Development Index for the period in view. The finding is consistent with Omodero, Okafor, and Nmesirionye, (2021) who in their researches revealed that Personal Income Tax at the federal level has an unfavourable and immaterial link with Nigeria's Human Development Index, while the State Personal Income Tax showed favourable and significant influence on human development Index. Also Adeyemi and Mieseigha (2019) in their study revealed that Personal Income Tax has significantly hampered the development of Nigeria's economic growth.

This study demonstrates that income taxes paid by both corporate bodies and individuals in Nigeria has not contributed significantly to the improvement of citizens' socioeconomic welfare to effect significantly on Human Development of Nigerian citizenry. This reveals that the level of basic facilities received as a result of these levies are not significantly influencing adequate standard of living, education and health of the citizenry. Adeyinka and Emmanuel (2019) concluded in their research findings that, there was a poor link between tax revenue and Nigerian economic development.

Summary of Findings, Conclusion and Recommendations.

Summary of Findings

The study investigated on effect of Income tax revenue on Nigerian Human Development Index (HDI) for the period 2006-2023. Tax revenue sources employed in the study were Company Income Tax, Tertiary Education Tax, Personal Income Tax and Petroleum Profit Tax. The Nigerian Human Development Index is used as the dependent variable. The HDI is a summary measure for assessing long-term progress in three basic dimensions of human development which include long and healthy life, access to knowledge and a decent standard of living. The study became necessary in Nigeria considering the increasing status of Nigerian tax system which has not translated into significant Human development of the citizenry. Having analyzed data in chapter four, the study therefore came up with the following Findings.

1. Coefficients of the ARDL regression showed that Tertiary Education Tax Revenue is directly related to Human Development Index both in the short run and long run.
2. Findings further revealed that Tertiary Education Tax revenue, though positively related to HDI has not significantly affected the Human Development Index.Coefficients of the ARDL regression showed that Company Income Tax Revenue is directly related to Human Development Index, both in the short run and long run.
3. Findings further revealed that Company Income Tax Revenue, though positively related to HDI has not significantly affected the Human Development Index.
4. Petroleum Profit Tax Coefficients in the ARDL regression showed that its revenue is directly related to Human Development Index, both in the short run and long run.
5. Findings further revealed that Petroleum Profit Tax revenue, though positively related to HDI has not significantly affected the Human Development Index to spur significant human development.
6. Personal Income Tax Coefficients in the ARDL regression showed that its Revenue is directly related to Human Development Index, both in the short run and long run.
7. Findings further revealed that Personal Income Tax Revenue, though positively related to HDI has not significantly affected the Human Development to spur significant human development among the citizenry.

Conclusion

The study concludes that income taxes, Company Income Tax, Tertiary Education Tax, Petroleum Profit Tax and Personal Income Tax has not significantly affected Nigerian Human Development Index to spur significant development in the three basic dimensions of human development which include long and healthy life, access to knowledge and a decent standard of living. Developing country like Nigeria also known as emerging economy is still characterized with low per capita income or standard of living, low literacy rate and low expectancy despite the revenue collectible from income taxes annually.

Theoretically (Neo-Classical theory) as economies become more developed and incomes rise, people generally begin to demand more services from the government, in term of health care, public transportation or education as they pay their tax revenue to the government. The reverse is the case in less developed economies with low revenue base with poor revenue administration.

Recommendations

1) Tax authority should articulate creative strategies to effect tax compliance in CIT, PPT, PIT and TEDT revenue.
2) Activities of corporations should be promoted in such a way that its tax incentives will effect tax compliance among them.
3) Revenue agencies should effectively devise procedures for the collection of Income Taxes and also ensure that they capture all corporate entities and individuals in the tax net to boost government revenue for economic performance.
4) Given the dwindling revenue from petroleum related sources, activities of petroleum

corporations should be promoted in such a way that its tax incentives will boast its performance on tax revenue for economic performance.

5) Strategies to effect accountability in all tax revenue should be personal Income Tax should be adopted
6) Strategies to get more individuals to register for personal income tax should be adopted

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