

Value Added Tax, Public Revenue and Government Expenditure in Nigeria

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Certification

This is to certify that this Thesis was carried out by Oladimeji Hammed SORINMADE with matriculation number LCU/PG/001971 on the topic Value Added Tax, Public Revenue and Government Expenditure in Nigeria, the Department of Management and Accounting, Faculty of Management and Social Sciences, Lead City University, Ibadan, for the award of Master Degree (M.Sc.) in Finance and this work has not been previously submitted.

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Dedication

This research work is dedicated to God Almighty.

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Abstract

The Impact of Value-Added Tax (VAT) on Public Revenue and Government Spending in Nigeria spanning from the period 1994-2021 was examined in this study. The goal of the research work is to evaluate the influence of Value Added Tax on government revenue vis-à-vis government spending. Secondary data source was explored in presenting the facts of the situation. The data were obtained from relevant literature, Central Bank of Nigeria Statistical Bulletin, Federal Inland Revenue Service Report, World Bank Report, and National Bureau of Statistics 2021 publications. The outcome of the Ordinary Least Square Linear Regression analysis showed a regression co-efficient and p-value on value-added tax (VAT) (0.541; $p=0.008<0.05$), capital investment (0.941; $p=0.03<0.05$), Labour force (0.615; $p=0.005<0.05$), FDI (0.673; $p=0.001<0.05$) and GDP (0.55; $p=0.035<0.05$) respectively, indicating a positive and significant relationship among the explanatory variables with public revenue. VAT trend showed a positive coefficient, which means that VAT figures rise year in and year out. In light of the findings, the report suggests that the government should critically examine the VAT collection and administration process, do away with bureaucratic red tape, and increase transparency so that businesses may coordinate their strategies with those of tax officials. And that organizations, businesses, and ministerial offices of governments are urged to be dependable, disciplined, and wise with public monies obtained through VAT by providing the infrastructure required to enhance Nigeria's economic activities and raise GDP. The government should also keep a close watch on VAT-eligible individuals to encourage quick remittance of VAT income and presentation of VAT invoices for an accurate tax audit by the Federal Inland income Services (FIRS) to guarantee adherence to tax laws as at when due. Additionally, as higher standards of life are correlated with greater income per capita, the government ought to make conscious efforts to diversify the economy.

Word Count; 300

Keywords: Gross Domestic Product (GDP), Government Expenditure, Income Per Capital, Public Revenue, Revenue Generation, Taxation and Value Added Tax (VAT).

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