

**TAX REFORMS, DIGITALISATION AND GOVERNMENT REVENUE IN  
NIGERIA**

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**AUGUST, 2022**

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NIGERIA**

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**A THESIS SUBMITTED TO THE SCHOOL OF POSTGRADUATE  
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COLLEGE OF MANAGEMENT AND SOCIAL SCIENCES, COVENANT  
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**AUGUST, 2022**

## **ACCEPTANCE**

This is to attest that this thesis is accepted in partial fulfillment of the requirements for the award of the degree of Doctor of Philosophy in Accounting in the Department of Accounting, College of Management and Social Sciences, Covenant University, Ota, Ogun State, Nigeria.

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I, **AJETUNMOBI, OPEYEMI OLAOLUWA (09AA08504)**, declare that this research was carried out by me under the supervision of Dr. Samuel A. Fakile of the Department of Accounting and Finance, College of Business and Social Sciences, Landmark University, Kwara State and Dr. Stephen A. Ojeka of the Department of Accounting, College of Management and Social Sciences, Covenant University, Ota, Ogun State. I attest that the thesis has not been presented either wholly or partially for the award of any degree elsewhere. All sources of data and scholarly information used in this thesis are duly acknowledged.

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**Signature and Date**

## **CERTIFICATION**

We certify that this thesis titled ‘**TAX REFORMS, DIGITALISATION AND GOVERNMENT REVENUE IN NIGERIA**’ is original research carried out by **AJETUNMOBI, OPEYEMI OLAOLUWA (09AA08504)** in the Department of Accounting, College of Management and Social Sciences, Covenant University, Ota, Ogun State, Nigeria under the supervision of Dr. Samuel A. Fakile and Dr. Stephen A. Ojeka. We have examined and found this work acceptable as part of the requirements for the award of Doctor of Philosophy (Ph.D.) degree in Accounting.

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## **DEDICATION**

This thesis is dedicated to God, the unchangeable King, who has been my bulwark, without whom, I could have been obliterated by the storms of life. As beautiful and blissful as it seems today, He has not finished with me yet. To you the only God, I dedicate this work.

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## **LIST OF ABBREVIATIONS**

|      |   |
|------|---|
| CIT  | Companies Income Tax                                  |
| CITA | Companies Income Tax Act                              |
| ENBA | Enterprise with Broadband Access                      |
| FA   | Federation Account                                    |
| FIRS | Federal Inland Revenue Service                        |
| GDP  | Gross Domestic Products                               |
| GR   | Government Revenue                                    |
| GRD  | Government Revenue Database                           |
| ICT  | Information Communication Technology                  |
| ICTD | International Centre of Tax and Development           |
| INF  | Inflation   |
| IRG  | Independent Revenue of Government                     |
| NBS  | National Bureau of Statistics                         |
| NCC  | Nigerian Communications Commission                    |
| OECD | Organisation for Economic Cooperation and Development |
| SGR  | State Governments Revenue                             |
| TFCR | Total Federally Collected Revenue                     |
| TIN  | Tax Identification Number                             |
| WDI  | World Development Indicator                           |

## ABSTRACT

Mobilisation of tax revenue has become a critical policy objective for the public sector in Nigeria. The influence of tax reforms and digitalisation on government revenue in Nigeria was investigated in this study. This research focused on evaluating the distributional outcomes of tax revenue and digitalisation on the revenues of both Federal and State government. The study used a time series-based research approach with both descriptive and inferential analysis of the hypothesised relationships. The Autoregressive Distributed Lag (ARDL) technique was used to create a dynamic framework for analysing the linkages in the study. Disaggregated data on government revenues was employed in the empirical analysis due to differentials in revenue stream. The long and short run impacts of tax reforms (for Company Income Tax – CIT and Value added tax – VAT) and digitalisation on government revenues were calculated using the analytical framework. The study's findings suggest that both CIT and VAT amendments increased revenue of the federal government in the short and long run. The reforms, on the other hand, hampered state government earnings in Nigeria, particularly in the long run. Furthermore, there is evidence that, in the short and long run, digitalisation has a considerable beneficial influence on Federal-based revenue but a negative impact on State-based revenue. In the long run, digitalisation improved the impact of tax reforms on federal government revenues, however, the impact on state government revenues was not obvious in the study. The results imply that the current VAT reforms in Nigeria seem to undermine the state government's fiscal system and focus more on federal revenue activities, although the CIT reforms appear to be more widespread in terms of their effect on short-term revenue inflows. In the same vein, there are implications that tax reforms that are more streamlined with the transformation of the economy (in terms of digitalisation) will yield better revenue outcomes in Nigeria. It is therefore recommended that the conduct of fiscal reforms in Nigeria should evolve to become more of a bottom-top approach where all tiers of government are carried along at all times. Moreover, state governments need to improve their capacity to obtain better revenue input from the digital economy in Nigeria by playing more active roles in provision and monitoring of the digital economy.

***Keywords: Government Revenues; Tax Reforms; Digitalisation; Company Income Tax; Value Added Tax***