Influence of Multiplicity of Education Taxes on Economic Development in Nigeria

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Abstract

This study aims to evaluate the influence of the multiplicity of education taxes on economic development in Nigeria. To achieve the objective, a fundamental question is raised to guide the discussion; what is the influence of the multiplicity of education taxes on economic development in Nigeria? The paper hypothesized that the multitude of education taxes does not significantly influence economic growth in Nigeria. With the aid of a survey research design, data were obtained from primary and secondary sources. To assess the reliability of the data collected for the present study, Cronbach's Alpha statistics were used to check the reliability of the data collected. Descriptive statistics was used to evaluate the nature of the data collected for the study while inferential statistics was used to establish the influence of multiplicity of taxes on economic development in Nigeria. The data obtained were analyzed with the help of statistical tools known as descriptive statistics, simple and multiple linear regression techniques, with the inclusion of correlation coefficient, R-Square, Adjusted R-Square, t-statistic, Tolerance, Variance Inflation Factor (VIF), and P-value. All regression tests were conducted at a 5% level of significance. The results show that MET exerted a negative and significant influence on the ED(P-value<0.05) of Champion Brewery Plc, Uyo. Among other things, the study recommends that the government of Nigeria should ensure that company income taxes are streamlined in order not to affect the profitability of companies negatively as well as economic development in Nigeria.

Keywords: *Taxes, Multiplicity of taxes, Education tax, Economic development*

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Background to the Study

There is a general perception that tax is an important source of revenue for the economic development of any country through the provision of social infrastructure. However, despite the benefits of tax revenue on economic growth and development of Nigeria, the problem of multiplicity of taxes affects economic growth and development negatively by discouraging investments and other economic activities. Entities in Nigeria are faced with the problem of high tax rates, multiple taxation, complex tax regulations and lack of proper enlightenment or education about tax-related issues. Not minding other challenges that companies are facing in developing countries such as Nigeria which include financing challenges, inadequate capital for small businesses, poor technical and managerial skills, environmental effects and government regulations which affect the operation.

In Nigeria, the issue of multiple taxation which is most prominent among the challenges faced by companies is a worm eating deeply out of the profits generated by these firms which invariably would have been used for their improvement. This has led to poor financial performance reported by companies. Many researchers have written about the effect of multiple taxation on SMEs in Nigeria, and tax revenue on economic growth and development in Nigeria (Nwanakwere, 2019; Olaoye *et al.,* 2019; Oporiopo and Tamarauebi, 2021). However, most studies focused on the influence of multiple taxations on the financial performance of SMEs' growth, survival and investment. This study is different from others because the direction is on assessing the influence of multiplicity of taxes on economic development in Nigeria which has been neglected over time. This study aims to evaluate the influence of multiplicity of education taxes on economic development in Nigeria. To achieve the objective, a fundamental question is raised to guide the discussion; what is the influence of multiplicity of education taxes on economic development in Nigeria? The paper hypothesized that multiplicity of education taxes does not significantly influence economic development in Nigeria.

Literature Review

In Africa, natural resources such as income from production sharing, royalties, and corporate income tax on oil and mining companies yield a significant portion of tax revenue (Oloyede *et al.*, 2017). The tax sources are the basic and most reliable sources of government revenue because of their certainty and flexibility characteristics. Certainty characteristic implies that collection of taxes from taxpayers is assured, all other things being equal. Tax collection is not affected by the state of the economy, whether the economy is declining, stagnant or growing. Its flexibility makes it possible for the government to adjust the tax system to suit its desired purpose. The tax system in Nigeria is made up of the tax policy, the tax laws and the tax administration. All of these are expected to work together to achieve the economic goal of the nation. According to (Oboh *et al.*, 2013), the central objective of the Nigerian tax system is to contribute to the well-being of all Nigerians directly through improved policy formulation and indirectly through appropriate utilization of tax revenue generated for the benefit of the people. In generating revenue to achieve this goal, the tax system is expected to minimize distortion in the economy.

Patrick and Kase (2018) mentioned that taxation is the life wire of government expenses from which a responsible government provides for the welfare of its people. It was also said that the issue of the power to impose tax should not be allowed to degenerate into desperate extortion, usurpation and illegitimate exploitation of the public by the said government (Oporiopo and Tamarauebi, 2021). Multiplicity of taxes is one of the major problems facing the country and corporate entities and individuals often complain about the ripple effects associated with it. States complain about their fiscal responsibilities and fiscal powers or jurisdiction. To fill the gap, states resorted to levying certain taxes, which has led to arbitrariness, harassment and even closure of businesses. To rectify this embarrassing situation, the Taxes and Levies (Approved List for collection) Decree No. 21 of 1998 was enacted (Aliyu and Mustapha, 2020). Nigerian tax system faces a pack of challenges which include the non-availability of tax statistics, the inability to prioritise tax efforts and the multiplicity of taxes.

According to Michael (2014), economic development is the combination of economic growth and factors, which may bring about general cultural, social, educational, political and economic transformation. Nwadialor and Ekezie (2016) stated that economic development is heterodox because it is a complex phenomenon that involves a variety of social and economic processes because it happens in different ways in different countries and regions of the world. Nwanakwere (2019) disclosed that economic development is the sustained increase in income of all members of society to be free from material want. This view relates to Ogbonna and Appah (2012) that economic development is the progress in providing livelihood on a sustainable basis, access to education and basic healthcare for the majority of the population. Previous studies conducted both locally and internationally were surveyed by the researcher of this study to identify gaps in the literature. Oboh and Dabor (2020) assessed multiple taxation and SMEs: The Nigerian experience. The study aimed at examining the impact of multiple taxation on small and medium-scale enterprises (SMEs) in Nigeria using a library research approach. A desk research approach was employed in the study. From the review of prior studies, it was revealed that multiple taxation had a negative impact on the performance, growth and survival of SMEs in Nigeria and multiple taxation occurs mostly in the local government compared to other levels of government. This study concluded that multiple taxation was a great threat to the growth and survival of SMEs in Nigeria.

Egiyi (2021) in a study to investigate company income tax and economic development nexus: ARDL approach. The study sought to examine the long-run relationship and dynamic interactions between company income tax and economic development in Nigeria for the period 2000 to 2020. Secondary data were collected from the Central Bank of Nigeria statistical bulletin, Federal Inland Revenue Service, and World Bank development indicators. Company income tax (CIT) and value-added tax (VAT) were the independent variables while Economic development (HDI) was the dependent variable. The Autoregressive Distributed Lag (ARDL) bound test was employed to empirically analyze the relationship between company income tax and economic development. From the results, it was evident that there was the existence of a long-run relationship between company income tax and economic development. The short-run dynamic model also uncovered that the speed of convergence to equilibrium is high suggesting that there is a short-run relationship between company income tax and economic development.

Oporiopo and Tamarauebi (2021) carried out a study on the multiplicity of taxation in Nigeria and its controversy. The objective of the study was to x-ray the taxes and levies within the approved list of collections and examine the controversy surrounding the Nigerian tax system. The methodology adopted was simple percentage and z-test (SPSS window output) statistical methods to deduce a general statement about the controversy surrounding the Nigerian tax system. It was found out that there was controversy in Nigeria's tax system. Also, all taxes and levies collected were not within the approved list. The recommendations put forward were that the Joint Tax Board (JTB) should educate taxpayers and potential investors on the taxes and levies within the approved list of collections. Also, the Revenue Allocation Formula should be reviewed.

Rotimi (2021) examined the impact of tax compliance on the standard of living in Nigeria. The study examined the impact of tax compliance on economic development in Nigeria. The specific objective examined if tax compliance impacts human capital development and per capita income in Nigeria. In trying to achieve this objective, a quantitative research design was adopted being appropriate for the quantitative research model that underpins the study at hand through regression was adopted for the data analysis. The results of the study indicated that tax compliance had a positive impact on economic development in a time series data of Nigeria's Economy during 2003 to 2019. The linearity test revealed that a linear relationship exists between tax compliance and the standard of living in Nigeria. The study recommended that the government should adhere strictly to compulsory tax compliance due to its effect on economic development prospects and its less distortionary nature, and also utilize the positive relationship between tax compliance and human capital development to realize efficient government investment that spurs economic growth.

Saka *et al.* (2021) examined the low tax-to-GDP ratio, a paradox of multiple taxation on SMEs in Lagos state. The study aimed to ascertain the link between tax and GDP in Lagos and to identify the variables that influenced the relationship. To achieve this, the survey research design was adopted for selected SMEs in Lagos State. SMEs were identified as respondents while samples for the study were randomly selected. Data extracted through the questionnaire were analysed using regression analysis. Hypotheses were formulated and tested. Results revealed that there was a correlation between tax remittance (TR) and tax compliance behaviour (TCB) of SME operators. The recording system of SMEs also influenced the rate of tax remittance. The inability to locate SMEs significantly affected their tax compliance level, and multiple taxes affect SMEs' behaviour towards tax compliance. The researchers recommended that the government should engage the SME operators by educating them on the need to pay tax and ensure that SMEs are compelled to register their businesses so that they can be visible to the government, and multiple taxations should be resolved in a way that SMEs have more confidence in the system.

The gap that necessitated the conduct of the present study was appropriately determined from the summary of the related empirical literature reviewed. These are presented in Table 1.

Table 1: Summary of Empirical Review

S/N	Author(s)	Topic	Methodology	Finding
1.	Oboh and Dabor (2020).	Multiple taxation and SMEs: The Nigerian experience.	A desk research approach was employed in the study.	From the review of prior studies, it was revealed that multiple taxation had a negative impact on the performance, growth and survival of SMEs in Nigeria.
2..	Egiyi (2021).	Company income tax and economic development nexus: ARDL approach.	The Autoregressive Distributed Lag (ARDL) bound test was employed to empirically analyze the relationship between company income tax and economic development.	From the results, it was evident that there was the existence of a long-run relationship between company income tax and economic development.
3.	Oporiopo and Tamarauebi (2021).	Multiplicity of taxation in Nigeria and its controversy.	The methodology adopted was simple percentage and z-test (SPSS window output) statistical methods.	It was found out that there was controversy in Nigeria's tax system. Also, all taxes and levies collected were not within the approved list.
4.	Rotimi (2021).	Impact of tax compliance on the standard of living in Nigeria.	A quantitative research design was adopted being appropriate for the quantitative research model that underpins the study at hand through regression was adopted for the data analysis.	The results of the study indicated that tax compliance had a positive impact on economic development in a time series data of Nigeria's Economy during 2003 to 2019.

Source: Researcher's Compilation (2023)

Table 2: Summary of Empirical Review Continued

S/N	Author(s)	Topic	Methodology	Finding
1	Saka *et al.* (2021).	Low tax to GDP ratio, a paradox of multiple taxation on SMEs in Lagos state. A study of the association of master bakers and caterers of Nigeria, Lagos branch.	Data extracted through the questionnaire were analysed using regression analysis. Hypotheses were formulated and tested.	Results revealed that there was a correlation between TR and TCL of SME operators. The inability to locate SMEs significantly affected their TCB, and multiple taxes affect SMEs' behaviour towards tax compliance.

Source: Researcher's Compilation (2023)

Methodology
Research Design
A survey research design is adopted in the study. This design supports the evaluation of the multiplicity of taxes on economic development in Nigeria: A study in Champion Brewery Plc, Uyo.

Population and Sample Size

The population of the study is forty-two (42), which reflects the entire number of employees at Champion Brewery Plc, Uyo. This number is also used as the sample size.

Sampling Techniques

The census sampling techniques were employed by the researcher in this study. This supported the fact that the entire population of forty-two (42) employees drawn from Champion Brewery Plc, Uyo was sampled for the study. The method of data collection was primary with the use of a research instrument.

Source and Nature of Data

Data for the present study was collected using primary techniques. The data was collected from the respondents drawn from Champion Brewery Plc, Uyo. The data for the study were gathered from the opinions of respondents with an instrument regarded as the questionnaire. The nature of data collected was cross-sectional simply because they were obtained once for the present study.

Method of Data Collection

The method of data collection was primary with the use of a research instrument. The research instrument to be employed in the study in the collection process of data was a structured questionnaire. The questionnaire was administered to respondents individually who were the employees of Champion Brewery Plc, Uyo at the time of this study. The questionnaire structured by the researcher was divided into two main parts. The first part of the questionnaire dealt with the personal data or biodata of the respondents while the second part of the questionnaire was concerned with the research data in line with the objectives of the study. The second part of the questionnaire was divided into subsections known as A, B, C and D. The construction of the questionnaire was done by the researcher under the direction of experts in this area of interest. To convert the qualitative data obtained to quantitative data, the Likert scale was adopted. The score assigned to each of the scales is strongly agreed five (5), agreed four (4), disagreed three (3), strongly disagreed two (2) and undecided one (1). The questionnaire was structured appropriately and presented in Appendix One.

Reliability of Data

To assess the reliability of the data collected for the present study, Cronbach's Alpha statistics were used to check the reliability of the data collected. In line with the views of scholars, Cronbach's Alpha statistics of sixty percent (60%) and above were considered adequate and the data collected was viewed as being reliable for the study (Oboh and Dabor, 2020).

Variable Description

The key variables of this study were multiplicity of taxes and economic development. The dependent was Economic Development (ED) while the independent variable was multiplicity of taxes measured by Multiplicity of Education Taxes (MET). All the variables are described in Table 3:

Table 3: Variable Description

S/N	Variable	Abbr.	Measurement	*Apriori* Expectation
1.	Economic Development	ED	Five-Point Likert Scale	
2.	Multiplicity Education Taxes	MET	Five-Point Likert Scale	Positive

Source: Researcher's Compilation (2023)

Empirical Specification of Models

The empirical models were stated appropriately in line with the variables in each of the objectives of the study:

$$ED = \beta_o + \beta_1 MET + e_t \qquad \text{Equation (1)}$$

Where β_1 = Coefficient of the independent variables, β_o = Intercept of ED and e_t = Random Error Term. Model 1 was formulated to test the individual influence of multiplicity of taxes regarded as Multiplicity of Education Taxes (MET) on Economic Development (ED) in Nigeria: A study of Champion Brewery Plc, Uyo.

Method of Data Analysis

The data collected was analysed using descriptive statistics and inferential statistics. Descriptive statistics was used to evaluate the nature of the data collected for the study while inferential statistics was used to establish the influence of multiplicity of taxes on economic development in Nigeria: A study of Champion Brewery Plc, Uyo. The inferential statistics included various regression statistical tools such as R, R^2, Adjusted R^2, t-statistic, p-value, and F-statistics. R was used to establish the relationship between the dependent and independent variables in the study. R^2 and Adjusted R^2 were used to determine the rate of variation in the dependent variable that was explained by the influence of the predictors (independent variables). The t-statistics and p-value were used to test the significance of individual predictors in each of the models. F-statistics was used to test the significance of individual models in this study. The regression tests were all conducted at a 5% level of significance. Also, the correlation matrix, Variance Inflation Factor (VIF) and Tolerance will be used to check for the existence of multi-collinearity in the combined model of the study.

Data Analysis and Discussion

In this subsection of the study, the computed data in line with the relevant attributes of this study were presented in appendix one (i), two (ii) and three (iii) respectively. The collected data were strictly on the key variables of the study known as Economic Development (ED) and Multiplicity of Education Taxes (MET). The computed data for the regression analysis were based on the opinions of the respondents collected using a questionnaire. The dependent variable of the study was Economic Development (ED) while the independent variable was Multiplicity of Taxes (MT) represented by MET.

Fundamentally and as stated earlier, the drive of this study was to arrive at empirical results. Thus, the collected data were analysed using the numerous statistical tools stated to achieve the purpose of the study as well as suitable empirical evidence to suggest recommendations. For appropriate analysis of this study, questions eleven to fourteen and thirty-two to thirty-five were used in the computation of the dependent variable known as Economic Development (ED) respectively; questions fifteen to twenty-two and twenty-four to thirty-one were used in the computation of the independent variables regarded as Multiplicity of Company Income Taxes (MCIT), Multiplicity of Information Technology Taxes (MITT) and Multiplicity of Education Taxes (MET) respectively.

Reliability Test
The reliability statistics were computed and presented in Table 4

Table 4: Reliability Test

Variables	Number of Items	Cronbach's Alpha Statistics
ED	4	0.965
MET	4	0.951

Source: Researcher's Computation (2023)

From Table 4, it was observed that Cronbach's Alpha Statistics indicated that the data collected for each of the variables of Economic Development (ED) and Multiplicity of Education Taxes (MET) were all greater than sixty percent (60%)* which showed that they were all reliable to this study. ED had 96.5% and MET had 95.1%. The number of items showed that the questions in each of the variables were four (4). Thus, other analyses can be conducted on the sourced data.

Descriptive Statistics
The descriptive statistics for all the variables of this study were computed and presented in Table 5:

Table 5: Descriptive Statistics

Variables	N	Range	Minimum	Maximum	Mean	Std. Deviation
ED	42	3.38	1.63	5.00	4.1071	0.95858
MET	42	3.60	1.40	5.00	4.3833	0.82321

Source: Researcher's Computation (2023)

From Table 5 Economic Development (ED) had a range of 3.38. This indicated that the difference between the highest and the lowest score concerning ED for the study was 3.38. The minimum of ED was 1.63 while the maximum was 5.00. The mean (average) was 4.1071. This indicated that the average score for ED in the study was 4.1071. The standard deviation for ED was 0.9586. This indicated that the deviation from the mean that occurred for ED in the study

was 0.9586 and it was not high. The observations of forty-two (42) were drawn from the sample size used in the study. From Table 3, Multiplicity of Education Taxes (MET) had a range of 3.60. This indicated that the difference between the highest and the lowest score concerning MET for the study was 3.60. The minimum of MET was 1.40 while the maximum was 5.00. The mean (average) was 4.3833. This indicated that the average score for MET in the study was 4.3833. The standard deviation for MET was 0.8232. This indicated that the deviation from the mean that occurred for MET in the study was 0.8232 and it was not high. The observations of forty-two (42) were drawn from the sample size used in the study.

Test of Hypotheses
The individual hypotheses of this study stated in accordance with the objectives were tested using a linear regression statistical tool. The computations were done following the stated models of this study.

The simple linear regression statistics were computed and presented in Table 6

Table 6: Simple Linear Regression Output

Variable	Beta (β)	t-Stat.	P-Value	Remark	R	R^2	F-ratio
Constant	0.339	7.357	0.0000	Significant	0.949	0.920	683.436, prob.<0.05
MET	-1.089	-24.965	0.0000	Significant			

Source: Researcher's Computation (2023)
*Dependent Variable=ED

From Table 6, R^2 showed that 94.0% variation in Economic Development (ED) in Nigeria was caused by the influence of Multiplicity of Education Taxes (MET). From the computed value of F-statistics of 683.436 (prob.<0.05), it was discovered that R^2 was significant in explaining the influence of MET on ED in Nigeria. MET indicated a negative and significant influence on ED (t-stat.>1.966, p-value<0.05) in Nigeria. It implied that a percentage increase in MET resulted in -108.9% increase in ED for the period of the study.

The result of the analysis followed the *apriori* expectation stated by the researcher of the present study. The constant (β_o) of 33.9% showed the level of ED of this study as MET was held constant and significant (t-stat.> 1.966, p-value<0.05). The null hypothesis, which states that multiplicity of education taxes does not significantly influence economic development in Nigeria, was rejected and the alternative hypothesis, which states that multiplicity of education taxes significantly influences economic development in Nigeria, was accepted on the rationale of t-statistics and p-value computed (t-stat.>1.966, p-value<0.05).

Discussion of the Findings
From Table 6, it was observed that Multiplicity of Education Taxes (MET) had a negative and significant influence on Economic Development (ED) in Nigeria. The result of the analysis

followed the *apriori* expectation stated by the researcher. The negative influence exerted by MET on ED was because the coefficient of the independent variable was negative and the significance of MET on ED was caused by t-statistics and the p-value calculated which were greater than 1.96 and less than 0.05 respectively. The negative implication of multiplicity of education taxes on economic development is attributed to the fact that taxes payable by companies affect the operation of their companies and these taxes have no material effect on the educational sector of Nigeria. This study was in line with the study of Oporiopo and Tamarauebi (2021) who carried out a study on multiplicity of taxation in Nigeria and its controversy.

Conclusion

The main objective of the study was to examine the influence of multiplicity of education taxes on economic development in Nigeria. The core variable for Economic Development (ED) used in this study was Multiplicity of Education Taxes (MET). These were the composition of the specific objectives of the study. Relevant data in relation to the variables in this study were collected using a questionnaire structured and issued to the respondents from Champion Brewery Plc, Uyo. The data obtained were analysed with the help of statistical tools known as descriptive statistics, simple and multiple linear regression techniques, with the inclusion of correlation coefficient, R-Square, Adjusted R-Square, t-statistic, Tolerance, Variance Inflation Factor (VIF) and P-value. All regression tests were conducted at a 5% level of significance. The results show that MET exerted a negative and significant influence on the ED (P-value<0.05) of Champion Brewery Plc, Uyo.

Recommendations

The following recommendations were suggested in line with the empirical results:

i. The government of Nigeria should ensure that company income taxes are streamlined in order not to affect the profitability of companies negatively as well as economic development in Nigeria.

ii. The forms of education taxes charged on companies should be the ones that could improve upon the operations of companies as well as the standard of education in the country and bring about sustainable economic development.

iii. Multiplicity of taxes should be discouraged by the government to bring about economic development in Nigeria.

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