African Journal of Politics and Administrative Studies (AJPAS)
17(1) (June, 2024):500-535
Available online at https://www.ajpasebsu.org.ng/

https://dx.doi.org/10.4314/ajpas.v17i1.24 p-ISSN: 2787-0367; e-ISSN: 2787-0359

Impact of Internally Generated Revenue on Economic Growth in Ebonyi State, Nigeria

Ayebaenemi, J[1], Uguru, L. C[2], Chukwu, U. C[3] & Elom, J. O[4]

[1, 2, 3& 4]Department of Accountancy, Ebonyi State University, Abakaliki, Nigeria

Corresponding Author's E-mail: leonard.uguru@ebsu.edu.ng

Abstract

The study examined the Impact of Internally Generated Revenue on Economic Growth in Ebonyi State, Nigeria from 2007 to 2022. Specifically, the impacts of internally generated revenue measured by pay-as-you-earn, withholding tax, direct assessment tax, and administrative tax on economic growth represented by Gross Domestic Product in Ebonyi State were examined. The theory of fiscal decentralization was adopted for the study. The study employed *ex post facto* research design. Data was obtained through the Ebonyi State Ministry of Budget, Planning, Research & Monitoring, Office of the Accountant General of the State, and Ebonyi State Internal Revenue Service (EBSIRS) for the period under study. The multiple linear regression model involving ordinary least square (OLS) estimation approach using *E-view* econometric software version 12 to analyze the data collected. The study made the following findings: that pay-as-you-earn has significant negative impact on gross domestic product; that there is presence of negative and significant impact of withholding tax on gross domestic product; that direct assessment tax has positive and significant impact on gross domestic product; and that administrative tax has positive but significant effect on gross f domestic product in Ebonyi State, Nigeria. The study then recommended among others that Nigerian government should pay particular attention to the reduction of the pay-as-you-earn (PAYE) rate because high PAYE rate has the tendency of adversely affecting gross domestic product. Also, the rate of withholding tax should be reduced to a relatively low level so as to boost gross domestic product and subsequently translate to economic growth in Ebonyi State, Nigeria. Again, Ebonyi State government should expand the tax yield through restructuring its direct assessment tax dragnet. Furthermore, to ensure sustainable gross domestic product through administrative tax, the state government should encourage her citizens to build trust in it through tax accountability, making sure that the promises made to the citizens are fulfilled.

Keywords: Internally Generated Revenue, Pay as you Earn, Administrative Tax, Direct Assessment Tax, Economic Growth

Citation of article: **Ayebaenemi, J.; Uguru, L. C.; Chukwu, U. C. & Elom, J. O. (2024).** Impact of Internally Generated Revenue on Economic Growth in Ebonyi State, Nigeria, *African Journal of Politics and Administrative Studies AJPAS*, 17(1):500-535

Date Submitted: 03/04/2024 **Date Accepted**: 30/04/2024 **Date Published**:June,2024

African Journal of Politics and Administrative Studies (AJPAS) Copy Right: © Author (s)
17(1) (June, 2024):500-535
Available online at https://www.ajpasebsu.org.ng/
https://dx.doi.org/10.4314/ajpas.v17i1.24 p-ISSN: 2787-0367; e-ISSN: 2787-0359

Introduction

Different countries throughout the globe do design different system and form of governance to enable them to run, control and manage their territories. Nigeria is not exempted and her present form of governance is through federalism, which involves three tiers of governments, that is, federal, state and local government level. Out of all these three tiers of government, state government is very strategic in terms of development and service delivery to the people. State government is the hub in a federalism that helps to create and sustain socio-economic and political development. It is therefore a fact that the dividend of state creation and administration will be enjoyed by the citizenry if the needed funds are available. Tax revenues include PAYE (Pay As You Earn), direct assessment, withholding tax, property tax, capital gains tax for individuals, sales or consumption tax, pool betting taxes, lottery and casino taxes, business premises and registration fees, development levies for taxable individuals, fees for right of occupancy on urban land owned by the State government, market taxes and levies. Non Tax revenues include earnings and sales, fines and fees, licenses, rent on government properties and interest repayment and dividend (Abba, Bello & Aliyu, 2017).

These tax and non-tax revenues that are generated by the state government excluding the share of the federation account are known as the State Internally Generated Revenue (IGR). Among them, the most prominent and frequently featuring in State IGR collections are the PAYE, withholding tax (WHT), direct assessment tax and the administrative Tax (comprising the licenses, fees and fines). Every income that is received by an individual, whether self employed or salaried staff is chargeable for PAYE under the Personal Income Tax Act (PITA), 2011. The withholding tax from business names (enterprises not incorporated with the Corporate Affairs Commission) is accruable to the State and collectible by the State Internal Revenue Service (SIRS) while those from incorporated entities (private or public companies) are paid to the Federal government through the Federal Internal Revenue Service (FIRS). The individuals that run their small businesses with the state are those chargeable and are assessed for the direct assessment tax based on the state direct assessment baseline, policy or laws. The finances of the federation are shared among the national and sub-national units known as federating units in such a way that each unit receives enough revenue to run its government functions without

https://dx.doi.org/10.4314/ajpas.v17i1.24 p-ISSN: 2787-0367; e-ISSN: 2787-0359

unnecessary interference from a superior level. In Nigeria, the process of fund transfer from the federation account to the federating units is done through a statutory body known as Federation Account Allocation Committee (FAAC), which the Federal Minister of Finance (Braimoh and Onuoha, 2022). With a total IGR of N26.00 billion in 2021, the State had a 91.33% year-on-year increase from N13.59 billion in 2020 (Fatoba & Okeowo, 2022). This increased realization from internally generated revenue shows the commitment of the State government to continue to explore the potential sources of State funding collected through pay as you earn (PAYE), withholding tax (WHT), licenses, fees, levies, direct assessment tax, and other sources of IGR, which invariably affect the economic growth of the State. Meanwhile, it is pertinent to note that the State's internally generated revenue has not been satisfactory, which is reflected in the low percentage of actual State revenue realization to total State income.

Economic growth is concerned with increase in production of goods and services over a given period of time (Edori, 2022). Unarguably, the desire to achieve and sustain economic growth target is reason behind the important roles played by tax policies in both developed and developing economies. It is the objective of any well meaning government to enhance the living conditions of her citizens through the use of major economic policy, which tax policy is one of them (Adegboyo, Keji & Fasina, 2021). Tax policy is one of the economic policies mostly used to stabilize and sustain the economic growth, especially at the time of economic downturn. The implementation of tax policy in any economy is practically used to assess sustainable economic activities of the country. The evolutionary pattern of tax policy development is paramount to the measurement of the growth and performance of the several types of taxation in different economies all over the globe. The greater percentage of income tax revenue is generated from conglomerates and from government workers in most African countries. The administration of the tax to petty traders, self employed staff or professionals are confronted with dangerous administrative challenges because of the difficulties faced in the assessment of income tax where no proper book of accounts are prepared and kept (Adefeso, 2018)

The persistent rising cost of running government in addition to the dwindling revenue has left various state governments in Nigeria with formulating strategies to boost the revenue base. Meanwhile, the near collapse of the national economy after the COVID-19 pandemic has created

African Journal of Politics and Administrative Studies (AJPAS) 17(1) (June, 2024):500-535
Available online at https://www.ajpasebsu.org.ng/

https://dx.doi.org/10.4314/ajpas.v17i1.24 p-ISSN: 2787-0367; e-ISSN: 2787-0359

serious financial stress for all tiers of government. The worst hits are the state governments due to their adverse experience of unusual reduction in their share of the national revenue from the federation account. Irrespective of the different sources of revenue available to the various tiers of government as specified in the Nigeria 1999 Constitution, over 80% of the annual revenue of the three tiers of government come from crude oil (Imoke, 2009). Unfortunately, there is serious decline in the production volume as well as the price of crude oil in recent years and has led to a decline in the funds available for distribution to the states. The need for State governments to generate sufficient fund from internal sources has therefore become imperative as a matter of extreme urgency and importance. This need underscores the eagerness on the part of state governments to look inward for new sources of revenue or to become more aggressive and innovative in the processes and procedures of collecting revenue from existing sources.

Ebonyi State is known to be one of the States that receive the least allocations from the federation account. The Internally Generated Revenue (IGR) of the State has been very low when compared with other States. Notwithstanding the fact that Ebonyi State has recorded marginal growth in IGR over the last few years, it is still far below optimum potential. Before the last administration of the State led by Engr. David Nweze Umahi, Ebonyi State depended largely on federal transfers from the federation account.

It is an indisputable fact that the revenue generation of most state government in Nigeria is far below what it should be, all things being equal. The resultant effect of the poor revenue generation is that inadequate finance remains the most single devastating problem undermining effective state government administration in the country. Irrespective of the percentage increase in IGR in Ebonyi State, close observation showed that the state still could not meet up with their statutory responsibilities of service delivery. This is evidenced in the available numbers of non-tarred state roads, lack of proper drainage systems, absent of street-light in some streets in the city, ill-equipped general hospitals, ill-equipped tertiary institutions, and so on. It is still not resolved how the increase in internally generated revenue and public expenditure has not reflected commensurately in the provision of basic amenities in the state.

African Journal of Politics and Administrative Studies (AJPAS) 17(1) (June, 2024):500-535
Available online at https://www.ajpasebsu.org.ng/
https://dx.doi.org/10.4314/ajpas.v17i1.24 p-ISSN: 2787-0367; e-ISSN: 2787-0359

State governments have not been able to meet their obligations to the people because they depend majorly on allocation from the Federal government, which keeps dwindling in value. There are lots of untapped sources of revenue that state governments can use to increase their revenue base to help them perform their constitutional duties but they have not been able to toe these lines for economic buoyancy. The level of effectiveness in the collection of personal income tax (PAYE), withholding tax (WHT), direct assessment tax and administrative tax (licenses, fees & fines) in Ebonyi State is abysmally low. With an estimated population of 3.3 million people and a Gross Domestic Product (GDP) of ₦2.24 trillion in 2021, Ebonyi state has the 25th largest economy among the 36 states and 4th in the south-East region of Nigeria. The State's overall revenue increased by 2.73% from ₦88.53 billion in 2020 to ₦90.95 billion in 2021 fiscal year. Unfortunately, the state failed to maintain the trend of reducing its dependence on federal transfers (FAAC) to sub-nationals as planned in the 2021 fiscal year. The State's share of Gross allocation from the federation account was N53.48 billion in 2021, or 58.81% of the State's total revenue of N90.95 billion. With a total IGR of N26.00 billion in 2021, the State had a 91.33% year-on-year increase from N13.59 billion in 2020 (Fatoba & Okeowo, 2022).

Indubitably much has been written about the need for enhanced allocation to the sub-nationals (states and local governments) from the Federation Account, as well as how to improve IGR of state governments in Nigeria, not much attention has been paid to the interaction between the internally generated revenue and the economic growth of the states. However the researcher examined the impact of internally generated revenue [using Pay-as-yu-earn (PAYE), withholding tax (WHT), direct assessment tax (DAT), and administrative tax (ADT) as proxy] on economic growth [measured with Gross Domestic Product (GDP)] of Ebonyi State, Nigeria.

Conceptual Explication

Internally Generated Revenue

Internally generated revenue (IGR) is the revenue that is specifically derived within the state's territory. There are many sources of IGR and some of them are taxes such as pay as you earn (PAYE), road taxes, direct assessment, fines, licensing, interest on investments, rent from government properties, fees and other charges (Adinoge, David, Aderibigbe & Njoku, 2022). It

African Journal of Politics and Administrative Studies (AJPAS) Copy Right: © Author (s)
17(1) (June, 2024):500-535
Available online at https://www.ajpasebsu.org.ng/
https://dx.doi.org/10.4314/ajpas.v17i1.24 p-ISSN: 2787-0367; e-ISSN: 2787-0359

is the funds not constituting the proceeds of any loan, debt issuance, equity issuance, assets sales, insurance recovery or indebtedness. It therefore means that internally generated revenue is any income earned within an entity or an organization that has not been budgeted for and/or released by the funding of the federal government (Ajayi, Fali, Iganus & Usiju, 2021). Internally generated revenue assists the state government to be responsible and deliver on her mandate as a state to the citizen. This service delivery to the people includes the basic socio-economic needs of the people.

There are plethora of challenges that faces revenue generation in public sector of Ebonyi State such as non-deduction and failure to remit the deductions into government account. Meanwhile, poor government revenue generation mechanism has left most of the natural resources of the state unharnessed. This situation led to poor budget performance in government sector due to non-availability of enough internal revenue to finance major public expenditure both capital and recurrent. The menace of inadequate internal revenue had reduced the ability of government to engender rapid development needed to provoke high standard of living and social life in the state. Some other identifiable challenges inherent in internal revenue generation are among others – lack of credible database for taxpayers of the State Internal Revenue Service (SIRS), tax evasion and avoidance, manual collection processes, lack of accountability of the tax authorities/revenue staff, and so on. The level of corruption among the revenue staff and officials of the State Internal Revenue Service (SIRS) will determine the amount of revenue to be generated in a state, and vice versa.

Notwithstanding the fact that Ebonyi state government is really making effort to improve on its revenue generation, it seems there is a general dearth of innovative ideas and a lack of political will to harness available opportunities for revenue diversification. There are still numerous legal sources of revenue available to the states that are untapped, whereas the processes and procedures involve in the collection, remittance and accounting for the existing revenue sources sometimes create expectation gap, creating avenue for avoidable revenue leakages (Public Sector Insights: Delloitte, 2017; Adinoge, David, Aderibigbe & Njoku, 2022).

https://dx.doi.org/10.4314/ajpas.v17i1.24 p-ISSN: 2787-0367; e-ISSN: 2787-0359

The Constitution of the Federal Republic of Nigeria provided for the type of taxes that could be collected by the State governments as different from those to be collected by the federal government and the local government areas in Nigeria.

Pay As You Earn

The Pay As You Earn (PAYE) system was originally developed in 1944 by Sir Paul Chambers in the United Kingdom. The tax authorities of many countries employ the Pay As You Earn (PAYE) system, where deductions are made from payrolls by the employer and subsequently remitted to the tax authorities on behalf of government with regular paychecks as they are earned (Hayes, 2023). Pay As You Earn (PAYE) is a form of tax automatically deducted by an employer of labour from the staff's salaries and wages. PAYE is also known as Personal Income Tax (PIT), which in line with the provisions of Section 81 of the Personal Income Tax Act (PITA). Every income that is received by an individual, whether self employed or salaried staff is chargeable under PITA. The amount to be deducted as PAYE is determined by employers in some countries but subject to government review. PAYE as deducted from each staff salary/wage by the employer must be remitted to the government periodically as provided by the law (Osun IRS, 2018). PAYE is designed to ensure that the aggregate amount of monthly deductions during a year is equal to the annual amount payable using the rates specified in Section 81 of the Personal Income Tax Act 1993 and the Operation of the Pay As You Earn (PAYE) Scheme Regulations (Adinoge, *et al*, 2022).

The Personal Income Tax Amendment Act of 2011 scrapped the old relief systems and increased relief for all taxable person(s). The amendment combined all reliefs into the Consolidated Relief Allowance (CRA), which combines all previous reliefs (Housing, Meal, Utility, Transport, Leave allowances, etc) into a single relief of N200,000 subject to a minimum tax of 1% of gross income (whichever is higher) plus 20% of the gross income. In addition to the Consolidated Reliefs and Allowances (CRA), the following items are tax exempt and tax is calculated after amounts paid in respect of these items are deducted;

– National Housing Fund Contributions

– National Health Insurance Scheme

African Journal of Politics and Administrative Studies (AJPAS) Copy Right: © Author (s)
17(1) (June, 2024):500-535
Available online at https://www.ajpasebsu.org.ng/
https://dx.doi.org/10.4314/ajpas.v17i1.24 p-ISSN: 2787-0367; e-ISSN: 2787-0359

– Life Assurance Premiums

– Pension Deductions

At the end of the year, organizations must file updated returns on all salaries and wages paid to staff within the preceding tax year. Inability to file taxes is a criminal offence in Nigeria and any employer who defaults in making proper tax deduction or accurately account for deducted tax must pay the total amount of taxes due upon conviction. The employer will pay 10% annual interest in addition to the taxes for every year the taxes were not filed or not correctly filed. Also, employers of labour are liable to penalties and interest for failure to remit and late remittance to the appropriate authorities. Changes in the PIT law will affect the computation and remittance of PAYE. Therefore, employers and management personnel are advised to get current updates regarding the PIT law and assess the new law's impact on their employees.

Withholding Tax

Withholding tax is also known as tax retention,_tax deduction at source or a *Prélèvement à la source*. It is an income tax paid to the government by the payer of the income rather than by the recipient of the income. The tax is thus withheld or deducted from the income due to the recipient. In most jurisdictions like in Nigeria, tax withholding applies to contract income, interest or dividends.

Generally, the amount of tax withheld is recorded as a payment on account of the taxpayer's final tax liability. The withheld tax may be refunded once it is determined, when a tax return is filed and the taxpayer's tax liability is less than the tax withheld or additional tax may be due if it is determined that the payer's tax liability is more than the tax withheld. In some cases, the withheld tax is treated as discharging the recipient's tax liability, and no tax return or additional tax is required. Such withholding is known as final withholding.

The amount of tax withheld on income payments other than employment income is usually a fixed percentage. In the case of employment income, the amount of withheld tax is often based on an estimate of the employee's final tax liability, determined either by the employee or by the government. The residence of the taxpayer is generally not relevant for the purpose of

African Journal of Politics and Administrative Studies (AJPAS) Copy Right: © Author (s)
17(1) (June, 2024):500-535
Available online at https://www.ajpasebsu.org.ng/
https://dx.doi.org/10.4314/ajpas.v17i1.24 p-ISSN: 2787-0367; e-ISSN: 2787-0359

determining liability to tax or the application of Withholding Tax charge, but it is important to consider whether the provider/supplier of the goods or services is liable to Nigerian tax like Personal Income Tax. The payment rates applicable in the state for individual dividends, interest, and rent is 10%, Directors fees 10%, Royalties 15%, Commissions, Consultancy, Technical Services Fees 10%, Management Fees 5%, Construction/ Building Contracts 5%, and Contracts other than outright sales and purchase of goods in the ordinary course of business is also 5 %.(Olaoye & Akintayo ,2019; Adinoge, *et al*, 2022).

Direct Assessment Tax

Direct Assessment Tax is the income tax which the government imposed on individuals that on self-employed jobs/operations. These individuals that run their small businesses with the state are those chargeable and are assessed for based on the direct assessment baseline, policy or laws. The direct assessment tax regime is a system of tax administration whereby the tax payer is granted the right, by law, to compute his own tax liability, pays the tax due and produces evidence of tax paid at the time of filing his tax return at the tax office, on due date. On the other hand, the tax authority has the responsibilities of enablement to and checks on the taxpayers to ensure compliance with tax administration process (Appah & Ogbonna, 2014). Self-employment are mainly seen within the professionals such as farmers, lawyers, musicians, architects, athletes, accountants, surveyors, traders, consultants and others like contractors, politicians, mechanics, welders, vulcanizers, carpenters, tailors, butchers, hair dressers, bricklayers, dyers, artisans, comedians and others. Direct assessment tax is payable annually on chargeable income (total income less allowable deductions) at the rates listed in the Sixth Schedule, Personal Income Tax Act 1993 as amended. The practice of raising frivolous and unreliable best of judgment (BOJ) assessments is circumvented (Oyebanji, & Oyebanji 2017). This type of tax assessment also encourages early and timely collection of taxes and discourages corruption by reducing physical contact with tax payers.

Administrative Fees

Administrative fees include fees for compulsory licenses, fines and other administrative fees that are sales of services. Other administrative fees include fees such as drivers' licenses, passports, court fees, radio licenses, and television licenses. Radio and television licenses are collected

https://dx.doi.org/10.4314/ajpas.v17i1.24 p-ISSN: 2787-0367; e-ISSN: 2787-0359

when public authorities provide general broadcasting services in the State. Before these fees will be considered as a sale of a service, the state government must exercise some regulatory functions in that regards. These regulatory functions are inform of checking the competence or qualifications of the person concerned, checking the efficient and safe functioning of the equipment in question, and conducting some other kind of control that it wouldn't have been obliged to do if those entities are not in place. Fines and penalties are compulsory payments imposed on entities by courts of law or quasi-judicial bodies for violations of laws or administrative rules. Fines and penalties that are due to infringement of regulations and seen as relating to a particular tax are jointly recorded with that tax. Most fines and penalties are ascertained at a particular time.

Administrative fees are taxes imposed on offices, vehicles, land, property and equipment. They include but not limited to motor and drivers' licenses; land registration and survey fees; fines imposed on offices as well as fees received for international mail convey boxes and bags. PITA provides that any person or body corporate who, being obliged to deduct tax, fails to deduct or having deducted, fails to remit such deductions to the relevant tax authority within thirty (30) days from the date the amount was deducted or the time the duty to deduct arose, shall be liable to a penalty of an amount of 10 per cent of the tax not deducted or remitted plus interest at the prevailing monetary policy of the Central Bank of Nigeria (CBN).

Economic Growth

Economic growth simply refers to the increase in the production of economic goods and services in comparison with a given period of time (Senzak & Gbegi, 2021). In Jhingan (2016), economic growth is defined as a process which increases the real per capita income of a country. Economic growth can be described as a rise in the volume of the goods produced and services rendered over a particular period of time (Ordu & Nkwoji, 2019). The Organization for Economic Co-operation and Development (OECD) sees economic growth as a phenomenon of an active market productivity resulting in increase in Gross Domestic Product (GDP). Economic growth, according to Odu (2022), is the increase in the value of goods and services produced by an economy.

African Journal of Politics and Administrative Studies (AJPAS)
17(1) (June, 2024):500-535
Available online at https://www.ajpasebsu.org.ng/

https://dx.doi.org/10.4314/ajpas.v17i1.24 p-ISSN: 2787-0367; e-ISSN: 2787-0359

Economic growth is measured either in nominal or real terms. Though other alternative metrics exist for measuring aggregate economic growth, it is conventionally measured in terms of gross domestic product (GDP) or gross national product (GNP) (Senzak & Gbegi, 2021). The economists use an increase in country's Gross Domestic Product (GDP) to measure economic growth. It is the belief of the economists that adequate use of capital expenditure by government will result to rise in the productive sector of the economy, generate employment opportunities and finally result to a remarkable increase in the GDP. In a similar way, wobbling country's GDP may be a sign of wrongly channeled expenditure particularly when the government recurrent expenditure is substantially higher than the capital expenditure (World Bank, 2013). Meanwhile, economic growth can also be seen as the rise in a country's productive capacity measured by the comparison of the increase in gross national product over the year. The rise in capital stock, advancement in technology and enhancement in the literacy rate are some of key drivers of economic growth in a country.

The cardinal objectives of economic development policies in a given State are to seek economic growth through improved productivity, introducing political systems that are in tandem with the preferences of its citizens as accurately as possible, extension of rights to all social groups, creating enabling environment for institutions and entities to function strive optimally, in such a way that they will be able to handle technical and complex tasks. One of those tasks involves sourcing for finance through taxes and deploying the revenue generated for the provision of public goods and services (Bayly, 2008; Brautigam, 2002; Kenneth & Mark, 2010; Daron & James, 2012). Economic growth is basically determined by how much revenue a state is generated and channeled towards its development. The state government's inability to meet financial challenges caused by population growth and infrastructural decay as a result of dwindling oil prices and prevailing inflationary conditions in the country have forced some states in Nigeria to look inward through the formulation of different tax policy reforms, using social engineering as a mechanism to stimulate economic growth (Sunday, Uniamikogbo, Erah, & Aggreh, 2020; Oshemi & Otusanya, 2022).

African Journal of Politics and Administrative Studies (AJPAS) Copy Right: © Author (s)
17(1) (June, 2024):500-535
Available online at https://www.ajpasebsu.org.ng/
https://dx.doi.org/10.4314/ajpas.v17i1.24 p-ISSN: 2787-0367; e-ISSN: 2787-0359

Internally Generated Revenue and Economic Growth Relationship

Revenue generated by State Government is used to finance various economic programmes in the State (Abba, Bello & Aliyu, 2017). To improve the State government's revenue base, the dependency on external sources of financing should be reduced and efforts to boost internal revenue streams should be enhanced. The subsisting finance pattern and procedure for State government will not yield the required result of rapid rural development and will create a cog in the wheel of bringing the government closer to the people through service delivery to the citizenry. The result is that the goals of economic growth and national integration which are the socio-economic functions of State government as Nigeria's second tier of government in governance are flopped (Braimoh and Onuoha, 2022).

Economic growth is explained as a constant increment in the production capacity of a country (as measured by reviewing the current year's gross national product to the previous year's), as well as an increment in per capita national output, measured by shifting the country's production possibility frontier outwards (Salami, Apelogun, Omidiya & Ojoye, 2015). The state government's role in attaining economic growth for both urban and rural states in Nigeria is critical, and internally generated revenue, as an instrument of fiscal policy, can be a beneficial tool used by the government in stimulating economic growth (Edewusi & Ajayi, 2019).

The relationship between internally generated revenue and economic growth is a contested subject as taxation, a major component of internally generated revenue, has a significant impact on the economy, while firms and individual decisions are also affected by tax (Mdanat, Shotar, Samawi, Muloot, Arabiyat & Alzyadat, 2018). Irrespective of the revenue reported by the state government for many years now, the revenue has been inadequate in meeting its financial and social obligations in the provisions and maintenance of public goods, which is necessary for the enhancement of economic growth (Adefolake & Omodero, 2022).

The economy of a nation is a very important part of that nation. Salami, *et al.* (2015) viewed economic growth as a persistent increase in the net national product over a given time period. Peter and Adesina (2015) observed that an increase in capital stock, literacy level and level of technology is very crucial in improving economic growth of a state. They believe that certain

African Journal of Politics and Administrative Studies (AJPAS) 17(1) (June, 2024):500-535
Available online at https://www.ajpasebsu.org.ng/
https://dx.doi.org/10.4314/ajpas.v17i1.24 p-ISSN: 2787-0367; e-ISSN: 2787-0359

economic determinants will showcase the dimension of the economy and an improved understanding of the economy. Some of the economic determinants/indicators include Gross Domestic Product (GDP), Gross National Product (GNP) and Per Capita Income. Based on this perspective, economic growth can be defined conceptually as a gradual upswing in national revenue or output as a direct consequence of the government's deliberate manipulation of economic indicators through fiscal or monetary policy measures (Etim, Nsima, Austin, Samuel, & Anselem, 2021).

Meanwhile, Igbasan (2017) argued that economic growth is affected by four crucial indices namely: national resources, human resources, technological advancement, and wealth creation. Therefore, the purpose of this study which is to examine the impact of internally generated revenue on economic growth of Ebonyi State, Nigeria by specifically revealing the impact of pay as you earn, withholding tax, direct assessment tax, and administrative fees have affected economic growth in Ebonyi State. Internally generated revenue (IGR) has both positive and negative effect on economic growth. A higher IGR burden on taxpayers (individuals and corporate organizations) decreases returns to investment and research & development (R&D), which affects the economy (Abaa, Ekwe, & Ihendinihu, 2018). The fundamental reason behind IGR in any given state is to generate sufficient fund to enhance people's well-being, with the definite objective of boosting economic growth and development of the state (Edewusi & Ajayi, 2019). In practice, adjustments in IGR rates and the structure of the IGR system may have an impact on economic activity. However, it is not all tax changes that will have the corresponding effect (negative or positive effects) on long-run economic growth of a state. For instance, the effect will not be the same when it comes to extreme internally generated policy changes like abolishing all personal exemptions and deductions and switching to a flat-rate tax (Oshemi & Otusanya, 2022). The long-term size of the economy will be better experienced if tax incentives are improved, subsidies are reduced, windfall gains and deficit financing are avoided (William & Andrew, 2014).

Sokoh (2023) examined internally generated revenue (IGR) in Delta State as a tool for infrastructural development. To analyze the impact of internally generated revenue on infrastructural development in Delta State, the Ordinary Least Squares was applied on the

African Journal of Politics and Administrative Studies (AJPAS) Copy Right: © Author (s)
17(1) (June, 2024):500-535
Available online at https://www.ajpasebsu.org.ng/
https://dx.doi.org/10.4314/ajpas.v17i1.24 p-ISSN: 2787-0367; e-ISSN: 2787-0359

secondary data obtained from publishing materials from Delta State Ministry of Finance covering the period from 2008 to 2018. The results indicated that the internally generated revenue has an insignificant impact on government expenditure on health while internally generally revenue by the Delta State Government has a significant impact on government expenditure on education infrastructure. Based on the findings, the study recommended that the government should increase the budgetary provision on health to at least 40 percent of the internally generated revenue.

Abdulwahab and David (2023) examine the effects of tax revenue on the economic growth of Nigeria for the period of 1998 to 2021. Specifically, the study evaluated the influence of petroleum profit tax, company income tax, custom and excise duty, value added tax and educational tax on economic growth in Nigeria. Secondary data sourced from Central Bank of Nigerian statistical bulletin was employed. *Ex-post facto* and correlational research design was adopted and fixed effects regression model was used to analyze petroleum profit tax, company income tax, custom and excise duty, value added tax and education tax on gross domestic product (economic growth). The results indicated that petroleum profit tax, custom and excise duty, value added tax and education tax has a statistically positive and significant effect on gross domestic product (economic growth) in Nigeria while company income tax has a negative and significant effect on gross domestic product (economic growth) in Nigeria. The study recommended that tax authorities should venture to support companies to pay tax in other to enhance the growth of Nigerian economy.

Oshemi and Otusanya (2022) investigated the impact of tax revenue volatility on Nigeria's economic growth. With the employment of an ex-post facto research design, secondary data obtained National Bureau of Statistics, Central Bank of Nigeria Statistical Bulletin, and World Development Indicators for the period from 1981 to 2020, which gives forty (40) observations, were analyzed using Pearson correlation and OLS for long run estimates between all variables. Results showed that tax revenue volatility comprising of oil and non-oil tax revenue sources moderated by inflation rate, interest rate, exchange rate and crude oil price had a positive and significant relationship in the short run but a positive and insignificant relationship in the long

African Journal of Politics and Administrative Studies (AJPAS) Copy Right: © Author (s)
17(1) (June, 2024):500-535
Available online at https://www.ajpasebsu.org.ng/
https://dx.doi.org/10.4314/ajpas.v17i1.24 p-ISSN: 2787-0367; e-ISSN: 2787-0359

run on economic growth in Nigeria. It concluded that macro-economic determinants such as inflation, effective exchange rate, interest rate and prices of crude oil contribute to the fluctuations in total tax revenue. The study then recommended that government should amend tax laws and policies so as to ensure adequate tax revenue generation to cushion the effects of potential shocks.

Odu (2022) investigated the effect of Value-added Tax (VAT) on revenue generation and economic growth in Nigeria. It focused on examining the effect of VAT on Gross Domestic Product (GDP) and the total revenue generated in Nigeria for the period (1994-2018). Time-series data were generated to run the regression for VAT on total tax revenue and GDP. While vector error correction and autoregression models were used to analyze the data The study reveals that VAT has a significant effect on total tax revenue The study also shows that VAT has a significant and negative effect on GDP. The study then recommends that government should critically evaluate the process of VAT collection and improve transparency to ensure that economic units can join hands with the efforts of tax authorities in the country.

Adefolake and Omodero (2022) assessed the effects of tax revenue on the economic growth of Nigeria for the period spanning from 2000 to 2021. The study specifically evaluated the influence of hydrocarbon tax, corporation income tax and Value Added Tax on Nigeria's economic growth. A time series data sourced from CBN statistical bulletin and Federal Inland Revenue Service published reports were employed. *Ex-post facto* research design was adopted and data collected were analyzed and tested using the Vector Error Correction Model. A Johansen co-integration test was carried out and it revealed a long-run relationship among the variables. The findings showed that PPT and VAT have positive and significant effects on GDP while CIT has a negative and significant effect on GDP. It recommended that trainings and workshops should be organized by government tax agencies to the Nigerian public and companies on the importance and benefits of tax revenue to the economy.

Edori (2022) examined the impact of tax revenue on Nigeria's economic growth for the period from 2008 to 2017. Company Income Tax, Value Added Tax and Petroleum Profit Tax were used as referents for tax revenue while Gross Domestic Product was used as the proxy for

African Journal of Politics and Administrative Studies (AJPAS)
17(1) (June, 2024):500-535
Available online at https://www.ajpasebsu.org.ng/

https://dx.doi.org/10.4314/ajpas.v17i1.24 p-ISSN: 2787-0367; e-ISSN: 2787-0359

economic growth. Exploratory design and ex-post fact design were adopted and data was secondary data sourced from the CBN statistical bulletin. Ordinary least squared technique and the Granger Causality Test were applied in estimation of the variables in the model. The results revealed that positive but insignificant relationship exist between the variables under study. The study then recommended that Nigerian government should properly and prudently utilize tax revenue for the provision of needed social amenities and infrastructure to enhance economic growth.

Ihenyen and Ogbise (2022) studied the relationship between Nigerian tax revenues and economic growth in Nigeria. The economic growth as a dependent variable was regressed against the independent variable, which is tax revenue, using petroleum profit tax, company income tax custom & excise duties and value added tax as proxy. The study applied multiple linear regression analysis to analyze the data using the Microsoft Excel package. The result showed that petroleum profit tax, company income tax and value added tax have a positive impact on Nigeria's economic growth, while custom and excise duties on the other hand have a negative impact on the economy. Meanwhile, the overall result between tax revenue and Nigeria's economic growth revealed that there is a significant correlation. The study suggested that government should thoroughly sensitize her citizens on the basic reasons for taxes imposition.
Mamuda and Alhassan (2021) investigated the effect of tax proceeds on the economic growth of Nigeria. The study adopted an exploratory design and secondary data was sourced from Central Bank Statistical Bulletin. The multiple regression models were used to analyze the data so collected. The results revealed a positive relationship between revenue from tax and economic growth. Hence the study recommended that tax revenue generated from the taxpayers should be properly utilized in order to boost the economic growth of Nigeria.

Ajike, Ariguzo, Akinyosoye, Nwankwere and Oyedeji (2020) investigated the impact of internally generated revenue on infrastructural development in Lagos State, Nigeria (1998-2018). The study employed Ex-post facto research design and annual time series data for a twenty-one-year period. The findings showed that internally generated revenue components had significant effect on transport infrastructure in Lagos State, Nigeria. It then concluded that internally

https://dx.doi.org/10.4314/ajpas.v17i1.24 p-ISSN: 2787-0367; e-ISSN: 2787-0359

generated revenue enhances the transport infrastructural development in Nigeria. It therefore recommended that the State government should utilized internally generated revenue for the development of transport infrastructure, in order to bring an improved standard of living, increased gross domestic product and boost economic growth.

El Sulastri, Nazamuddin and Hamzah (2020) analyzed the effect of locally-generated revenue on the economic growth of 23 districts in Aceh Province, Indonesia over a period of 5 years (2013-2017). The weighted fixed effect model (FEM) of panel regression was employed and the results revealed that the locally generated revenue has a positive and significant effect on the economic growth of 23 districts in Aceh Province, Indonesia. The study suggested that the local government should gear efforts toward the efficient management of their locally-generated revenues in order to improve economic growth in the Province. Joseph and Omodero (2020) examined the relationship between government revenues and the economic growth of Nigeria. The exploratory and ex-post facto research designs were employed while secondary data for the period of 1981 to 2018 were collected from the Federal Inland Revenue Services (FIRS), National Bureau of Statistics and CBN statistical bulletin. The Ordinary Least Squares (OLS) regression technique was used to test the relationship between government revenue and economic growth. The findings showed that revenue received from federal government and Value Added Tax (VAT) are positively related with the economic growth. The study recommended that the government should formulate relevant revenue policies that will stimulate government revenue so that more favourable implication on the economy will be experienced.

Hammayo, Shittu & Abdullahi (2020) examined the impact made by the Bauchi State Government revenues on infrastructural development of the state. The study used secondary data obtained from the State government's Annual Financial Statements spanning the period of 2006 to 2018 and the Ordinary Least Square (OLS) regression technique was employed in the analysis. The results indicated that the federal transfers received from the federation account (FAAC) and debts have a positive and significant impact on the provision of infrastructure whereas internally generated revenue (IGR) revealed a negative and significant influence on the development of infrastructure in the state. Also, contributions from Local Governments for the execution of joint projects and local/foreign grants receipts showed a positive but insignificant

African Journal of Politics and Administrative Studies (AJPAS) Copy Right: © Author (s)
17(1) (June, 2024):500-535
Available online at https://www.ajpasebsu.org.ng/
https://dx.doi.org/10.4314/ajpas.v17i1.24 p-ISSN: 2787-0367; e-ISSN: 2787-0359

relationship. It then recommended that more efforts should be intensified towards internally generated revenue and grants and the policy makers should make sure that reasonable allocation of federation account revenues to the implementation of capital projects to cater for the infrastructural needs of the state.

Imoh (2020) examined the effects of internally generated revenue on revenue growth of Lagos state. The study used the Benefit Theory, which assumes that people should be demanded to pay taxes in proportion to the benefits they earn from the government's service. Also, the Endogenous Growth Theory and Public Expenditure Theory were used to anchor the study. Secondary data obtained from the National Bureau of Statistics, Lagos State data budget book, and other related research works were used. The study used an ex-post facto research design and linear regression analysis was employed to test the formulated research hypotheses. The findings revealed that internally generated revenue does not have a significant relationship with revenue growth in Lagos State. Again, human development index does not have a significant relationship with revenue growth in Lagos State. And consumer price index does not have a significant relationship with revenue growth in Lagos State. The study concluded that there is no significant relationship between internally generated revenue and revenue growth in Lagos State. It therefore recommended that further research is needed to investigate the application of IGR on government expenditure in comparison with the IGR inflows in all the states and local governments in Nigeria

Adejoh, Ekeyi and Mary (2019) examined the effect of internally generated revenue (IGR) on the fiscal viability of State governments in Nigeria within the period of 1986 and 2018. With the application of the Vector Error Correction Model (VECM), the impact of IGR on the revenue generation, total expenditure and the fiscal deficit of States in Nigeria were determined. Results of the study indicated that the internally generated revenue of States in Nigeria had an insignificant impact on revenue generation. The contribution of internally generated revenue to the total expenditure was found to also be insignificant. The study concluded that the internally generated revenue of Nigerian States contributed poorly to the fiscal viability of States. It then

https://dx.doi.org/10.4314/ajpas.v17i1.24 p-ISSN: 2787-0367; e-ISSN: 2787-0359

recommended that there should be encouragement of tax compliance to increase revenue in the States.

Izevbigie and Eboho (2019) examined the internally generated revenue (IGR) in Lagos and Edo State for the period of 2011 to 2016. The study used secondary data from National Bureau of Statistics (derived from States submissions to the Joint Tax Board) between 2005 and 2017 for Edo State, and between 2011 and 2016 for Edo and Lagos States. A lucid descriptive analysis was carried out. The outcome of the study shows that there was a determined effort by Edo State government in boosting and enhancing IGR between 2008 and 2017 resulting in an upsurge in her IGR compared to previous years. Furthermore, the tax compliance indicator showed that it takes a longer time to prepare, file and execute tax obligations as they fall due in Lagos State compared to Edo State. It recommended that the states should engage the services of tax consultants and adopt the tax policies and practices that will boost the internally generated revenue in Edo State.

Kingsanjo (2019) examined the impact of internally generated revenue (IGR) on economic output in Kwara State from 1988 to 2017. The secondary data were generated and were subsequently analyzed using Autoregressive Distributive Lag model (ARDL) and Vector Autoregressive (VAR). The ARDL test for co-integration at the levels of variables was carried out by employing the Bound test within the framework of the estimated ARDL model. Based on the first model, all the variables were not statistically significant in determining the output level in the state. Also, the results of the second model showed that inflation rate, interest rate and even gap (deficit) have negative impact on output. The study then recommended that the state government should ensure that more funds are being expended on developmental project rather than stomach infrastructure added with adequate and properly monitoring in order to achieve inclusive economic growth of Kwara State, Nigeria.

Olayinka and Irewole (2019) assessed the impact of internally generated revenue on infrastructural development in Lagos State. They adopted non-experimental research design in carrying out the study. Secondary data was generated Lagos State Ministry of Planning and Budgeting website from 1996 to 2015. Data collected were presented in tables and the

African Journal of Politics and Administrative Studies (AJPAS)
17(1) (June, 2024):500-535
Available online at https://www.ajpasebsu.org.ng/

https://dx.doi.org/10.4314/ajpas.v17i1.24 p-ISSN: 2787-0367; e-ISSN: 2787-0359

hypotheses were tested using Simple Linear Regression technique for analysis and estimating the linear relationship between infrastructural development which is the dependent variable while revenue from Taxes, fines and fees, licenses, earnings and sales are independent variables. The outcome of the study revealed that there is a positive and significant relationship between internally generated revenue and infrastructural development in Lagos State. Taxes, earnings and sales which are major components of internally generated revenue, do not have any significant impact on the infrastructural development of Lagos state. However licenses, fines and fees have a significant impact on the infrastructural development of the state. It therefore recommended that government should enhance revenue collection through computerization of their processes, regular training and motivation of staff members.

Joseph, Omodero and Umeonu (2019) examined the impact of tax revenue on economic growth of Nigeria for the period of 2000 to 2017. The study applied exploratory and *ex-post facto* designs to obtain secondary data from Federal Inland Revenue Services (FIRS), UNCTAD, FDI/MNE database, World Bank Report, United Nations Development Programme (UNDP) reports and CBN statistical bulletin. The study explored Ordinary Least Squares (OLS) regression technique to evaluate and analyze the data. The result indicates that revenue from tax has a significant impact on economic growth. The study then recommended that good tax structures that will ensure maximum tax compliance by all taxpayers and the revenue sourced that should be effectively remitted should be developed in Nigeria to widen the revenue base of the country.

Andrew (2019) determined the effect of internally generated revenue on infrastructure growth in Lagos State. Secondary data was used and the date was generated from the State and Local Government Programmed (SLGP) Consultants' Report 320 from the Planning and Budgeting website of Lagos State Ministry for the period of 1996 to 2015. The Pearson correlation analysis and regression analysis were used to evaluate the relationship between the revenue generated internally and the growth of infrastructure using SPSS. In general, the finding showed that there is a substantial positive relationship between internally generated revenue and infrastructural growth in Lagos State. The results also revealed that taxes, which are a component of income

African Journal of Politics and Administrative Studies (AJPAS)
17(1) (June, 2024):500-535
Available online at https://www.ajpasebsu.org.ng/

https://dx.doi.org/10.4314/ajpas.v17i1.24 p-ISSN: 2787-0367; e-ISSN: 2787-0359

generated internally, do not have a major effect on the growth of Lagos State's infrastructure whereas permits, fines, and fees (administrative tax) have a significant effect on Lagos State's Infrastructure Growth.

Theoretical Framework

The study was anchored on the theory of fiscal decentralization. The term 'fiscal decentralization/federalism' was introduced by the German-born American economist, Richard Musgrave in 1959 (Senzak & Gbegi, 2021). However, the theory of fiscal federalism was first propounded in Oates (1972). Fiscal decentralization refers to the degree of independent decision-making power in the provision of public services at different levels of government. The concept is on a continuous spectrum rather than being dichotomously centralized or decentralized. Depending on the degree of fiscal decision-making at the sub-national level, it may have three different names: de-concentration, delegation, and devolution (Bird and Vaillancourt, 1998). This theory holds that sub-national governments, specifically state governments, will be in a better position to render welfare services to their people and make them participate in the decisions that affects them if fiscal powers are completely transferred to them by the central government (Bahl, 1999).

The theory of fiscal decentralization assumes (i) that a federal system of government can be efficient and effective at solving economic problems of governments, such as equality in distribution of income, efficient and effective allocation of resources, and economic stability; (ii) that nationally bounded public goods are more efficiently provided by the national government, such as foreign policy, defense, immigration and international trade; (iii) that based on the principle of fiscal equivalence, the geographic boundaries of the diverse range of local public goods should align (as far as possible) with political boundaries of the second-tier governments (states) and the third-tier governments (local governments); (iv) that the assignment of responsibility for the various types of service delivery must be transparent and clearly understood and agreed by all parties (Slavinskaite, 2015).

Decentralization has different meaning and uses. Adamolekun, Olowu and Laleye (2004) grouped decentralization into four, the first the authors called "*administrative decentralization*"

African Journal of Politics and Administrative Studies (AJPAS) 17(1) (June, 2024):500-535
Available online at https://www.ajpasebsu.org.ng/

https://dx.doi.org/10.4314/ajpas.v17i1.24 p-ISSN: 2787-0367; e-ISSN: 2787-0359

is referred to as decentralization. The second was referred to as *devolution of power*. The third was called *delegation of authority* and the fourth which is the final is otherwise known as *fiscal decentralization* which is the heart of the relationship between the central government and the sub-national government units commonly known as the inter-governmental relations. The main thing about decentralization is the transfer of power and this could be a variety of formal institutions or non-formal organization (Rondinelli, 1981).

The relevance of the fiscal decentralization theory to this study is based on the revenue assignment and revenue sharing approaches. Revenue assignment sources are assigned to the state government from which they can mobilize resources and are controlled by them. There are many different sources from which the state governments can generate funds internally, but regrettably they go cap in hands to the federal government to beg, for money.

Methodology

This study employed an *ex-post facto* design in order to achieve the objective of the study. *Ex-post facto* design was utilized due to the nature of the variables involved, which can only be estimated through the collection of secondary data. ICAN (2006) stated that ex-post facto design is used where existing case is observed for some time or over a period of time or at interval so as to study or evaluate it. This type of research design is suitable in this study, because the data is already in existence and the design explains a "cause-and-effect" condition.

The study is based in Ebonyi State, Nigeria with focus on internally generated revenue (using pay as you earn, withholding tax, direct assessment tax, and administrative tax as proxy) and economic growth (measured with Gross Domestic Product) as the dependent variable for the period of 2007 to 2022.

The study employed the multiple linear regression model which was stated as follows:

$$Y = \beta 0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + \mathcal{E} \quad \ldots \quad \text{Equ (1)}$$

Where;

Y = Dependent variable (economic growth)

β_0 = Constant

https://dx.doi.org/10.4314/ajpas.v17i1.24 p-ISSN: 2787-0367; e-ISSN: 2787-0359

$\beta_1, \ldots, \beta_4$ = Coefficient of the independent variables

$x_1, \ldots, x_4$ = Independent variables (PAYE, WHT, DAT, and ADT)

Ɛ = Stochastic error term

The explicit representation of the base line model as specified by the researcher for the purpose of determining the impact of internally generated revenue on economic growth in Ebonyi State, Nigeria was stated as follows:

$$GDP = \propto + \beta_1 PAYE + \beta_2 WHT + \beta_3 DAT + \beta_4 ADT + \mathcal{E} \quad \ldots\ldots\ldots\ldots\ldots \quad \text{Equ (2)}$$

Where,

GDP = Gross Domestic Product (dependent variable)

PAYE = Pay AS You Earn (independent variable)

WHT = Withholding Tax (independent variable)

DAT = Direct Assessment Tax (independent variable)

ADT = Administrative Tax (independent variable)

$\beta_1 \ldots \beta_4$ = Slopes of coefficient of the explanatory variables

$\propto$ = constant

Ɛ = stochastic error term.

Appriori expectation: the parameter estimates β_1, β_2, β_3, and β_4 are expected to be positively (+) signed and significant.

The data analysis involved the use of descriptive statistics test. Descriptive statistics was carried out so as to ascertain the characteristics of the research variable such the mean, standard deviation, minimum and maximum amongst others. Multiple regression test anchored on Ordinary Least Square (OLS) was also performed to ascertain the statistical significance of the hypothetical relationship between the dependent and the independent variables. Multiple regressions were evaluated using the conventional probability values (P-Value).The decision rules were anchored on the conventional probability values (p-value) associated with the regression outcome of the research base line model.

African Journal of Politics and Administrative Studies (AJPAS) Copy Right: © Author (s)
17(1) (June, 2024):500-535
Available online at https://www.ajpasebsu.org.ng/
https://dx.doi.org/10.4314/ajpas.v17i1.24 p-ISSN: 2787-0367; e-ISSN: 2787-0359

Result and Discussions

Granger Causality

It is expected that the independent variables used in this study can determine the behaviour of the dependent variable. Based on this expectation, the Granger causality is conducted among the variables to actually see the extent the independent variables can influence the behaviour of economic growth in Ebonyi State. The null hypothesis is that one variable of interest does not granger cause the other and the hypothesis cannot be rejected if the probability value of the F-Statistic is not more than 10%. The result of the granger causality test is presented in Table 1.

Table 1: Granger Causality Test Results

Null Hypothesis:	Obs	F-Statistic	Prob.
Causality between GDP and IGR Indicators			
CIT does not Granger Cause GDP	16	4.7256	0.0037
GDP does not Granger Cause CIT		2.0126	0.0353
WHT does not Granger Cause GDP	16	8.4309	0.0008
GDP does not Granger Cause WHT		1.2373	0.1750
DAT does not Granger Cause GDP	16	2.7297	0.0684
GDP does not Granger Cause DAT		4.7453	0.0035
ADT does not Granger Cause GDP	16	3.0417	0.0493
GDP does not Granger Cause ADT		3.3069	0.0338

Source: Extracted from E-Views 12 Output 2024

The Granger Causality test results in Table 1 reveals that the null hypotheses for internally generated revenue indicators in the determination of economic growth reaction cannot be accepted as the probability values of F-Statistics are less than 10%. This implies that internally generated revenue indicators can determine the behaviour of economic growth in Ebonyi State.

African Journal of Politics and Administrative Studies (AJPAS)
17(1) (June, 2024):500-535
Available online at https://www.ajpasebsu.org.ng/

https://dx.doi.org/10.4314/ajpas.v17i1.24 p-ISSN: 2787-0367; e-ISSN: 2787-0359

Table 2: Error Correction Model of Long Run and Short Run effect of Pay as You Earn on Gross Domestic Product

Dependent Variable: D(GFCF); Selected Model: ARDL(3, 3, 0, 4, 0, 0)				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
Constant	5.5620	0.8146	5.1804	0.0000***
D(GDP(-1))	0.5432	0.1460	1.6347	0.0142**
D(GDP(-2))	0.3347	0.0431	2.0564	0.0047***
D(PAYE)	-0.0766	0.0138	-2.6349	0.0012***
D(PAYE(-1))	0.1011	0.0136	3.2845	0.0001***
D(PAYE(-2))	0.0555	0.0129	1.8621	0.0076***
EC(-1)	-1.0344	0.2186	-5.3878	0.0000***
R-squared	0.7085	Akaike info criterion		1.0312
Adjusted R-squared	0.6425	Durbin-Watson stat		1.3576
F-statistic	11.2448	Prob(F-statistic)		0.0000

Source: Extracted from E-Views 12 Output 2024

The estimated error correction parameter [EC(-1)] in Table 2, as expected, is negative (-1.0344) and statistically significant at 1% and 5% level. However, the absolute value is more than the expected limit of 1, suggesting that the Pay as You Earn model is explosive, and convergence is unrealistic. This is an indication that the Pay as You Earn is unsustainable.

African Journal of Politics and Administrative Studies (AJPAS) Copy Right: © Author (s)
17(1) (June, 2024):500-535
Available online at https://www.ajpasebsu.org.ng/

https://dx.doi.org/10.4314/ajpas.v17i1.24 p-ISSN: 2787-0367; e-ISSN: 2787-0359

Table 3: Error Correction Model of Long Run and Short Run Effect of Withholding Tax on Gross Domestic Product

Dependent Variable: D(GDP); Selected Model: ARDL (4, 1, 1, 1, 2, 3)				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
Constant	0.8973	0.1643	4.7223	0.0000***
D(GDP(-1))	1.3294	0.2206	3.4588	0.0002***
D(GDP(-2))	1.0297	0.1366	3.7754	0.0001***
D(GDP(-3))	0.5740	0.1613	2.9342	0.0006***
D(WHT)	-0.2022	0.0559	-4.3065	0.0000***
EC(-1)	-2.1967	0.355	-6.3406	0.0000***
R-squared	0.7627	Akaike info criterion		1.6984
Adjusted R-squared	0.3017	Durbin-Watson stat		1.8251
F-statistic	13.1398	Prob (F-statistic)		0.0000

Source: Extracted from E-Views 12 Output 2024

The coefficient of the error correction term [EC (-1)] in Table 3 is -2.1967. As expected, it is negative and statistically significant, but the absolute value of the coefficient is greater than 1, meaning that convergence is illusive. This further validates the negative and significant long run response of economic growth proxied by Gross Domestic Product.

Table 4: Error Correction Model of Long Run and Short Run Effect of Direct Assessment Tax on Gross Domestic Product

Dependent Variable: D(GDP); Selected Model: ARDL (3, 3, 4, 2, 0, 4)				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-8.4308	1.2835	-5.8165	0.0000***
D(GDP(-1))	0.5430	0.1194	2.4344	0.0232**
D(GDP(-2))	0.2259	0.1235	2.3249	0.0251**
D(DAT)	-1.01243	0.3096	-2.4008	0.0224**

African Journal of Politics and Administrative Studies (AJPAS) Copy Right: © Author (s)
17(1) (June, 2024):500-535
Available online at https://www.ajpasebsu.org.ng/
https://dx.doi.org/10.4314/ajpas.v17i1.24 p-ISSN: 2787-0367; e-ISSN: 2787-0359

D(DAT(-1))	1.5330	0.5543	2.7838	0.0098***
D(DAT(-2))	1.6013	0.3461	3.7140	0.0013***
EC(-1)	-2.0024	0.1985	-5.7128	0.0000***
R-squared	0.7512	Akaike info criterion		1.0790
Adjusted R-squared	0.6477	Durbin-Watson stat		1.5187
F-statistic	7.2231	Prob(F-statistic)		0.0000

Source: Extracted from E-Views 12 Output 2024

The estimated error correction parameter [EC(-1)] in Table 4, as expected, is negative (-2.0024) and statistically significant at 1% level. However, the absolute value is more than the expected limit of 1, suggesting that the direct assessment tax is unsustainable in the long run. The result is consistent with the error correction model estimated with other variables.

Table 5: Error Correction Model of Long Run and Short Run Effect of Administrative Tax on Gross Domestic Product

Dependent Variable: D(GDP); Selected Model: ARDL (3, 3, 4, 2, 0, 4)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-8.3034	1.1356	-7.1340	0.0000***
D(ADT)	0.0261	0.0837	0.1889	067761
D(ADT(-1))	0.2937	0.1284	2.0430	0.0873***

African Journal of Politics and Administrative Studies (AJPAS)
17(1) (June, 2024):500-535
Available online at https://www.ajpasebsu.org.ng/

https://dx.doi.org/10.4314/ajpas.v17i1.24 p-ISSN: 2787-0367; e-ISSN: 2787-0359

D(ADT(-2))	0.2174	0.1055	2.8698	0.0784***
EC(-1)	-1.2692	0.1562	-7.1875	0.0000***
R-squared	0.7374	Akaike info criterion		2.1077
Adjusted R-squared	0.6118	Durbin-Watson stat		1.7696
F-statistic	5.6650	Prob(F-statistic)		0.0000

Source: Extracted from E-Views 12 Output 2024

The findings of this study on IGR and PAYE that there is presence of negative and significant impact of withholding tax on gross domestic product in Ebonyi State, Nigeria are not in line with the previous studies such as Tyoakosu & Awuhie (2017) who examined Personal Income Tax and the Performance of Internally Generated Revenue in Benue State – Nigeria and the results showed that pay-as-you-earn has significant positive contribution to internally generated revenue in Benue state. Also, the studies of Mbah & Onuora (2018) on the effect of internally generated revenue on infrastructural development of South East States of Nigeria, and Omodero, Ekwe & Ihendinihu (2018) on the Impact of Internally Generated Revenue on Economic Development in Nigeria revealed that the impact of IGR (PAYE inclusive) on economic development in Nigeria is robust and positively significant. However, collaborating to the finding is Ajike, *et al.* (2020) that examined Internally Generated Revenue and Transport Infrastructural Development in Lagos State Nigeria between 1998 and 2018, and found that Personal Income Tax (PIT) has negative and significant influence on Transportation Infrastructure in Lagos State.

Given the consistent results for necessary and sufficient conditions for withholding tax in the short run and long run, we conclude that withholding in Ebonyi State, Nigeria is sustainable. The finding is in line with the findings of Imoh (2020) who studied the Effect of Internally Generated Revenue on Revenue Growth of Lagos State found that Internally generated revenue from withholding tax does not have a significant relationship with revenue growth in Lagos state. However, some other studies disagreed with the study’s finding. Examples of such studies with disagreeing findings are Siyanbola, Dada, & Olusola (2014) that studied the Impact of Internally Generated Revenue on Total Revenue Accruing to State Government in Nigeria revealed that internally generated revenue plays significant role in growing the revenue of Ogun state and state

https://dx.doi.org/10.4314/ajpas.v17i1.24 p-ISSN: 2787-0367; e-ISSN: 2787-0359

that withholding tax has significant effect on total internally generated revenue of the state government. Also, the study of Omodero, Ekwe & Ihendinihu (2018) on the Impact of Internally Generated Revenue on Economic Development in Nigeria revealed that the impact of IGR (WHT inclusive) on economic development in Nigeria is robust and positively significant. Again, Mbah & Onuora (2018) on the Effect of Internally Generated Revenue on infrastructural Development of South East States of Nigeria and Ogbu, Okezie & Okezie (2017) that conducted a study to evaluate the impact of internally generated revenue on infrastructural development in Ebonyi State and found that withholding tax significantly affects infrastructural developments in Ebonyi State.

On the basis of individual test between direct assessment tax and gross domestic product in Ebonyi State, Nigeria, there is positive and significant impact of direct assessment tax on gross domestic product in Ebonyi State, Nigeria based on the size and sign of the coefficient and p-value respectively. The finding is in line with the studies of Mbah & Onuora (2018) on Effect of Internally Generated Revenue on infrastructural Development of South East States of Nigeria; Omodero, Ekwe & Ihendinihu (2018) on the Impact of Internally Generated Revenue on Economic Development in Nigeria, and Ogbu, Okezie & Okezie (2017) that conducted a study to evaluate the impact of internally generated revenue on infrastructural development in Ebonyi State, which both studies revealed that the impact of IGR (direct assessment tax inclusive) on economic development in Nigeria is robust and positively significant. It disagrees with the findings of Tyoakosu & Awuhie (2017) that examined Personal Income Tax and the Performance of Internally Generated Revenue in Benue State – Nigeria and found that direct assessment has insignificant negative contribution to internally generated revenue in the state over the study period.

Based on the hypothesis test result, we came to the conclusion that there is significant and positive impact of administrative tax (ADT) on the level of gross domestic product in Ebonyi State, Nigeria. This conforms to the findings of the studies of Mbah & Onuora (2018) on Effect of Internally Generated Revenue on infrastructural Development of South East States of Nigeria and Omodero, Ekwe & Ihendinihu (2018) on the Impact of Internally Generated Revenue on

17(1) (June, 2024):500-535
Available online at https://www.ajpasebsu.org.ng/
https://dx.doi.org/10.4314/ajpas.v17i1.24 p-ISSN: 2787-0367; e-ISSN: 2787-0359

Economic Development in Nigeria, which revealed that the impact of IGR (ADT inclusive) on economic development in Nigeria is robust and positively significant. The findings of the study disagree with the studies of Ogbu, Okezie & Okezie (2017) that conducted a study to evaluate the impact of internally generated revenue on infrastructural development in Ebonyi State, and Olayinka and Irewole (2019) who conducted a study on Internally Generated Revenue and Infrastructural Development: Of what relevance to Lagos?, and revealed that administrative tax contribution to internally generated revenue has a significant negative impact on infrastructural development in Lagos state.

Conclusion and Recommendations

The study concluded that IGR such as pay as you earn (PAYE) and withholding tax (WHT) has negative and significant impacts on gross domestic product while direct assessment tax (DAT) and administrative tax (ADT) have positive and significant impacts on gross domestic product. This means that internally generated revenue has significant impacts on gross domestic product in Ebonyi State, Nigeria.

The study then recommends the following:

i. The Ebonyi State government should pay particular attention to the reduction of the pay as you earn rate because high PAYE rate has the tendency of adversely affecting gross domestic product. The PAYE rate reduction will assist in the economic growth of the State because the taxpayers will have a higher purchasing power.

ii. The rate of withholding tax should be reduced to a relatively low level so as to boost gross domestic product and subsequently translate to economic growth in Ebonyi State, Nigeria.

iii. Ebonyi State government should expand the tax yield through restructuring its direct assessment tax dragnet. By so doing, the danger of over-reliance on federation account allocation receipts to drive the economy will be a thing of the past.

iv. To ensure sustainable gross domestic product through administrative tax, the state government should encourage her citizens to build trust in it through tax accountability, making sure that the promises made to the citizens are fulfilled.

https://dx.doi.org/10.4314/ajpas.v17i1.24 p-ISSN: 2787-0367; e-ISSN: 2787-0359

References

Abaa, E. O., Ekwe, M., & Ihendinihu, J. U. (2018). Impact of Tax Revenues on Economic Growth of Nigeria. *Accounting and Finance Research Association*, 159-170.

Abba, M., Bello, A. & Aliyu, S. O. (2017). Expenditure and Internally Generated Revenue Relationship: An Analysis of Local Governments in Adamawa State, Nigeria. Working Paper

Adamolekun, L.; Olowu, D. & Laleye, M. (2004). Local Government in West Africa since Independence. Lagos: University of Lagos Press.

Abdulwahab, A. I. and David, R. (2023). Does Tax Revenue Enhance Economic Growth in Nigeria? *African Journal ofManagement and Business Research,* 10(1), 47 - 49

Adefeso, H. A. (2018). Government Tax Policy and Performance of Listed Manufacturing Firms in Nigeria: Evidence from Dynamic Panel Data Model. *Zagreb International Review of Economics & Business,* 21(1), 1 -15

Adegboyo, O. S., Keji, S. A. and Fasina, O. T. (2021). The Impact of Government Policies on Nigeria Economic Growth (Case of Fiscal, Monetary and Trade Policies). *Future Business Journal,* **7**(1):59

Adejoh, M. O. Ekeyi, S. & Mary, S. J. (2019). Internally Generated Revenue (IGR) and Fiscal Viability of State Governments in Nigeria. *Lafia Journal of Economics and Management Sciences (LAJEMS), 4(1), 143 - 162*

Adenugba, A. A. & Ogechi, C. F. (2013). The Effect of Internal Revenue Generation on Infrastructural Development: A Study of Lagos State Internal Revenue Service. *Journal of Educational and Social Research*, 3(2), 419.

Adi, A. A., Magaji, I. Y., & Eche, E. (2015). Internal Revenue Generation in Taraba State, Nigeria: Problems and Prospects. *International Journal of Economic Commerce and Management*, 3 (2), 1-13.

Adinoge, Z. O., David, K. O., Aderibigbe, S. O. & Njoku, F. J. (2022). Internally Generated Revenue And Capital Budget Performance In Public Sector Of Osun State, Nigeria. *International Journal of Innovative Finance and Economics Research 10(2):90-98.*

Ajayi, J. M. A., Fali, I. M., Iganus, R. B. & Simon, U. (2021). Alternative Sources of Internally Generated Revenue and its Usefulness to the Finance and Development of University of Maiduguri, Nigeria. *Gusau International Journal of Management and Social Sciences, Federal University, Gusau,, 4(1), 30 – 45.*

https://dx.doi.org/10.4314/ajpas.v17i1.24 p-ISSN: 2787-0367; e-ISSN: 2787-0359

Ajike, E. O., Ariguzo, A. V., Akinyosoye, O., Nwankwere, I. A., & Oyedeji, F. (2020). Internally Generated Revenue and Transport Infrastructural Development in Lagos State Nigeria between 1998 to 2018. *Journal of Critical Reviews*, 8(1), 987 – 995.

Akpan, S. S and Nnaseh, N. (2013). Internally Generated Revenue (IGR) and Infrastructural Development in Akwa Ibom State. *European Journal Business and Management. 5(31).*

Andrew, D. (2019). The Impact of Internally Generated Revenue on the Infrastructural Development of Lagos State. *International Journal of Public Administration and Management Research,* 2(2), 22 - 47.

Appah, E. & Ogbonna, G. N (2014). Self-Assessment Scheme and Revenue Generation in Nigeria. *Developing Country Studies*, 4(10), 102 - 111

Asimiyu, A. G. & Kizito, E. U. (2014). Analysis of Internally Generated Revenue and Its Implications on Fiscal Viability of State Governments in Nigeria. *Journal of Empirical Economics*, 2(4), 216 - 228

Bahl, W. R. (1999). The Concept of Fiscal Decentralization and World Wide Overview. A paper presented in a programme titled: Inter Governmental Fiscal Relations and Local Financial Management.

Bayly, C.A. (2008). Indigenous and Colonial Origins of Comparative Economic Development. The Case of Colonial India and Africa, Policy Research Working Paper 4474. The World Bank.

Brautigam, D. (2002). Building Leviathan: Revenue, State Capacity and Governance, *IDS Bulletin, 33*(3), 1-17. https://doi.org/10.1111/j.1759-5436.2002.tb00034.x

Bird, R. M. & Vaillancourt, F. (1998). "Fiscal Decentralization in Developing Countries: an overview" In: R. M. Bird (ed.) *Fiscal Decentralization in Developing Countries.* Cambridge, UK: Cambridge University Press.

Braimoh, M. & Onuoha, A. U. (2022). Revenue generation and performance in local governance in Nigeria : a survey of people's perception in selected local government areas of Edo State, In: Accounting and taxation review 6 (1), S. 74 - 88. https://www.atreview.org/admin/ 12389900798187/ATR%206(1)%20March%202022-74-88%20original.pdf .

Daron, A., & James, R. (2012). *Why Nations fail*, New York: Crown Business.

Deloitte (2017), "Internally generated revenue: What are the short term options at State level?", Available at: http://blog.deloitte.com.ng/internally-generated-revenue-what-are-theshort-term-options-at-state-level/12

https://dx.doi.org/10.4314/ajpas.v17i1.24 p-ISSN: 2787-0367; e-ISSN: 2787-0359

Edewusi, D. G., & Ajayi, I. E. (2019). The Nexus between Tax Revenue and Economic Growth in Nigeria. *International Journal of Applied Economics, Finance and Accounting*, *4*(2), 45-55.

Edori, D. S. (2022). Tax Revenue and Nigeria's Economic Growth. *Journal of Accounting and Financial Management,* 8(4), 173 - 186

El Sulastri, Nazamuddin & Hamzah, A. B. (2020) Panel Analysis of the Effect of Locally-Generated Revenue on Provincial Economic Growth, *East African Scholars Multidisciplinary Bulletin,* 3(1), 13 - 19

Eneojo, S. & Tyokoso, G. (2014). Taxation and revenue generation: An empirical investigation of selected states in Nigeria. *Journal of Poverty, Investment and Development, 4, 101-114*

Etim, O. E., Nsima, J. U., Austin, U. N., Samuel, S. C., & Anselem, M. U. (2021). Comparative Analysis of the Effect of Direct and Indirect Taxation Revenue on Economic Growth of Nigeria. *Account and Financial Management Journal*, *6*(7), 2403–2418. https://doi.org/10.47191/afmj/v6i7.05

Fatoba, I. & Okeowo, G. (2022). State of States Report, 2022 Edition, BudgIT

Hammayo, A., Shittu, I. & Abdullahi, A. A. (2020). Impact of State Government Revenues on Infrastructural Development in Bauchi State Nigeria. *International Journal of Accounting and Taxation,* 8(1), 34 – 43. https://doi.org/10.15640/ijat.v8n1a5

Hayes, A. (2023). Pay As You Earn (PAYE): Definition and Examples. https://www.investipedia.com/terms /p/pay-as-you-earn.asp

Ibrahim, M., & Ozioma, K. (2018). The Impact of Internally Generated Revenue on Total Expenditure of Gombe State-Nigeria. *International Journal of Economics and Business Administration,* 5(4), 177 - 184

Igbasan, E. (2017) Tax Revenue and Economic Growth of Nigeria. An Unpublished Thesis, Babcock University.

Igbinigie, O. O. (2018). Internally generated revenue in Edo state: The problems and prospects ((Doctoral dissertation). College of Business and Management Studies, Department of Business Administration, Igbinedion University, Okada, Nigeria.

Imoh, K. V. (2020). Effect of Internally Generated Revenue on Revenue Growth of Lagos State. A Project submitted to the Department of Accounting and Finance, Mountain Top University.

Imoke, L. (2009). Innovate or Perish: Building Internally Generated Revenue through Economic Growth and Development – Lessons from Cross River State. A Paper presented during the 1st National Round-Table Strategy Session on Internally Generated Revenue on Monday 16th November, 2009 at the International Conference Centre, Abuja.

https://dx.doi.org/10.4314/ajpas.v17i1.24 p-ISSN: 2787-0367; e-ISSN: 2787-0359

Izevbigie, J. N. & Eboho, G. E. (2019). Internally Generated Revenue and State Viability: Comparative Analysis of Two States in Nigeria. *International Journal of Development and Management Review (INJODEMAR)*, 14(1), 96 - 106

Jhingan, M. L. (2016). Macroeconomic Theory. Delhi: Vrinda Publication Ltd.

Joseph, F. I. & Omodero, C. O. (2020). The Nexus between Government Revenue and Economic Growth in Nigeria. *Economics and Business, 34*: 35–45

Joseph, F.I., Omodero, C.O., & Omeonu, O.M. (2019). The Role of Tax Revenue and Foreign Direct Investment in Promoting Economic Progress in Nigeria. Annals of Spiru Haret University. Economic Series, 19(3), 33-54, doi: https://doi.org/10.26458/1932

Kenneth, S., & Mark, B. (2010). *Analyzing Politics*, Second Edition, Norton, 67 - 86.

Kingsanjo, K. P. (2019). The Impact of Internally Generated Revenue (IGR) on Output in Kwara State (1988-2017). An M.Sc Thesis Submitted to the Department of Economics, Faculty of Social Sciences, School of Postgraduate Studies, Ahmadu Bello University, Zaria.

Mamuda, A. U. & Alhassan, I. (2021). Tax Revenue and its Impact on the Economic Growth of Nigeria. *International Academic Journal of Management and Marketing,* 6(6), 112-123

Mbah, A. N. & Onuora, J. K. J. (2018). Effect of Internally Generated Revenue on infrastructural Development of South East States of Nigeria. *International Journal of Economics and Business Management,* 4 (7), 1 – 10

Mdanat, M. F., Shotar, M., Samawi, G., Muloot, J., Arabiyat, T. S., & Alzyadat, M. A. (2018). Tax Structure and Economic Growth in Jordan, 1980-2015. *EuroMed Journal of Business*, *1*(1), 102–127. https://doi.org/10.1108/EMJB-11-2016-0030

Morufu, O. O., & Babatope, A. J. (2017). Internally Generated Revenue and the revenue profile of selected South Western state governments in Nigeria. *International Journal of Research in Business Management*, *5*(12), 13-28.

Nchuchuwe, F. F. (2006). Issues in Local Government Revenue and Service Delivery. Unpublished Doctoral Dissertation, University of Benin, Benin city.

Nwafor, I. V., Obineme, C. H. & Okey, P. C. (2021). Land Based Taxation and Internally Generated Revenue: An Empirical Investigation of its Outputs in Abia State, Nigeria. *International Journal of Development and Economic Sustainability*, 9(3), 20 – 35.

Oates, W. E. (1972). Fiscal federalism. *American Political Science Review,* Volume 68, Available at: https://econpapers.repec.org/article/cupapsrev/v_3a68_3ay_3a1974_3ai_3a04_3ap_3a1777-1778_5f10.htm

https://dx.doi.org/10.4314/ajpas.v17i1.24 p-ISSN: 2787-0367; e-ISSN: 2787-0359

Obisanya, A.R., Hassan, I. K. & Job-Olatunji, K. A. (2020). Internally Generated Revenue and Public Expenditure in Nigeria Local Government. *Recent Trends in Data Mining and Business Forecasting*, 1(1), 36 - 40

Odu, V. C. (2022). Value-added Tax, Revenue Generation and Economic Growth in Nigeria. *Accounting and Taxation Review*, 6(1): 10-28.

Ogbonna, G. N. & Appah, E. (2016). Effect of Tax Administration and Revenue on Economic Growth in Nigeria. *Research Journal of Finance and Accounting*, 7(13), 49 – 58.

Ogbonna, G.N. and Ikeagwu, S. (2017). Taxation and Nigeria Economic Development. *University of PortHarcourt journal of Accounting and Business,* (5)1, 1-13.

Ogbu, U. G., Okezie, B. N. & Okezie, R. A. (2017). Utilization of Internally Generated Revenue on Structural Development in Ebonyi State. *FUNAI Journal of Accounting, Business and Finance (FUJABF)*, 1(1) 2017. 39- 46.

Okpe, I. I., Duru, A. N. and Ezeoma, S. (2017). Effect of Tax Revenue on Economic Growth in Nigeria. *IDOSR Journal of Arts and Management*, 2(3): 85-103,

Olayinka, O. M. & Irewole, P. (2019). Internally Generated Revenue and Infrastructural Development: Of what relevance to Lagos? *IOSR Journal of Economics and Finance (IOSR-JEF), 10(4), 58 - 74*

Omodero, C. O., Ekwe, M. C. & Ihendinihu, J. U. (2018). The Impact of Internally Generated Revenue on Economic Development in Nigeria. *Accounting and Finance Research* , 7(2), 166 - 173

Omogui, I. (2007). *Omogui and the Tax Burden.* Nigeria Tribune Daily, Wednesday, 29th March.

Onalo, U., Lizam, M & Kaseri, A. (2016), Government Expenditure and the Economy: The Nigeria Perspective", *Archives of Current Resources International,* 4(1), 1 – 12..

Ordu, P. A. & Nkwoji, N. O. (2019). Impact of Education Tax on Economic Development in Nigeria. *International Journal of Innovative Development and Policy Studies,* 7(3):1-17

Oshemi, O. O. & Otusanya, O. J. (2022). Tax Revenue Volatility and Economic Growth in Nigeria. Proceedings of the 7th Annual International Academic Conference on the Institute of Chartered Accountants of Nigeria (ICAN) with the theme: Accounting and Finance Disruptive Technology: Accounting Practices, Financial and Sustainability Reporting, at University of Port Harcourt, Rivers State.

Osun IRS (2018). Pay AS you Earn – Osun Internal Revenue Service. https://irs.os.gov.ng>pay-as-you-earn

Peter, O. I., & Adesina, O. O. (2015). *Indirect Taxes and Economic Growth in Nigeria*. Department of Accounting, University of Benin, Edo State.

African Journal of Politics and Administrative Studies (AJPAS) Copy Right: © Author (s)
17(1) (June, 2024):500-535
Available online at https://www.ajpasebsu.org.ng/
https://dx.doi.org/10.4314/ajpas.v17i1.24 p-ISSN: 2787-0367; e-ISSN: 2787-0359

Rondinelli, A. D. (1981). Government Decentralization in Comparative Perspective Theory and Practice in Developing Countries, *International Review of Administrative Sciences*, Vol. XLVII No 2.

Salami, G. O., Apelogun, K. H., Omidiya, O. M., & Ojoye, O. F. (2015). Taxation and Nigerian Economic Growth Process. *Research Journal of Finance and Accounting*, *6*(10), 93–101. https://www.iiste.org/Journals/index.php/RJFA/article/view/22574/23387

Senzak, S. E. & Gbegi, D. O. (2021). Effect of Internally Generated Revenue on Economic Growth of Plateau State. *International Journal of Accounting Business and Entrepreneurship*, 1(1), 65 - 77

Siyanbola, T. T., Dada, S. O. & Olusola, O. O. (2014). Impact of Internally Generated Revenue on Total Revenue Accruing to State Government in Nigeria. *GE- International Journal of Management Research (GE-IJMR)*, 2(8). 13 - 45

Slavinskaite, N. (2015). Fiscal Decentralization and Economic Growth. Available online at https://parc.ipp.pt

Sokoh, G. C. (2023). Internally Generated Revenue (IGR) in Delta State: A Tool for Infrastructural Development. *Journal of Public Policy and Administration*, 8(5), 61 - 78

Sunday, A. A., Uniamikogbo, E., Erah, O. D., & Aggreh, M. (2020). Non-oil Revenue and Economic Growth in Nigeria. *Journal of Finance and Accounting*, 95-106.

Tyoakosu, S. A. & Awuhe, P. O. (2017). Personal Income Tax and the Performance of Internally Generated Revenue in Benue State – Nigeria. *Nigerian Journal of Management Sciences,* 6(1), 128 - 138

Udu, O. G and Nkannor, Y. S (2016). Effect of Electronically Internally Generated Revenue on Infrastructural Development of Ebonyi State. *Accounting Research, .7 (2).*

Uguru, L. C. & Ezeani, N. S. (2011). Examination of Sources and Utilization of Internally Generated Revenues in the Local Government System in Nigeria. *Journal of Accounting and Contemporary Studies*, 1(1), 50 – 64

William, G. G., & Andrew, S. A. (2014). Effects of Income Tax changes on Economic Growth. *Brookings Economics Studies*, 1-15.

World Bank Report (2013). *Nigeria Economic Report: Improved Economic Outlook in 2013 and Prospects for continued Growth Look Good.* Retrieved from http://www.worldbank.org/en/country/ nigeria/publication/nigeria-economic-report-improvedeconomic-outlook-in-2014-and-prospects-for-continued-growth-look-good