

TAX REFORMS AND STANDARD OF LIVING IN NIGERIA

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ABSTRACT

The study examines the impact of tax reforms on the living standard of Nigerians. The data used for the study were sourced from the Central Bank of Nigeria Statistical Bulletins and analyzed using the Ordinary Least Square Multiple Regression estimation techniques, the Johansen Co-integration technique, the Granger Causality test, and the Error Correction Model. The Error Correction Model outcome reveals that despite the reforms and the variations in all tax receipts between 1981 and 2016, only Company income Tax, Personal Income Tax and Value Added Tax significantly impacted on Nigerians' standard of living level (proxied by the Per Capita Income) in the long run which shows that the main reason for tax revenue in spurring standard of living to a reasonable extent has been achieved, while no significant relationship exists between tax revenues and unemployment rate in Nigeria. There is a need for the reduction in tax burden in order to raise the economic standard of living in Nigeria. There is a negative relationship between tax reforms (using Petroleum Profit Tax) and living standard. To ensure proper communication to the general public by setting up a separate body for the inspection and maintenance of the funds to ensure they are disbursed to the various level of government that fails to utilize such taxes should be fully booked and charged to court. We conclude that the against apriori expectations that more tax reforms, aimed at generating more revenue and large-scale economic growth, does not depress living standard.

KEYWORDS: *Tax Reforms, Standards of Living, Government, Nigeria*

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