IMPACT OF FEDERAL COLLECTED TAXES ON ECONOMIC GROWTH OF NIGERIA

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ABSTRACT

The broad objective of the study is to determine the impact of Federal collected taxes on the economic growth of Nigeria. In order to achieve this, the study specifically ascertained the extent to which custom and excise duties, petroleum profit tax and education tax affect the gross domestic product of Nigeria. The study employed an ex-post facto research design and utilized primarily time series data, which were largely obtained from secondary sources over a 13-year period, from 2010 to 2022. Descriptive statistics were used to measure the central tendency and dispersion. Ordinary least square regression analysis was applied in hypothesis testing which found that: custom and excise duties positively and significantly affect the gross domestic product of Nigeria (p-value = 0.0037); petroleum profit tax has a non-significant negative effect on the gross domestic product of Nigeria (p-value = 0.0699); education tax has a non-significant positive effect on the gross domestic product of Nigeria (p-value = 0.3204). The study recommends that the government should optimize customs procedures by minimizing bottlenecks and establishing a taxation system that is both transparent and equitable. Furthermore, implementing measures to combat smuggling and boost compliance will not only fortify the positive impact of custom and excise duties on economic growth but also foster a more efficient and accountable fiscal environment.

Keywords: Taxes; Economic Grow

INTRODUCTION

Federal collected revenue plays a pivotal role in shaping the economic landscape of a nation, serving as a fundamental driver of development and progress (Yahaya & Mairafi, 2023). The mechanisms through which federal collected revenues contribute to economic growth in Nigeria are wide-ranging. One of the primary avenues through which federally collected revenue enhances economic growth is by funding infrastructure projects (Oghenekaro, 2020). Investment in infrastructure not only directly creates jobs but also reduces production costs, facilitates trade, and attracts private sector investments, fostering an environment conducive to economic expansion. Further, Yahaya & Mairafi, (2023) added that effective allocation of federally collected revenue enables the government to provide public goods and services that have far-reaching implications for economic growth. Accessible and reliable public services, such as clean water, sanitation, and public safety, improve the quality of life and create an environment conducive to economic activities. Targeted utilization of federal collected revenues for poverty alleviation programs, such as social safety nets and conditional cash transfers, can enhance income distribution and reduce the prevalence of extreme poverty (Odion, Amedu & Udeh, 2022). A reduction in poverty levels improves consumer purchasing power, expands domestic markets, and fuels consumption-driven economic growth. In all, effective revenue management can encourage economic diversification, which is crucial for sustainable growth. However, overdependence on a single revenue source, such as oil, can render an economy vulnerable to external shocks. But by strategically investing revenue in non-oil sectors, the government can foster a more resilient and diversified economy that is better equipped to navigate global uncertainties. In the views of Nguyen & Darsono, (2022) when governments rely heavily on excessive taxation as a revenue generation strategy, it can exert a significant financial strain on individuals, households, and companies especially those belonging to lower income brackets. As a result, disposable income decreases, forcing individuals to cut back on consumption, savings, and investments. This phenomenon can lead to reduced consumer spending, dampened demand for goods and services, and slower economic activity. Additionally, excessive taxation can discourage entrepreneurship and small business development, as the cost of compliance and operation becomes disproportionately burdensome (Zarif, 2022), hindering the growth of the private sector—a vital engine of economic expansion. Surprisingly, it has been recorded that over the years, the inability of governments to effectively balance between generating revenue and promoting economic growth has led to financial instability that weighs heavily on the general population (Adewara, Dagunduro, Falana & Busayo, 2023). This situation arises from the heavy tax load that governments place on citizens in an attempt to generate income, inadvertently causing increased poverty rates and a decline in whole economic vitality or activity (Nguyen & Darsono, 2022). Therefore, in the context of Nigeria, a nation characterized by its rich array of natural resources and diverse economic sectors, the relationship between federal collected tax and economic growth is of paramount importance because of the dual objective of the government to generate revenue and still sustain the growth of gross domestic product. Therefore, as Nigeria continues to evolve on its path of development, understanding the dynamic nexus between tax revenue collection and economic growth becomes essential for formulating effective policies and strategies that propel the nation toward sustained prosperity. Studies of this nature is of importance as they offer a factual foundation, enabling policymakers to embrace taxation approaches that are both fair and forward-looking. Therefore, the main objective of the study is to determine the effect of federal collected tax revenue on the economic

growth of Nigeria. Specifically, the study examined the extent to which Custom and Excise Duties, Petroleum Profit Tax and Education Tax affects economic growth of Nigeria.

The remaining parts of this study was therefore arranged as follows; Review of related literature, Theoretical framework, Empirical reviews, Methodology, Results and Discussions and finally Conclusion and Recommendation.

Review of related literature

Conceptual Literature

Government taxation for economic growth is a concept rooted in fiscal policy (Engen & Skinner, 1996), where the government uses its power to collect various forms of taxes to influence the economy positively. First, taxes are a primary source of revenue for the government which is essential for funding public goods and services, including infrastructure, education, healthcare, and national defense. These services create a foundation for economic growth by improving the quality of life and increasing productivity (World Bank, 2018; Smith, 1776). The government uses tax revenue to make significant public investments to include infrastructure projects like roads, bridges, and public transportation systems are often funded by tax revenue. Olopade and Olopade, (2010) document that such investments reduce transportation costs, enhance logistics efficiency, and stimulate economic activities by making it easier for businesses to operate and expand.

In the views of Schultz, (1992) taxes also play a crucial role in developing human capital. For instance, an education tax specifically funds the education system, which is vital for developing a skilled workforce. Better education improves workers' skills and productivity, contributing to economic growth. Similarly, accessible healthcare, funded through general taxation, ensures a healthy labor force, which is essential for maintaining high productivity levels. Further, custom and excise duties are other forms of taxation that can influence economic growth (Onoh, Okafor, Efanga & Ikwuagwu, 2021). Such duties are levied on imported goods and certain domestic products, respectively. By adjusting these duties, the government can protect domestic industries, encourage local production, and control the balance of trade. The government also employs fiscal policy to stabilize the economy by adjusting tax rates. Particularly, during economic downturns, reducing taxes can increase disposable income for consumers, encouraging spending and helping to revive economic activity (Taite, 2022). Conversely, during periods of excessive growth that may lead to inflation, increasing taxes can help cool down the economy. In the views of Benshalom, (2014), redistribution of wealth through taxation is another critical aspect. Progressive tax systems, where higher-income individuals pay a larger share of their income in taxes, help reduce income inequality. By redistributing wealth, the government increases the purchasing power of lower-income individuals, leading to increased consumption and demand for goods and services, which drives economic growth (Hümbelin, & Farys, 2018; Zolt & Bird, 2005).

Moreover, specific taxes like petroleum profit tax, which is levied on the profits of oil companies, provide significant revenue that can be used for public investments which in turn, support economic growth by funding critical sectors of the economy. The government also

designs tax policies to incentivize behaviors that contribute to economic growth. For example, tax credits for research and development can encourage innovation (Dechezleprêtre, Einiö, Martin, Nguyen & Van Reenen, 2016), while tax deductions for investments in renewable energy can stimulate growth in emerging industries (Chang, Wan, Lou, Q., Chen & Wang, 2020). Finally, prudent taxation helps maintain a balanced budget and manage national debt levels. Lower deficits and sustainable debt levels can lead to lower interest rates and increased investor confidence, fostering a favorable economic environment. Overall, government taxation is a powerful tool for economic growth such that by employing various forms of taxes such as custom and excise duties, education tax, and petroleum profit tax, the government can provide the necessary funds for public investments, stabilize the economy, reduce inequalities, and encourage behaviors that lead to a more dynamic and productive economy.

Theoretical Framework

Wagner's Law of Increasing State theory

This study is anchored on Wagner's Law of Increasing State theory, which was propounded by the German political economist, Adolph Wagner in 1893 as the "law of increasing state activity". This law was a result of inquiry made to ascertain whether economic growth is the reason for the increase of the government expenditure. This induced the expansion of government activities to manage and regulate market economy (Wagner, 1893). The major proposition of the Wagner's Theory is that public expenditure is an endogenous factor that is determined by the growth of national income or what this study calls revenue collection. The theory posits that growth in government expenditure is a function of increased industrialization and economic development. This law maintains that during the industrialization process, as the real income per capita of a nation increases, the share of public expenditures in total expenditures increases. Wagner's Law implies that revenue collection is essential to sustain the expanding role of government in modern economies. The increased spending on public services and infrastructure can contribute to economic growth by enhancing the productivity and efficiency of the economy.

Empirical Review

Yahaya and Mairafi (2023) examined the effect of federally collected taxes on economic growth in Nigeria. The study proxy federally collected taxes with companies' income tax, petroleum profits tax and value-added tax while economic growth is proxy with real gross domestic product. It adopts an ex post facto research design. The study employs secondary data sourced from the various annual official publications of the Federal Inland Revenue Service and the Central Bank of Nigeria Statistical Bulletin. These data were collected for the periods of twenty-eight years, covering the periods 1994 to 2021. The study employs the Vector Error Correction Model to estimate both short and long-term run effects of federally collected taxes on economic growth in Nigeria. The study found that companies' income tax, petroleum profits tax and value-added tax have a positive significant effect on economic growth in Nigeria in the long run. In the short run, companies' income tax and value-added tax have no significant effect on economic growth, while petroleum profits tax has a significant positive effect on economic growth in Nigeria in the short run.

Anaeto, Austine, Elijah and Nwachukwu (2023) examined the effect of federally collected tax revenue on economic growth in Nigeria. This study employed an ex post facto research design. Secondary data were collected from the Federal Inland Revenue Service's yearly official publications as well as the Statistical Bulletin of the Central Bank of Nigeria for twenty-eight (28) years, from 1994 to 2021. Vector Error Correction Model was employed to estimating both short and long run effects of federally collected taxes on economic growth in Nigeria. The study found that revenue from companies' income tax, petroleum profits tax and value added tax have positive significant effect on economic growth in Nigeria in the long run. In the short run, revenue from companies' income tax and value added tax exert no significant effect on economic growth, while revenues from petroleum profits tax exerts significant positive effect on economic growth.

Otekunrin, Fakile, Eluyela, Onabote, John and Ifeanyichukwu (2023) examined the impact of oil and non-oil tax revenue on economic growth in Nigeria from 1980-2019. The study adopted an ex-post facto research design, and data were drawn from the annual reports of Central Bank of Nigeria and Federal Inland Revenue Services publications. Error Correction Model was employed to analyse the data collected after subjecting the series to unit root test and cointegration test. The result of the study showed that petroleum profit tax has a positive significant relationship with economic growth, while company income tax and VAT have a negative significant relationship with economic growth.

Nguyen and Darsono (2022) examine the effect of tax revenue on the economic growth of nine countries in Southeast Asian countries. The countries included were Brunei, Cambodia, Indonesia, Laos, Malaysia, Philippines, Singapore, Thailand, and Vietnam. The period covered included 2000 - 2020 and data were extracted from the World Bank database. This research employed panel data estimations. This study found statistical evidence of a negative effect of tax revenue on economic growth. However, when considering the non-linear effects of tax revenue, the empirical findings showed that higher tax revenue could reduce the disadvantages of tax impacts to boost economic growth.

Adefolake and Omodero (2022) assessed the effects of tax revenue on the economic growth of Nigeria utilizing time series data spanning from year 2000 till 2021. The study's specific goal is to evaluate the influence of hydrocarbon tax, corporation income tax and Value Added Tax on Nigeria's economic growth. The study employs secondary form of data which have been sourced from CBN statistical bulletin and published Federal Inland Revenue Statement. Ex-post facto research design was used for this study. The data collected were analyzed and tested for unit root using Augmented Dickey Fuller method. Johansen co-integration test was conducted, and it revealed a long-run relationship. The Vector Error Correction Model revealed that petroleum profit tax and value-added tax have a positive and significant effect on GDP but company income tax has a negative and significant effect on GDP.

Ebimobowei (2022) investigated the relationship between petroleum profit tax and economic growth in Nigeria. It spanned through the period 1990 through 2019. The study employed an ex post facto research design and the secondary data used for the investigation were sourced from the Central Bank of Nigeria (CBN) statistical bulletin, Federal Inland Revenue Service Fact Book and the World Bank Development Website. Descriptive Statistics, Pearson Moment Correlation Coefficient and Ordinary Least Square

Multiple Regression Statistical tools were used in the study. The results revealed that petroleum profit tax/royalty has a significant and positive relationship with real gross domestic in Nigeria;

Shafiq, Bhatti, Bashir and Nawaz (2022) examined the impact of tax revenue on Pakistan's economic growth. The time series dataset spanning 1985–2021 was used for the current analysis. GDP is used as the dependent variable. The stationarity of the data was checked using the ADF test. The results of the ARDL bound test, which was used to determine whether there is a long-term link between the variables and a short-term relationship, indicate a long-term relationship. The study found that tax revenue has a negative and significant impact on the economic growth of Pakistan.

Kaneva, Chugunov, Pasichnyi, Andriy and Husarevych (2022) examined the effects of tax policy on economic development and evaluate the role of appropriate tax instruments in speeding up recovery. The results of the OLS regression analysis showed that tax level harms the GDP per capita growth rate in Central Europe and Baltic states over the 2000-2021 period. Another vital finding is the increase in both overall employment and investment to GDP ratio positively affected the real GDP per capita growth rates. In order to foster economic growth government might use tax cuts and other stimuli both for distortionary and non-distortionary taxes.

Gurdal, Aydin and Inal (2021) examined the relationship between tax revenue, government expenditure, and economic growth in Canada, France, Germany, Italy, Japan, UK, and the USA—the G7 countries using annual data from 1980 to 2016. The study used two different panel causality approaches in order to make a comparison. According to the time domain panel causality test results, there are a bidirectional causality between economic growth and government expenditure but unidirectional causality between tax revenue and government expenditure. Moreover, there is no causal relationship between economic growth and tax revenue.

METHODOLOGY

This research is fundamentally aimed at investigating the impact of federal collected taxes on the economic growth of Nigeria. The study employed an *ex-post facto* research design. The *ex-post facto* design entails scrutinizing the connection between a dependent variable and an independent variable after they have naturally taken place. The area of this study is the Nigerian economy, which has witnessed notable strides in economic expansion during recent times. The variables of the study comprises Gross Domestic Product, Custom and Excise Duties revenue, petroleum profit tax revenue and education tax revenue for the period of 13 years, 2010-2022. The study utilized time series data, which was obtained from secondary sources. Specifically, the data was sourced from the publications of the Central Bank of Nigeria (CBN) in 2022 and from Federal Inland Revenue Services annual report of 2022.

Description of Variables

Table 1 Description of Operational Variables

Variables	Type of Variable	Measurement
Gross Domestic	Dependent	Gross domestic product at Constant Basic Prices

Product		
Custom and excise duties	Independent	Total revenue realised from custom and excise duties
Petroleum Profit Tax	Independent	Natural log of revenue ~~realised~~realized from petroleum profit tax
Education tax	Independent	Natural log of revenue ~~realised~~realized from education tax

Source: Researcher's Concept, 2023

Model Specification

To achieve the above objective, the study adapted the model below used by Anaeto, Austine, Elijah and Nwachukwu (2023):

$RGDPt = \beta_0 + \beta_1 CIT_t + \beta_2 PPT_t + \beta_3 VAT_t + \mu_t$ (i)

Where;

RGDP= Real Gross Domestic Product

CIT= Companies Income Tax Revenue

PPT= Petroleum Profit Tax Revenue

VAT= Value Added Tax Revenue

The above model was modified to suit the specific objectives of the present study as follows:

$GDP_t = \beta_0 + \beta_1 CED_t + \beta_2 PPT_t + \beta_3 EDT_t + \mu_t$ (ii)

Where:

GDP_t = Gross Domestic Product for period t

CED_t = Custom and Excise Duties for period t

PPT_t = Petroleum Profit Tax for period t

EDT_t = Education Tax for period t

μ_t = Error term for period t

β_0 = Constant term

$\beta_1 - \beta_3$ = Coefficients of Tax Revenue

t denotes the annual time-period

Method of Data Analysis

Descriptive and Inferential statistics of the data used in this study were conducted via the aid of E-View 11.0 statistical software. Descriptive statistics was used to measure the central tendency and dispersion, which together provide information on the mean, standard deviation, minimum and maximum values observed during the period under investigation. Ordinary least square regression analysis was applied in hypothesis testing.

Data Presentation and Descriptive Statistical Analysis

The data were transformed into their natural logarithm equivalents. Appendix I shows the log transformation of the data.

Table 2 Data Presentation

Year	CED	PPT	EDT	GDP
2022	2511.52	4209.02	328.67	74639.47
2021	2240.00	2008.50	189.53	72393.67
2020	1094.08	1517.00	259.56	70014.37
2019	1005.49	2114.30	221.06	71387.83
2018	884.76	2467.60	203.28	69799.94
2017	785.89	1520.50	154.96	68490.98
2016	679.49	1157.80	130.12	67931.24
2015	694.60	1290.00	206.04	69023.93
2014	750.53	2453.90	189.61	67152.79
2013	636.38	2666.40	279.36	63218.72
2012	646.67	3201.30	188.44	59929.89
2011	570.87	3070.60	130.74	57511.04
2010	429.56	1480.40	154.98	54612.26

Source: CBN Statistical Bulletin, FIRS Tax Reports and World Bank Development Indicators (2022)

Analyzing the time series data above on custom and excise duties (CED), petroleum profit tax (PPT), education tax (EDT), and Nigeria's GDP, it can be seen that over the years, custom and excise duties (CED) exhibit a generally increasing trend. However, the petroleum profit tax (PPT) demonstrates some volatility, with notable increases in 2013 and 2014, followed by a decrease in 2015. Education tax (EDT) shows fluctuations, with a peak in 2012. Nigeria's GDP has generally shown an increasing trend, indicating economic growth. Examining the year-to-year changes in each variable can reveal more about the short-term dynamics. For example, a notable increase in GDP from 2017 to 2018 could prompt an investigation into the contributing factors.

Descriptive Statistical Analysis

The descriptive statistical analysis of the data was carried using measures of central tendency and measures of dispersion. **Table 3** shows the output of the descriptive tests.

Table 3 Descriptive Statistical Analysis

	CED	*PPT*	*EDT*	*GDP*
Mean	994.6025	2242.871	202.7965	66623.55
Median	750.5300	2114.300	189.6100	68490.98
Maximum	2511.518	4209.020	328.6744	74639.47
Minimum	429.5600	1157.800	130.1200	54612.26
Std. Dev.	639.9715	891.1953	58.36550	6033.109
Skewness	1.653014	0.708834	0.718945	-0.758311
Kurtosis	4.245991	2.775840	2.811168	2.445357
Jarque-Bera	6.761254	1.115851	1.139225	1.412543
Probability	0.034026	0.572395	0.565745	0.493481
Sum	12929.83	29157.32	2636.354	866106.1
Sum Sq. Dev.	4914762.	9530750.	40878.37	4.37E+08
Observations	13	13	13	13

***Source**: E-views 10 Output (2023)*

Custom and excise duties (CED) exhibit a mean of 994.60, with a positively skewed distribution (skewness = 1.653). The positive skewness implies a longer right tail, indicating occasional spikes in custom and excise duties. The kurtosis of 4.25 suggests a distribution with heavy tails and potentially some outliers. The Jarque-Bera test, with a low probability of 0.034, rejects the assumption of normality, indicating that the CED data is likely not normally distributed. This suggests the presence of significant non-normality or outliers in the custom and excise duties.

The petroleum profit tax (PPT) variable has a mean of 2242.87, with a slightly positively skewed distribution (skewness = 0.709) and a moderate kurtosis of 2.78. The data's distribution is not significantly different from a normal distribution, as indicated by the Jarque-Bera probability of 0.572. The relatively low skewness suggests a more symmetric distribution for PPT, while the moderate kurtosis indicates a distribution with moderate tail weight. These statistics imply a generally stable pattern in petroleum profit tax collection over the studied years.

Education tax (EDT) has a mean of 202.80 and a positively skewed distribution (skewness = 0.719), indicating occasional higher values. The kurtosis of 2.81 implies a distribution with moderate tail weight. The Jarque-Bera probability of 0.566 suggests that the EDT data is approximately normally distributed. The skewness and kurtosis values, though not extreme, indicate some asymmetry and tail weight in the distribution of education tax. Thus, the statistics suggest moderate variability in education tax collection, with occasional higher values impacting the distribution.

The Gross Domestic Product (GDP) of Nigeria, with a mean of 66,623.55, reflects an overall positive economic trend over the thirteen-year period from 2010 to 2022. The skewness of -0.758 indicates a slightly left-skewed distribution, suggesting a longer left tail, possibly due to years with lower economic growth. The kurtosis of 2.45 indicates a moderate degree of peakedness in the distribution. The Jarque-Bera test, with a probability of 0.493, fails to reject the null hypothesis of normality, implying that the GDP data may follow a normal distribution.

Test of Hypothesis

The ordinary least squares (OLS) technique was utilized to derive numerical estimates for the coefficients in various equations. To enhance the robustness of the standard errors, the log-transformed values of the variables were employed. The resulting model is reiterated below:

$GDP_t = \beta_0 + \beta_1 CED_t + \beta_2 PPT_t + \beta_3 EDT_t + \mu_t$

The output of the OLS regression estimation is shown in **Table 4**

Table 4 OLS Estimation Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
LOGCED	0.146556	0.037703	3.887095	0.0037
LOGPPT	-0.092241	0.044854	-2.056465	0.0699
LOGEDT	0.075488	0.071788	1.051545	0.3204
C	4.524674	0.156237	28.96036	0.0000

R-squared	0.748400	Mean dependent var	4.821895
Adjusted R-squared	0.664534	S.D. dependent var	0.040929
S.E. of regression	0.023706	Akaike info criterion	-4.398543
Sum squared resid	0.005058	Schwarz criterion	-4.224712
Log likelihood	32.59053	Hannan-Quinn criter.	-4.434273
F-statistic	8.923700	Durbin-Watson stat	0.784619
Prob(F-statistic)	0.004632		

***Source**: E-views 10 Output (2023)*

Discussion of Findings

The results of the OLS estimation, as presented in Table 4, reveal that the predictor variables (Custom and Excise Duties, Petroleum Tax, and Education Tax) collectively account for approximately 74.84% of the variations in Gross Domestic Product (R2 = 0.748400). The positive coefficient of Custom and Excise Duties is 0.146556 which indicates that on average an increase in tax revenue from custom and excise duties is associated with a positive change in GDP. In other words, higher custom and excise duties tend to contribute positively to economic growth in Nigeria. It suggests that an increase in customs and excise duties potentially spurs economic growth in Nigeria by fostering domestic industries, generating government revenue, and promoting infrastructure development. Higher duties protect local industries from foreign competition, encouraging domestic production and value addition. Increased government revenue from such duties can be allocated towards infrastructure projects, healthcare, and education, which in turn stimulate economic activities and growth. Additionally, excise duties on luxury goods can lead to a more equitable distribution of wealth by imposing higher taxes on the affluent, which can be redirected to social programs benefiting the broader population. This result is consistent with those of Afolabi et al. (2022); Okoli and Onwuanaku (2021) who argue that strategic tax reforms, including increased duties contribute to economic growth by enhancing government revenue and investment in critical sectors.

Petroleum Profit Tax has a negative statistically insignificant coefficient of -0.092241 which suggests that an increase in revenue from petroleum profit tax (LOGPPT) is associated with a statistically insignificant negative change in GDP which is consistent with prior outcome of Ewa, Adesola and Essien, (2020); and Osamor, Omoregbee, Ajasa-Adeoye and Olumuyiwa-Loko, (2023) who find that petroleum profit tax does not significantly impact Nigeria's economic growth. Also, the positive coefficient of Education Tax is 0.075488, indicating that an increase in revenue from education tax (LOGEDT) is associated with a statistically insignificant positive change in GDP which is similar to extant study of Owolabi and Okwu, (2011) and Olopade and Olopade, (2010) who concluded that education tax does not significantly drive economic growth.

Conclusion and Recommendations

Federal collected revenues enhance economic growth in Nigeria since they contribute to economic expansion via funding critical infrastructure projects. A robust infrastructure, encompassing transportation networks, energy facilities, and communication systems, serves as the foundation for a flourishing economy. Investment in such infrastructure not only directly generates employment but also reduces production costs, facilitates trade, and attracts private sector investments, thereby creating an environment conducive to economic growth. However, this study found that petroleum profit tax negatively affects economic growth. Therefore, on the bases of the outcome, this study carefully recommends that the government should optimize customs procedures by minimizing bottlenecks and establishing a taxation system that is both transparent and equitable. Noting that implementing measures to combat smuggling and boost compliance will not only fortify the positive impact of custom and excise duties on economic growth but also foster a more efficient and accountable fiscal environment. Further, government should consider revising the tax rates, exemptions, and incentives to strike a balance between revenue generation and fostering a conducive environment for the oil industry. Collaborate with industry experts, economists, and stakeholders to ensure that any adjustments align with economic objectives and maintain the competitiveness of the oil sector. Policymakers should focus on ensuring that revenue generated from education taxes is effectively and efficiently channeled into the education sector. This could involve targeted investments in educational infrastructure, teacher training, and curriculum development.

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Appendix I Transformation into Logarithm

Year	LogCED	LogPPT	LogEDT	LogGDP
2022	3.40	3.62	2.52	4.87
2021	3.35	3.30	2.28	4.86

2020	3.04	3.18	2.41	4.85
2019	3.00	3.33	2.34	4.85
2018	2.95	3.39	2.31	4.84
2017	2.90	3.18	2.19	4.84
2016	2.83	3.06	2.11	4.83
2015	2.84	3.11	2.31	4.84
2014	2.88	3.39	2.28	4.83
2013	2.80	3.43	2.45	4.80
2012	2.81	3.51	2.28	4.78
2011	2.76	3.49	2.12	4.76
2010	2.63	3.17	2.19	4.74

Source: Researcher's Computations Using Appendix I