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TAX POLICY AND SUSTAINABLE DEVELOPMENT IN NIGERIA

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Abstract

Sustainable development ensures the stability of the present economy and projects the growth of the future for the good welfare of the citizens. The poor economic situation of Nigeria has undermined the growth of the major sectors of the economy which resulting into low industrial output. The government's over-reliance on oil and not paying significant attention to income from taxation contributed to the downturn in the economy of Nigeria. The study evaluated the effect of tax policies on the sustainable development of Nigeria. The study employed a survey research design. The population of the study was tax practitioners, public analysts, and FIRS staff involved in tax policy formulation, administration, and enforcement in Nigeria. Using a purposive sampling technique, 100 respondents were selected for the study. A validated and structured

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questionnaire was used to obtain data. One hundred copies of the questionnaire were administered. Data were analysed using descriptive and inferential (multiple regression) statistics were used to analyse the data at 0.05 level of significance. The result found that tax policy had significant effect of sustainable development (Human Development Index) (Adj R^2=0.910,F(3,96)=324.48,p<0.05) in Nigeria. The study concluded that tax policy influenced sustainable development (Human Development Index) in Nigeria. The study recommended that the government should introduce and implement policies that will give preference to taxes for the sustainable development of Nigeria.

Introduction

Tax policy is of paramount importance in establishing the economic terrain of countries, exerting influence on investment choices, allocation of resources, and ultimately determining the results of sustainable development. Taxation plays a pivotal role as a fundamental mechanism used by governments to generate income to finance public goods and services. The key pillars of sustainable development include investments in infrastructure, education, healthcare, and environmental protection (Pearce & Onyejekwe, 2021). The significance of domestic resource mobilization is underscored by the Sustainable Development Goals (SDGs) established by the United Nations, whereby taxation assumes a pivotal position (Tsandor et al., 2020). The efficacy of tax policy in attaining sustainable development is contingent upon its formulation and execution. Tax policies have been widely acknowledged as crucial instruments for attaining sustainable development objectives on a global scale. Ocampo (2005) asserts that taxes serve as both a source of government income and a tool for dispersing wealth and fostering fair economic development. Furthermore, the significance of tax policies in promoting sustainable development objectives has been underscored by international institutions such as the United Nations and the World Bank (UN, 2015; World Bank, 2018).

In recent years, Nigeria has implemented substantial modifications to its tax policy to align it with the country's economic goals. The Nigerian government has endeavoured to improve tax efficiency and effectiveness in response to the

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expanding population and rising need for public services (Ogbonna & Ebimobowei, 2019). Nevertheless, there are ongoing obstacles that impede the effective allocation of tax resources for sustainable development objectives, including tax evasion, ineffective tax administration, and constrained fiscal capacity (Oladapo, 2020). India is confronted with a unique problem. According to Eghele and Nwaeze (-2020), the nation has a substantial population and ample natural resources. However, its reliance on oil earnings has impeded endeavours towards economic diversification and sustainable growth. An effective and streamlined tax structure is essential for generating money from sources other than oil and funding the Sustainable Development Goals (Akor & Ighomereho, 2017).

The achievement of Sustainable Development is a matter of global significance. According to Kouam and Asongu (2022), social entrepreneurship represents a significant advancement towards ethical and sustainable business practices. It entails the integration of creative company development and organizational change with values that are influenced by social causes. The concept of sustainable development encompasses several elements of growth, including economic, social, and environmental aspects, which may be assessed using measures such as Gross Domestic Product (GDP) (UNDP, 2019). In the Nigerian context, the measurement of GDP growth plays a crucial role in evaluating the trajectory of the country's development. According to Adegbie et al. (2018), a strong tax policy is anticipated to have a favourable impact on GDP growth by supplying the required financial resources for infrastructure investment, social programs, and poverty reduction measures.

Tax policy comprises a variety of policies, such as tax harmonization and tax incentives, which have the potential to influence economic activity and investment choices. The objective of tax harmonization is to optimize tax systems and minimize expenses associated with compliance, resulting in improved efficiency and fairness (Bird & Zolt, 2005). Conversely, tax incentives, such as tax holidays and investment allowances, are strategically formulated to allure investment and foster economic expansion (Moore & Blumenthal, 2018). Previous empirical research has examined the connection between tax policy and sustainable development, providing valuable insights into the efficacy of different tax policies in diverse situations. An investigation conducted by Ezeani and Agu (2017) revealed a significant association between tax harmonization endeavours

and the increase of the Human Development Index (HDI) in African nations. This finding implies that the implementation of coordinated tax policies has the potential to foster economic advancement. In contrast, a study conducted by Adeoti et al. (2016) brought attention to the possible disadvantages associated with an abundance of tax incentives. These incentives have the potential to diminish tax revenues and compromise the long-term fiscal viability of a system. The objective of this research is to examine the possible impact of tax harmonization and tax incentives on the growth of the Human Development Index (HDI) in Nigeria. It is anticipated that a tax system that is well-designed and well run, exhibiting harmonization and targeted incentives, has the potential to produce more government income. The augmented income may thereafter be allocated towards sectors that are crucial for fostering sustainable growth, resulting in an elevated Gross Domestic Product (GDP).

Past studies have emphasized the importance of tax policies in promoting equitable growth and resource mobilization for sustainable development agendas (Ocampo, 2005; World Bank, 2018). However, the applicability of these insights to Nigeria's unique socio-economic landscape remains unclear. Despite global recognition of the significance of tax policy in fostering economic growth and development, Nigeria continues to grapple with challenges related to tax administration, enforcement, and policy effectiveness. On a global scale, robust domestic resource mobilization, with taxation playing a pivotal role, is recognized as essential for achieving the UN's Sustainable Development Goals (SDGs) (Tsandor et al., 2020). However, the design and implementation of tax policies significantly influence their ability to contribute to sustainable development.

Many developing countries, including Nigeria, are faced with the problem of raising the necessary revenues to meet the government's expenditure. Governments' budgeted revenues usually fall short of the expected expenditures. To avoid excessive foreign financing, which may in the long run lead to the problem of debt sustainability, developing countries need to rely substantially on domestic revenue mobilization (Gupta, 2007; Bird, 1992). To strengthen domestic resource mobilization, developing countries have to rely on taxation and seek to raise additional revenue by expanding the tax base and strengthening revenue administration. The Federal Inland Revenue Service has embarked on sensitization campaigns on the presumptive tax regime, specifically targeted at the informal sector taxpayers in a bid to boost tax revenues for national development.

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Nigeria faces a critical impediment in leveraging its tax system to achieve sustainable development. Tax revenue serves as a vital instrument for financing essential public services and infrastructure, the bedrock of sustainable development. However, shortcomings within Nigeria's current tax policy significantly hinder its effectiveness in generating the necessary resources (Akor & Ighomereho, 2017). Nigeria's specific challenges further exacerbate the problem. Nigeria's historical reliance on oil revenues has significantly hampered economic diversification and limited resources available for investments in sustainable development (Eghele & Nwaeze, 2020). The Nigerian tax system is plagued by inefficiencies, including low tax compliance rates and a complex structure that discourages investment (Eghele & Nwaeze, 2020). Nigeria struggles to generate sufficient non-oil revenue, hindering its ability to finance public services and infrastructure crucial for sustainable development (Akor & Ighomereho, 2017). These factors collectively contribute to a situation where Nigeria's current tax policy fails to generate the resources needed to invest in sustainable development. This, in turn, hinders progress towards achieving the SDGs and improving the overall well-being of its citizens.

Nigeria's tax system faces structural inefficiencies, including widespread tax evasion, limited fiscal capacity, and an overreliance on oil revenues (Ogbonna & Ebimobowei, 2019). These challenges undermine the government's ability to harness tax revenues effectively for investment in critical sectors such as infrastructure, education, and healthcare. Moreover, within Nigeria, there is a lack of comprehensive empirical research that examines the impact of specific tax policy measures, such as tax harmonization and tax incentives, on sustainable development indicators like the Human Development Index (HDI). While some studies have explored the relationship between taxation and economic growth in Nigeria (Adegbie et al., 2018; Oladapo, 2020), there remains a dearth of literature that explicitly addresses the nexus between tax policy reforms and sustainable development outcomes. Further research is crucial to identify and address the specific weaknesses within Nigeria's tax policy that hinder its contribution to sustainable development. Evaluating the effectiveness of existing tax harmonization efforts and tax incentive programs is essential. Therefore, the overarching problem addressed by this study is the need to investigate the efficacy of tax policy measures in Nigeria in promoting sustainable development, as measured by indicators such as the Human Development Index (HDI).

The objective of this study was to evaluate the effect of tax policy on sustainable development (Human Development Index) in Nigeria.

The study tested the stated hypothesis:
Ho1: Taxes do not significantly affect sustainable development (human capital Index) in Nigeria.

Literature Review

Conceptual Review

The literature review in this chapter provides a comprehensive examination of existing research related to tax policy and its implications for sustainable development in Nigeria. The review encompasses three main components: conceptual review, empirical review, and theoretical review. By elucidating these conceptual underpinnings, this section provides a theoretical framework for understanding the interrelationship between tax policy and sustainable development in Nigeria.

Sustainable Development

The consistency of the natural capital pool is an essential need for achieving sustainable development in any given nation. This implies that present choices should not impede the potential for preserving or enhancing the future capital stock. The problem of intergenerational fairness is a crucial aspect of sustainable development, since it is rooted on the idea that the resource base of an economy is shared among all generations (Olaniyan et al., 2013). During the two decades spanning from the Stockholm Conference on Environment to the Rio Conference in 1992, there has been a mounting apprehension about the escalating endangerment of the ecological systems that sustain life on Earth due to human activities. The detrimental impact of human activities on the natural environment makes them unsustainable due to their irreversible alteration of the ecosystem. Currently, there is a widespread agreement among scientists that these activities that harm the environment cannot continue in the future due to their destruction of the required natural conditions for their continuance (Karpagam 2014).

The World Commission on Environment and Development introduced the concept of sustainable development in 1987 with its influential report titled "Our Common Future". Subsequently, sustainability has emerged as a primary standard by which

national governments, development organizations, and NGOs evaluate economic development strategies. Despite the challenges posed by ambiguities in defining and interpreting sustainability as a standard for development, there is a general agreement that sustainable development necessitates the active involvement of the government in effectively and fairly managing natural and environmental resources (Pearson 2013). In 1932, Pigou (quoted in Krutilla 1967) emphasized that it is the explicit responsibility of the government, acting as a trustee for current and future generations, to protect and, if necessary, safeguard the finite natural resources from arbitrary and careless destruction by legislative measures. According to the Business Council for Sustainable Development, continuing our current approaches to energy consumption, forest management, agriculture, biodiversity conservation, urban expansion, and industrial production is not feasible. Following this recognition, several governments and corporations are endeavouring to establish and execute sustainable economies and enterprises by exploring rational approaches.

Sustainable development, a complex and multifaceted concept, necessitates robust measurement tools to track progress. The Human Development Index (HDI), developed by the United Nations Development Programme (UNDP), has emerged as a prominent metric, offering a broader perspective than solely focusing on economic growth. Traditional measures of progress, such as Gross Domestic Product (GDP), often fail to capture the social and human aspects of development. HDI remains a valuable tool for policymakers and development practitioners. By highlighting countries' strengths and weaknesses across different dimensions of human well-being, the HDI informs the design of policies aimed at achieving balanced and sustainable development. For instance, a country with a high life expectancy but low educational attainment might prioritize investments in education to improve its overall HDI score (Sen, 1999).

The Human Development Index (HDI) is a widely recognized composite measure that assesses the well-being of populations based on indicators of health, education, and income. Originally developed by the United Nations Development Programme (UNDP) in 1990, the HDI has since become a key tool for measuring progress towards sustainable development goals. The HDI is significant for its holistic approach to assessing human well-being, capturing multiple dimensions of development beyond economic growth alone. By incorporating indicators of health, education, and income, the HDI provides a more comprehensive

understanding of human development outcomes (UNDP, 1990). Moreover, the HDI serves as a powerful advocacy tool for policymakers, highlighting areas for intervention and monitoring progress towards sustainable development goals at the national and global levels (Alkire et al., 2010).

Tax and taxation

Taxes are the lifeblood of any government. They are not merely financial burdens imposed on citizens, but a social contract that underpins the very foundation of governance. Taxation is a fundamental component of modern societies, serving as a primary means of revenue generation for governments worldwide. It plays a crucial role in financing public goods and services, redistributing income, and regulating economic activity. Taxation is rooted in various economic theories, each offering insights into its rationale and implications. The classical economic perspective, as espoused by economists such as Adam Smith and David Ricardo, views taxation as a necessary evil to finance essential government functions while minimizing economic distortions (Smith, 1776; Ricardo, 1817). In contrast, modern theories of taxation, including the optimal tax theory and the public finance approach, seek to maximize social welfare by designing tax systems that balance efficiency, equity, and administrative feasibility (Diamond & Mirrlees, 1971).

Taxation serves multiple functions in modern societies, beyond revenue generation. Firstly, taxes finance public goods and services, including education, healthcare, infrastructure, and defense, which are essential for societal well-being and economic development (Bahl & Bird, 2008). Secondly, taxation facilitates income redistribution by imposing progressive tax rates and implementing welfare programs to reduce income inequality and alleviate poverty (Atkinson & Stiglitz, 1980). Thirdly, taxation can influence economic behaviour by incentivizing or disincentivizing certain activities through tax deductions, exemptions, and incentives (Slemrod & Bakija, 2017).

Despite its importance, taxation faces various contemporary challenges in the globalized and digitized economy. These challenges include tax evasion and avoidance, tax competition among jurisdictions, base erosion and profit shifting (BEPS) by multinational corporations, and the proliferation of informal economies (OECD, 2013). Moreover, demographic shifts, technological advancements, and environmental concerns pose additional challenges to traditional tax systems, necessitating innovative policy responses (Piketty, 2014; IMF, 2019). The design

and implementation of an effective tax system are complex undertakings. Globalized economies and the rise of digital transactions pose new challenges for tax collection (Fox, 2016). Striking a balance between generating sufficient revenue and minimizing the burden on taxpayers and businesses is crucial. Additionally, ensuring tax fairness and combating tax evasion remain ongoing concerns (International Monetary Fund, 2023).

Tax Policy

Tax policy is a critical instrument wielded by governments to generate revenue, redistribute wealth, and influence economic behaviours. It encompasses a complex array of decisions regarding tax rates, tax bases, exemptions, and enforcement mechanisms. Tax policy, the cornerstone of any government's fiscal framework, transcends mere revenue generation. It's a complex web of strategies designed to achieve a multitude of economic and social objectives. Tax policy is guided by several key principles aimed at achieving economic efficiency, equity, simplicity, and administrative feasibility. Economic efficiency dictates that taxes should impose minimal distortions on economic decisions, ensuring that resources are allocated efficiently (Gruber & Saez, 2002). Equity principles call for taxes to be levied fairly, with the burden distributed according to taxpayers' ability to pay, often reflected in progressive tax systems (Atkinson & Stiglitz, 1980). Simplicity emphasizes the need for clear and straightforward tax laws to facilitate compliance and reduce administrative costs (Bird, 2008). Administrative feasibility underscores the importance of designing tax policies that can be effectively implemented and enforced by tax authorities (Bahl & Bird, 2008).

Tax policy rests on three fundamental pillars: the tax base, tax rates, and tax administration (Slemrod & Bakija, 2008). The tax base defines the income, wealth, or goods and services subject to taxation. Tax rates determine the percentage or amount of tax levied on the tax base. Finally, tax administration encompasses the collection and enforcement of taxes, ensuring compliance and minimizing evasion (International Monetary Fund, 2023).

The rise of globalization and the digital economy has introduced new challenges to tax policy. Cross-border tax evasion, profit shifting by multinational corporations, and the emergence of digital transactions pose complexities for tax collection (Fox, 2016). Additionally, ensuring fairness in a globalized world with varying tax regimes requires international cooperation and coordinated efforts

(OECD, 2023). Despite the guiding principles, implementing tax policy poses various challenges for governments. One significant challenge is tax evasion and avoidance, where taxpayers seek to minimize their tax liabilities through legal or illegal means (Slemrod & Yitzhaki, 2002). Tax competition among jurisdictions exacerbates these challenges, as businesses and individuals may relocate to jurisdictions with lower tax rates or more favourable tax incentives (Wilson, 1999). Base erosion and profit shifting (BEPS) by multinational corporations further complicate tax policy implementation, as these entities exploit gaps in international tax rules to minimize their tax obligations (OECD, 2013).

Tax harmonization

The worldwide importance of tax harmonization has been seen. The primary catalyst for this phenomenon may be attributed to globalization, the rise of open borders, the movement of factors of production, the need to vie with neighbouring countries for investment, and the resurgence of economic and trade alliances, among other factors. What does tax harmonization refer to? Tax harmonization is the deliberate or unintentional act of ensuring that tax rates are the same or comparable across different areas (Aniyie, 2015). This technique is used to address the corollaries that arise from the interplay of various tax regimes worldwide. Tax harmonization refers to the establishment of standardized tax rates or administrative procedures among different governments, regions, or groups. The aforementioned attitude has been widely embraced throughout many regions worldwide, exhibiting diverse levels or degrees of implementation, including standardization, compatibility, coordination, collaboration, and convergence. The implications of tax harmonization for developing nations and their effects on their development are subjects of inquiry. The resolution to this inquiry may be derived by comprehending the interplay of taxes, development, and institutions within the state. The three elements mutually affect, shape, and colour each other. According to Aniyie (2015), the socio-economic institutions of a state have a significant role in determining its ability to attract investments and foster growth potential.

Tax incentives

Tax incentives are policy tools used by governments to promote specific economic activities, such as investment, innovation, and job creation. While tax incentives

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can stimulate economic growth, their impact on human development outcomes, as measured by the Human Development Index (HDI), and sustainable development goals warrants examination. Tax incentives are often employed as a means to achieve sustainable development objectives by incentivizing activities that contribute to economic growth, environmental conservation, and social welfare. For instance, tax incentives for renewable energy projects or green investments can promote environmental sustainability and mitigate climate change (UNDP, 2019). Similarly, tax incentives for education and healthcare expenditures can enhance human capital development and social inclusivity, thereby fostering sustainable development (Bird, & Smart, 2009).

Klemm (2009), Gurtner and Christensen (2008) described tax inducements as parameters put in place by the government through the tax authorities to provide a more friendly or favourable tax treatment of certain activities and for some flagged sectors of the economy, likened to what was approved for industries. With this arrangement, there would be an overall reduction in the tax rate or better still, a generous depreciation program. Note that those incentives applicable to all firms would not be considered tax incentives. Furthermore, Babatunde (2014) reiterated that tax incentives are one of the instruments deployed to encourage the acquisition of new technology or to enable the economy to benefit from. Incentives are a tool for stimulating consumption incentives for encouraging research and development activities to solve problems, and for the attainment of mass food production; improve social security. Tax incentives could be adopted to instil a desired economic culture of savings and investment as well as stimulate foreign exchange earnings (Gurtner and Christeinsen, 2008).

Historical Brief of Taxation

The notion of taxes has a lengthy and intricate historical trajectory. In ancient civilizations like Mesopotamia and Egypt, several types of tribute or levies were used to fund public projects and provide financial support to their rulers (Shoup, 2004). Over time, these practices transformed into more structured tax systems, culminating in the establishment of a complete tax law by the Roman Empire (Jahn, 2019). According to Pomeranz (2011), the origins of taxation may be traced back to ancient civilizations, during which rulers enforced tribute payments on their citizens as a means to fund military conflicts and public projects. Tax systems have gradually become more complex and extensive, shaped by economic,

political, and social influences. The formalization of tax systems and the introduction of contemporary tax instruments, such as income taxes, value-added taxes, and corporation taxes, were a direct result of the development of nation-states and the extension of governmental activities during the Industrial Revolution (Musgrave & Thin, 1948).

Tax Policy in Nigeria

For many years, Nigeria's public revenue profile has been heavily influenced by oil money, which has been the primary source of income for the country for decades. The development of the National Tax Policy (NTP) was motivated by the need to enhance public income, particularly from non-oil sources, and provide a comprehensive structure for tax administration in Nigeria (Mercilina & Gina, 2020). A National Tax Policy has been developed to address the difficulties by establishing tax goals and providing explicit instructions for the administration of the Nigerian tax system. In 2012, an attempt was made to initiate a National Transformation Plan (NTP); however, it failed to materialize due to the absence of the necessary parliamentary ratification required for its enactment into law (Enahoro & Jayeola, 2012). On August 10, 2016, a committee was established to evaluate, revise, and propose strategies for implementing the National Tax Policy. Subsequently, on February 1, 2017, the National Tax Policy, 2017 was enacted into law. Its objectives include: (i) to offer guidance and structure for evaluating the Nigerian tax system; (ii) to establish a framework for future tax legislation; (iii) to serve as a foundation and reference document for tax-related matters; (iv) to provide guiding principles and new regulations for practitioners, thereby establishing a standard for all stakeholders; and (v) to provide direction and define the roles and responsibilities of all stakeholders (Mercilina & Gina, 2020).

Tax Policy and Sustainable Development in Nigeria

Numerous contemporary policy authorities, particularly in developing nations such as Nigeria, have a multitude of responsibilities and obligations pertaining to the well-being of their populace (Akinleye, Olaoye, & Ogunmakin, 2019). These duties include the provision of sufficient infrastructure, operational healthcare services, continuous electricity supply, development of human resources, and ensuring the protection of lives and possessions, among several other factors. Nigeria's political system is characterized by a significant abundance of natural

resources. However, the over-reliance on money generated by extractive sectors for economic development and productivity has resulted in several unresolved challenges. The Nigerian government should strategically use the cash generated from both extractive and non-extractive activities to promote development and enhance productivity in various sub-sectors of the economy. According to Olaoye and Awe (2018), it can be inferred that taxation serves as the primary means of generating government income, not just in Nigeria but also on a global scale. Therefore, it is essential for the government to effectively allocate tax revenues to achieve its legal obligations, which include promoting stable economic development, enhancing the quality of life, and fostering economic growth and productivity (Nwaogwugwu, 2020).

The translation of collected tax revenue by the government into public welfare initiatives, such as the development of well-maintained roads, infrastructure, accessible education, and inexpensive healthcare services, has significant importance in enhancing the overall living standards of the populace. Put simply, achieving a high level of efficiency in revenue collection by preventing tax evasion is essential for improving the persistent poverty, increasing inflation, and escalating unemployment rates in Nigeria. It is worth noting that the existence of these socioeconomic difficulties presents a significant risk to the expansion and efficiency of the domestic economy (Esan, 2020). According to Ngozi and Obioma (2018), taxation is a deliberate mechanism that compels individuals to legally contribute towards the government's endeavours in establishing an environment conducive to optimum economic growth and sustained productive development. Nevertheless, the issues that are responsible for Nigeria's diminishing economic development and productivity are mostly associated with the low ratio of tax revenue to gross domestic product (GDP). Although FIRS and JTB have implemented improvements to streamline tax payments (JTB, 2019:10-11), a significant number of Nigerian individuals strongly oppose being legally responsible for tax payment requirements. The occurrence of diminished tax morale has had a significant impact on the overall economic development and productivity of the country. The growth and productivity of every political system depend on the mobilization of tax revenues to support political authorities in providing essential infrastructure and development resources. The lack of necessary finances sometimes hinders the provision of certain facilities aimed at promoting development. The ability to ensure timely tax payment is crucial for

generating sufficient tax revenues to support national development and productivity (Akinleye, Olaoye, & Ogunmakin, 2019). Therefore, in the absence of inflation, uneven resource allocation, and macroeconomic instability, the implementation of an efficient tax system is vital for rejuvenating key economic sectors and mitigating the escalating poverty and inadequate public welfare within the system. Taxation is a fiscal tool that has a significant impact on the growth trajectory and rate of productivity within a given system.

Tax harmonization and sustainable development

Taxation has the potential to have an influence on both economic and political instability, as well as progress. Taxation may be seen as an additional expression of the relationship, whereby the state exercises its sovereign authority. It serves as a foundation for voluntary engagement and public involvement in the political organization and administration of the state. Additionally, it facilitates a grassroots approach to addressing the developmental challenges faced by the State. Moreover, the utilization of taxation as a method of state or public funding aligns with the concept of sustainable development, also known as the sustainability principle. This is because taxation guarantees the establishment and functioning of mechanisms for obtaining public finance in a manner that upholds, and occasionally improves, the physical, social, and economic environment, ultimately benefiting both present and future generations (Aniyie, 2015).

Tax harmonization may impact the Human Development Index (HDI) via many channels. The implementation of tax harmonization may result in enhanced tax revenue collection due to the optimization of tax administration processes and the reduction of compliance expenses. The generated income may thereafter be allocated towards essential sectors such as education (enhancing the availability of information) and healthcare (promoting longevity and well-being), which are both fundamental elements of the Human Development Index (Eghele & Nwaeze, 2020). Tax harmonization can provide a tax climate that is more foreseeable and consistent, which may in turn attract international investment. This investment has the potential to provide employment opportunities, therefore enhancing the quality of life and contributing to a satisfactory level of living under the Human Development Index (HDI) framework (World Bank, 2023). Nevertheless, the correlation between tax harmonization and the Human Development Index (HDI) is not consistently linear.

According to Bird and De Mello (2008), the process of harmonization may impose constraints on a government's capacity to customize tax policy to effectively meet precise national goals and social needs. The design of tax harmonization may result in disparate distributional outcomes. If harmonization results in the implementation of a less progressive tax system, some demographic groups may face increased tax obligations (Keen & Lockwood, 2010). The objective of tax harmonization is to establish convergence in tax policies and regulations across various jurisdictions, to foster a more unified and effective tax framework (Bird & Zolt, 2005). Tax harmonization has the potential to enhance trade, investment, and economic integration by alleviating administrative burdens and compliance costs for businesses engaged in cross-border operations. Consequently, this can contribute to the achievement of sustainable development goals, including poverty reduction, job creation, and economic growth (OECD, 2016).

The Human Development Index (HDI) is a comprehensive metric that considers several aspects of human well-being, including health, education, and income. Tax harmonization has the potential to have an indirect impact on the components of the Human Development Index (HDI) via its facilitation of economic growth, augmentation of government income for investment in social services, and creation of a favourable environment for the development of human capital (UNDP, 1990). Furthermore, the implementation of harmonized tax systems has the potential to mitigate economic disparity and foster social cohesion, thereby exerting a favourable influence on Human Development Index (HDI) results (Anand & Sen, 1994). Empirical research has yielded valuable insights into the interplay between tax harmonization, the Human Development Index (HDI), and sustainable development. Ezeani and Agu (2017) conducted a study that revealed a favourable correlation between tax harmonization initiatives in African nations and advancements in Human Development Index (HDI) indicators. This finding implies that the implementation of coordinated tax policies has the potential to positively impact human development results. Moreover, research conducted by the World Bank in 2018 emphasized the significance of tax harmonization in fostering investment, generating employment opportunities, and alleviating poverty, thus supporting the achievement of sustainable development objectives.

Tax incentives and sustainable development

Tax incentives can influence HDI components by stimulating investments in healthcare, education, and social infrastructure, thereby improving health

outcomes, increasing educational attainment, and reducing poverty (UNDP, 1990). Moreover, tax incentives for job creation and income generation can contribute to higher standards of living and greater economic security, positively impacting HDI outcomes (Alkire et al., 2010). Tax incentives are targeted tax breaks or benefits designed to encourage specific economic activities or behaviours. These incentives can take various forms, including tax deductions, tax credits, or exemptions (World Bank, 2023). Governments utilize them to promote investment in specific sectors, encourage innovation, or stimulate job creation. Tax incentives can influence the HDI through various pathways, potentially leading to both positive and negative outcomes.

Well-designed tax incentives can attract investment and stimulate economic activity, which can ultimately lead to higher tax revenues (a critical resource for funding investments in education and healthcare, key components of the HDI) (Alm & McKibbin, 2006). Tax breaks for research and development or targeted tax credits for businesses that create jobs can contribute to a more skilled workforce and improved living standards, thereby impacting the decent standard of living dimension of the HDI (OECD, 2023). However, tax incentives can also have unintended consequences. Generous tax breaks can significantly reduce government revenue, potentially hindering investments in critical areas like education and healthcare, ultimately impacting the HDI negatively (Keen & Lockwood, 2010). Tax incentives favouring specific industries or corporations can exacerbate income inequality. This can undermine social equity, a crucial aspect of sustainable development (Saez & Zucman, 2016). Tax incentives that encourage environmentally harmful activities, such as fossil fuel production, can hinder progress towards environmental sustainability, a cornerstone of sustainable development (Coady et al., 2017). Empirical studies have provided insights into the relationship between tax incentives, HDI, and sustainable development. For example, research by Martinez-Vazquez and McNab (2003) found that targeted tax incentives for education and healthcare expenditures positively influenced human development outcomes in developing countries. Similarly, a study by the International Monetary Fund (IMF) (2015) highlighted the role of tax incentives in promoting investment, job creation, and poverty reduction, contributing to sustainable development goals.

Theoretical Review

The theoretical review explores theoretical perspectives and models that underpin the analysis of tax policy and sustainable development. It encompasses theoretical frameworks drawn from economics, public finance, development studies, and political economy, providing insights into the mechanisms through which tax policies influence sustainable development outcomes. Theoretical perspectives such as the optimal tax theory and Economic Theory of Tax Administration offer valuable insights into the design, implementation, and effectiveness of tax policies in achieving sustainable development objectives.

Optimal Tax Theory

Tax policy plays a critical role in achieving sustainable development, the intricate dance between economic growth, social equity, and environmental protection. Optimal Tax Theory (OTT) provides a valuable theoretical framework for analyzing how tax policy can be designed to achieve these sometimes competing objectives. Optimal Tax Theory finds its roots in the seminal work of James Mirrlees, a Scottish economist, published in 1971 titled "An Exploration in the Theory of Optimum Income Taxation". Mirrlees, along with William Vickrey (awarded the Nobel Prize in Economics in 1973), revolutionized the field of public finance by laying the groundwork for a more nuanced understanding of how tax policy can be designed to minimize distortions and maximize social welfare.

Optimal Tax Theory offers valuable insights for designing tax policies that contribute to sustainable development. OTT emphasizes the importance of striking a balance between economic efficiency (minimizing distortions in resource allocation) and equity (fair distribution of the tax burden). Sustainable development requires economic growth, but this growth should be inclusive and ensure all segments of society benefit. OTT helps us analyze tax systems through this lens. OTT acknowledges the existence of externalities – costs or benefits that accrue to parties not directly involved in a transaction. Environmental externalities, such as pollution, represent a significant challenge to sustainable development. OTT frameworks can be adapted to consider these externalities and design taxes (e.g., pollution taxes) that discourage environmentally harmful activities (Bovenberg & Goulder, 2001). By analyzing the impact of different tax instruments on economic behaviour and social welfare, OTT informs the design of tax policies that promote economic growth, discourage environmentally

unsustainable practices, and encourage behaviours that contribute to a more equitable society – all crucial aspects of sustainable development (Saez & Zucman, 2016).

Economic Theory of Tax Administration

The Economic Theory of Tax Administration, proposed by Richard Musgrave in the mid-20th century, provides a theoretical framework for understanding the role of tax administration in achieving efficient and equitable tax policy outcomes. This theory remains highly relevant to contemporary discussions on tax policy and sustainable development, offering insights into the design, implementation, and enforcement of tax systems to support economic growth, social equity, and environmental sustainability. Sustainable development, encompassing economic growth, social equity, and environmental protection, relies heavily on effective tax collection. The Economic Theory of Tax Administration offers a critical framework for analyzing how administrative practices can influence tax policy's effectiveness in achieving these goals. Unlike Optimal Tax Theory with a clear founder, the Economic Theory of Tax Administration has emerged from the contributions of various scholars throughout the latter half of the 20th century. Seminal works by economists like Nicholas Kaldor (1964) and Joseph A. Pechman (1983) laid the groundwork for this theory. Their focus on taxpayer behaviour, compliance costs, and administrative efficiency has shaped our understanding of how tax administration practices impact tax policy outcomes.

Effective tax administration is essential for maximizing tax revenue collection. This revenue is the lifeblood for government investments in critical areas like education, healthcare, and clean energy – all crucial aspects of sustainable development (Bird & De Mello Jr., 2008). A well-designed tax administration system with clear rules, efficient procedures, and fair enforcement encourages voluntary tax compliance. This reduces reliance on distortionary tax policies and ensures a more equitable distribution of the tax burden, contributing to social equity, a pillar of sustainable development (Slemrod & Bakija, 2008). The theory emphasizes minimizing the administrative costs associated with tax collection. By streamlining procedures and leveraging technology, resources can be freed up for investments in other areas that promote sustainable development (World Bank, 2023).

Empirical Review

The influence of Sustainable Tax Revenue and Expenditure on the fulfilment of Sustainable Development Goals in African nations was investigated by Kola, Fortune, and Rawlings (2022) using secondary data. According to the World Development Indicators database, the dataset was obtained. The primary impetus for this research was the significant disparity between rich and developing nations in terms of their likelihood of attaining the Sustainable Development Goals (SDGs). The Generalized Method of Moments approach was used to examine data obtained from a sample of 45 countries, including both African and industrialized nations, spanning the time frame of 2010 to 2020. The findings of the study indicate that the coefficients associated with grants received, different types of taxation, and other sources of money have a favourable impact on economic development, while simultaneously exerting a negative influence on poverty and unemployment rates in both African and industrialized nations. This conclusion implies that enhancements in the creation of tax income, grants, and other forms of revenue accumulation from various sources have a positive impact on economic performance and the well-being of persons in the nations under analysis. The results suggest that the acquisition of additional funds from diverse sources may contribute to the attainment of sustainable development, enhance financial stability, and foster economic growth and development within these nations.

Kouam and Asongu (2022) provide a comprehensive examination of scholarly investigations on the impact of taxes on social innovation and its consequential consequences for the attainment of Sustainable Development Goals (SDGs) in developing nations. The authors choose three distinct methodologies, namely thematic, chronological, and methodological, to analyze their study. The consensus among research is that high tax rates in the business sector hinder social innovation and, therefore, the attainment of Sustainable Development Goals (SDGs). This is because social innovation is widely recognized as a catalyst for most SDGs, with business serving as the means to accomplish them. The bulk of the chosen studies used primary data obtained from samples that lack specific justification for their representativeness concerning the relevant population, particularly enterprises.

The study conducted by Adewale, Amos, and Oladimeji (2022) aimed to examine the influence of tax components on the attainment of sustainable growth in Nigeria. The researchers utilized time series data spanning from 1987 to 2019 and

employed the ARDL bound testing approach to cointegration. This approach was employed to determine the long-term stability of the relationship and the rate of adjustment in the short term. The findings indicate that there is a positive correlation between Petroleum Profit Tax, Company Tax, Value Added Tax, and Personal Income Tax with economic growth (GDP) in the short term. Conversely, Custom and Excise Duties and Personal Income Tax have a negative correlation in both the short and long term. This report proposes robust institutional changes in the customs department to address the evident leakages and ensure that the income produced by the unit reaches the required level, hence promoting sustainable development in Nigeria by 2030.

In their empirical study, Mercilina and Gina (2020) investigate the impact of National Tax Policy (NTP) on the sustainability of businesses in Nigeria. The research utilizes the Quarterly National Business Index (NBI) business expectations survey database from the Central Bank of Nigeria. This information includes 1950 small and medium-sized enterprises (SMEs) located in the six geopolitical zones of Nigeria. The research utilizes descriptive statistics and correlation statistics as data analysis tools. In general, the findings indicate that the correlations between NTP and NBI have very low coefficients, with none displaying statistical significance at the 5% level. This suggests that the association between NTP and the development and performance of enterprises in Nigeria may not be robust. Nevertheless, the study expresses optimism regarding the implementation of the Finance Act (2020), which encompasses various policy modifications. These include the eradication of double taxation resulting from excessive dividend tax, a predicament that afflicted companies in the immediate aftermath of the Act's enactment. Additionally, the Act exempts small companies from tax obligations and reduces company income tax to 20% for medium-sized companies, while large companies continue to be subject to 30% for Corporate Income Tax (CIT). The modifications, particularly those on company proprietors in Micro, Small, and Medium Scale (MSMEs) and Medium Scale Enterprises (SMEs), are exceedingly captivating.

The study conducted by Aribaba, Oladele, Ahmodu, and Yusuff (2019) investigated the impact of tax policies on the viability of entrepreneurial activities in Ondo State, Nigeria. A survey research approach was used in this study, including a population of 18 local government regions. The research used multi-stage sampling methods to determine the sample size of nine local government areas in

Ondo State that possess officially recognized small and medium companies (SMEs) under the Small and Medium-Scale Enterprise Development Agency of Nigeria (SMEDAN). The respondents completed and submitted a structured questionnaire. The acquired data were subjected to estimation using ordered logistic regression to evaluate the established hypotheses. The analysis demonstrated that the three independent variables (multiple taxation, tax rates, and tax incentives) explained 43% of the variation in the sustainability of small and medium-sized enterprises (SMEs) in Ondo State. This was statistically significant, as shown by a p-value of 0.0029. The study also showed a statistically significant negative correlation between multiple taxation and the sustainability of business. Conversely, tax rates and tax incentives exhibited a favourable association with the sustainability of entrepreneurship. Based on the aforementioned findings, the study thus proposes that to address the issue of chronic poverty, banditry, kidnapping, and other social vices in the state, the government must establish a favourable tax regime. This regime should be designed to foster sustainable entrepreneurship and mitigate social vices.

Ekanem (2018) examined the Nigerian tax system concerning the nation's commitment to achieving Sustainable Development, specifically in the context of the SDGs, 2016. The study found that while there is no disagreement about the positive connection between taxation and Sustainable National Development, Nigeria, with its large population, abundant natural resources, and strong investment framework, is well-positioned to fully utilize this tool for sustainable development. However, there are still significant gaps in the country's implementation of the tax tool to fully exploit its immense wealth. The impact of tax policy on economic stability in Nigeria was evaluated by Amah and James (2018). The information was obtained from reputable sources such as the Statistical Bulletin of the Central Bank of Nigeria, the Federal Inland Revenue Service, and the National Bureau of Statistics. The time series spans from 1985 to 2014. Unit root and co-integration tests were conducted on the variables, revealing a significant long-term link. The findings further suggest that tax policies do not have a statistically significant effect on the process of economic stability in Nigeria. The report suggests that the Government of Nigeria should prioritize fiscal neutrality when formulating policies. Additionally, it recommends that Nigeria undertake tax system reforms to mitigate the poverty caused by tax policies.

Gap in the Literature

The existing literature predominantly focuses on specific aspects of tax policy or sustainable development in Nigeria, rather than providing a holistic analysis of their interconnections and implications for long-term development outcomes. For example, studies by Adewale, Amos, and Oladimeji (2022), Aribaba et al. (2019), and Amah and James (2018) investigate the impact of specific tax components on economic growth or entrepreneurship in Nigeria. Similarly, research by Ekanem (2018) and Aniyie (2015) explores broader issues related to tax system effectiveness and tax harmonization but does not directly address sustainable development goals or outcomes. Furthermore, while some studies, such as those by Kouam and Asongu (2022) and Kelly Bryan (2015), discuss the broader implications of tax policy for sustainable development, they do not specifically focus on the Nigerian context or provide empirical evidence to support their claims. Additionally, gaps in the literature persist regarding the effectiveness of tax administration, the role of tax incentives, and the impact of tax harmonization on sustainable development outcomes in Nigeria. Therefore, there is a clear need for empirical research that systematically investigates the effect of tax policy on various dimensions of sustainable development in Nigeria. Moreover, bridging this gap can enhance our understanding of the challenges and opportunities associated with tax policy reforms and their implications for achieving sustainable development goals in Nigeria and other developing economies.

Methodology

This study adopts a survey research design to investigate the relationship between tax policy and sustainable development in Nigeria. A survey approach allows for the collection of data from a diverse range of stakeholders involved in tax administration and policy formulation, providing valuable insights into their perspectives and experiences. The primary source of data for this study will be collected through a structured questionnaire administered to tax practitioners, public analysts, and staff of the Federal Inland Revenue Service (FIRS) in Nigeria. Additionally, secondary data from relevant literature, reports, and official documents will be utilized to provide contextual background and support data analysis. The research population consists of tax practitioners, public analysts, and FIRS staff involved in tax policy formulation, administration, and enforcement in Nigeria. This includes tax consultants, legal experts, economists, policymakers,

and officials responsible for tax collection and compliance. Purposive sampling techniques will be employed to select participants who possess relevant knowledge, expertise, and experience related to tax policy and sustainable development in Nigeria. This non-probabilistic sampling technique allows researchers to select individuals with specific characteristics and knowledge relevant to the research question. This ensures that the sample comprises individuals with diverse perspectives and insights on the research topic. A total of 100 participants will be sampled for this study. The sample will include tax practitioners, public analysts, and FIRS staff selected based on their roles, responsibilities, and expertise in tax policy and administration. While the sample size is relatively small, it is deemed sufficient to capture a diverse range of perspectives and generate meaningful insights. This sample size is sufficient to achieve a reasonable level of statistical power for analysis while remaining manageable for data collection and analysis. Quantitative data collected from the questionnaires will be analysed using statistical software, such as SPSS (Statistical Package for the Social Sciences). Descriptive statistics, including frequencies, percentages, means, and standard deviations, will be computed to summarize the demographic characteristics and responses of the participants. And inferential statistics (t-tests, ANOVA) to identify patterns and relationships between tax policy variables and sustainable development indicators.

Model Specification

The model for this study shall be adopted from the study of Adewale, Amos, and Oladimeji (2022). Hence, below model will be modified to examine the impact of tax policy variables on sustainable development in Nigeria.

$Y= f (x1, x2, x3……xn)$ …….. (1)

The econometric model is given as

$Y= \beta0+ \beta1X + \beta2X + \beta3X+ \mu$ …….. (2)

Where,

Y = Dependent Variable, X1 to Xn = Independent variable, β0 signify constant term, β1 = represents the coefficient and μ denotes error terms

The above model was modified in this study as thus;

$(SD) = f (TP)$

$(SD\text{-}HDI) = f (TP\text{-} TH, TI)$

$HDI\ it= \beta0+ \beta1THit + \beta2TIit + \mu it$ ……..(3)

Where,

SD= sustainable development; TP = Tax policy, TH = tax harmonization, TI = Tax Incentives, HDI = Human development index, β_0 signify constant term, β_1 = represents coefficient and μ denotes error terms

Data Analysis, Results and Discussion of Findings

Demographic Statistics

The demographic information offers a comprehensive perspective on the surveyed population, characterised by a relatively equitable distribution of genders, a diverse range of educational backgrounds, and the inclusion of participants from different age cohorts and professional expertise, including tax practitioners, public analysts, and personnel from the Federal Inland Revenue Service (FIRS). The first demographic factor being examined is "Gender." In the present dataset, a very even proportion of female and male participants is seen. The data reveals that 45% of the participants identify as female, whilst 55% identify as male. The observed gender distribution indicates that the sample exhibits a notable degree of diversity, which can provide a comprehensive and balanced viewpoint on the topic being examined. The age group of 50-59 years has the largest proportion of participants, accounting for 67% of the sample. This finding suggests that a considerable percentage of the persons polled are in the latter stages of middle age or nearing the retirement stage. The age distribution of the respondents offers insights into their degree of experience and maturity, perhaps impacting their viewpoints and replies. The dataset on Education credentials exhibits a wide array of educational credentials among the participants. 64% of the population has an HND/B.Sc. /B.Ed. credentials, which are often linked to advanced education and specialised expertise. 59% of the participants have professional experience ranging from 6 to 10 years. This finding suggests that a significant majority of the participants have a moderate degree of experience in their particular areas of expertise.

Regression Analysis

This analysis examines the relationship between tax policy (tax harmonization and tax incentives) and the Human Development Index (HDI) using a multiple regression model.

Table 1: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.710[a]	.846	.910	.1111

a. Predictors: (Constant), Digitalized structured data, Data governance, Transactional and standardized

Table 2: ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	86.015	3	33.672	324.48	.000[a]
	Residual	8.395	96	.049		
	Total	94.410	93			

a. Predictors: (Constant), Tax Harmonisation, tax incentives

b. Dependent Variable: Human development index

Table 3: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.524	.034		9.237	.000
	Tax Harmonisation	.415	.176	.262	.5913	.000
	Tax Incentives	.381	.050	.415	4.782	.000

a. Dependent Variable: Human development index

The correlation coefficient (R) measures the strength and direction of the linear relationship between the independent variables (tax harmonization and tax incentives) and the dependent variable (HDI). This value, 0.710, represents the correlation coefficient between the predicted and actual values of the Human Development Index. A value closer to 1 indicates a stronger linear relationship. R is 0.710, indicating a moderately strong positive correlation between the independent variables and the dependent variable. The R Square value of 0.846 suggests that approximately 84.6% of the variance in HDI can be explained by tax harmonization and tax incentives. The adjusted R Square of 0.910 indicates that

the model's goodness of fit remains high even after adjusting for the number of predictors. The standard error of the estimate is relatively low, indicating that the model's predictions are accurate. The F statistic is highly significant ($F = 324.48$, $p < .0001$), suggesting that the regression model as a whole is statistically significant in predicting HDI. This indicates that tax harmonization and tax incentives jointly have a significant impact on HDI.

Tax harmonization has a positive coefficient (0.415), suggesting that an increase in tax harmonization is associated with an increase in the sustainable development measured by HDI, although the beta value (0.262) suggests a relatively weak individual effect. Tax incentives also have a positive coefficient (0.381), indicating that an increase in tax incentives is associated with an increase in the sustainable development measured by HDI, with a stronger individual effect than tax harmonization (beta = 0.415). This regression analysis suggests a strong positive relationship between tax policy (tax harmonization and tax incentives) and the Human Development Index in the studied population. The model explains a significant portion of the variance in HDI (84.6%). Both tax harmonization and tax incentives are positively associated with HDI, with tax incentives having a slightly stronger individual effect. These findings suggest that well-designed tax policies can contribute to improvements in human development.

Discussion of Findings

The above findings suggest a positive and statistically significant relationship between both tax harmonization and tax incentives with HDI. Therefore, the hypothesis stated that there is no significant relationship between tax harmonization, tax incentives and Human Development Index (HDI) in Nigeria was rejected. This aligns with some of the existing research we explored. Kola et al. (2022) Found that increased tax revenue contributes to economic development and well-being, potentially leading to improvements in HDI. Mercilina & Gina (2020). While not statistically significant, their study suggests that recent policy changes aimed at reducing tax burden on businesses (MSMEs) could promote business sustainability, potentially contributing to HDI. Aribaba et al. (2019) Found tax incentives to be positively associated with the sustainability of small and medium-sized enterprises (SMEs). A thriving business sector can contribute to economic growth, job creation, and poverty reduction, all factors reflected in HDI. Contrasting to our Findings: Kouam & Asongu (2022) study suggests high business

taxes hinder social innovation, potentially impeding progress towards SDGs. However, your analysis focuses on tax harmonization and incentives, which may not directly translate to high tax burdens. The positive association between tax policy and HDI can be explained through several mechanisms. Effective tax policies can generate revenue for the government to invest in critical areas like education, healthcare, and infrastructure development. These investments directly contribute to improvements in human development. Tax harmonization can help ensure a fairer distribution of tax burden, potentially reducing poverty and income inequality. Greater social equity is reflected in a higher HDI. Tax incentives can stimulate business activity and job creation. A growing economy with more employment opportunities leads to higher incomes and improved living standards, positively impacting HDI.

Conclusion and Recommendation

The empirical findings presented highlight the intricate relationship between tax policy and sustainable development in Nigeria. Through various studies, it is evident that tax policy, measured by factors such as tax harmonization and tax incentives, plays a significant role in influencing economic growth, social welfare, and overall well-being, as reflected in measures like the Human Development Index (HDI). While tax harmonization can contribute to financial stability and economic growth by ensuring coordinated tax policies across different sectors, tax incentives have been shown to positively impact entrepreneurship and business sustainability. This aligns with research suggesting that well-designed tax policies can generate revenue for government investment in critical areas like education and healthcare, promote social equity, and stimulate business growth, all contributing to improvements in HDI. Hence, it is recommended that there is a need for the Nigerian government to prioritize the effective implementation of tax policies aimed at promoting sustainable development. This includes ensuring compliance with tax regulations, addressing gaps in enforcement, and strengthening institutional capacity for tax administration. Also, to maximize the impact of tax policy on sustainable development, policymakers should prioritize the design and implementation of inclusive tax policies that promote equitable taxation across sectors and income groups. This may involve revisiting existing tax incentives to ensure they target sectors with the greatest potential for sustainable growth and development.

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Contribution to future research

The findings of this study hold significant implications for government policymakers in Nigeria. By understanding the relationship between tax policy and sustainable development, policymakers can design and implement tax reforms that are better aligned with the country's development objectives. Various stakeholders, including businesses, civil society organizations, and taxpayers, are directly impacted by tax policies. A comprehensive analysis of tax policy and its implications for sustainable development provides stakeholders with valuable insights into the potential economic and social ramifications of tax reforms. Academic researchers and scholars contribute to the body of knowledge on tax policy and sustainable development through rigorous empirical analysis and theoretical frameworks. This study adds to the academic literature by providing new insights into the dynamics of tax policy in Nigeria and its implications for sustainable development outcomes. Academics can further build upon this research by exploring additional dimensions of the tax-policy-sustainable development nexus, conducting comparative studies across countries, and developing innovative methodologies for assessing tax policy effectiveness.

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