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COMPANY INCOME TAX AND ECONOMIC GROWTH IN NIGERIA: AN EMPIRICAL ANALYSIS (1994–2024).

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Abstract
This study examined the effect of company income tax on economic growth in Nigeria over the period 1994–2024. Specifically, it examined the influence of revenue generation, tax regulation, and revenue redistribution on economic growth, proxied by the Gross Domestic Product (GDP) growth rate. The study employed an ex-post facto research design with a longitudinal approach, using secondary time-series data obtained from the Central Bank of Nigeria Statistical Bulletin. The data were analyzed using the Autoregressive Distributed Lag (ARDL) technique and the Error Correction Model (ECM). The findings showed that revenue generation exerted a negative but statistically insignificant effect on economic growth, whereas tax regulation had a positive and statistically significant effect. Similarly, revenue redistribution had a positive but statistically insignificant effect on economic growth. The ARDL bounds test established the existence of a long-run relationship among the study variables, while the error correction mechanism revealed an adjustment rate of approximately 86.8% towards long-run equilibrium annually. The study concluded that effective tax regulation plays a significant role in promoting economic growth in Nigeria, while the contributions of revenue generation and redistribution remain statistically insignificant, suggesting the need for improved fiscal management and more efficient utilization of tax revenue. The study recommended strengthening tax administration and enforcement mechanisms, enhancing transparency and accountability in public revenue management, diversifying government revenue sources, and directing tax revenues towards productive investments that stimulate sustainable economic growth.

Keywords: Company Income Tax, Economic Growth, Revenue Generation, Tax Regulation, Revenue Redistribution, Gdp Growth Rate.

Introduction

Taxation remains one of the most important instruments through which governments mobilize revenue to finance public goods and stimulate economic growth. Across both developed and developing economies, taxation plays a central role in funding infrastructure, healthcare, education, and other essential services that drive national development. Okoro (2019) opined that company income tax serves as a major source of government revenue while also functioning as a regulatory tool that influences business operations and overall economic stability. In recent years, debates around corporate taxation have intensified as policymakers attempt to balance revenue generation with the need to sustain investment and productivity. Bello (2023) argued that excessive tax burdens may discourage investment and reduce economic activities, while efficient tax systems can enhance productivity and promote sustainable economic growth.

Economic growth is commonly assessed using macroeconomic indicators that reflect the expansion of a country's productive capacity and overall economic well-being, among which Gross Domestic Product (GDP) remains the most widely used measure. Gross Domestic Product represents the total monetary value of all goods and services produced within a country during a specific period. It is a

critical indicator of economic progress because it reflects the level of economic activities, employment generation, and income distribution within an economy. According to Racheva (2020), GDP provides a comprehensive picture of national economic performance by capturing the aggregate output of various sectors. Similarly, Malachi (2019) and Idowu (2022) noted that policymakers, investors, and development planners rely heavily on GDP growth rates when evaluating economic stability and long-term development prospects. Consequently, any factor that significantly influences GDP deserves careful academic examination.

Company income tax has been widely identified as one of the major fiscal instruments influencing economic growth in both developed and emerging economies (Amah, 2018). Unlike voluntary contributions or external funding, tax revenues are compulsory payments that provide governments with predictable financial resources for development projects. Researchers have emphasized that the structure, administration, and magnitude of corporate taxes can either stimulate or constrain economic growth depending on how tax policies affect investment decisions and business expansion (Okeke, 2024). In Nigeria, frequent tax reforms, compliance challenges, and enforcement inconsistencies have further complicated the relationship between taxation and economic performance, thereby making empirical investigation necessary (Lawal, 2021).

From a macroeconomic perspective, governments continuously seek ways to improve tax administration and enhance revenue collection while maintaining a conducive environment for economic activities (Adeyemi, 2020). Tax planning strategies, investment incentives, and fiscal policy adjustments are commonly adopted practices aimed at strengthening revenue generation without discouraging production and investment. Kurawa and Saidu (2018) opined that the effectiveness of these fiscal measures varies across economies and sectors, often depending on regulatory frameworks, institutional capacity, and economic conditions. Studies have shown that inefficient tax systems can slow down economic growth by reducing private sector investment, while well-structured tax policies can support sustainable development and economic expansion (Bello, 2023). These macroeconomic realities highlight the importance of examining specific components of company income tax rather than treating taxation as a single aggregate concept.

In public finance, company income tax expense represents the portion of corporate earnings paid to the government within a given fiscal period. This tax revenue forms a significant component of government income and directly supports public expenditure on development projects such as infrastructure, transportation, and social services. Idowu (2022) noted that company income tax revenue contributes significantly to national income and can influence economic growth through government spending and investment programs. Company income tax expense is particularly important because it reflects the actual financial contribution of the corporate sector to national development. Prior empirical studies suggest that increased tax revenue, when efficiently utilized, is often associated with improved economic performance and higher GDP growth, especially in developing economies where government spending plays a critical role in stimulating economic activities (Racheva, 2020).

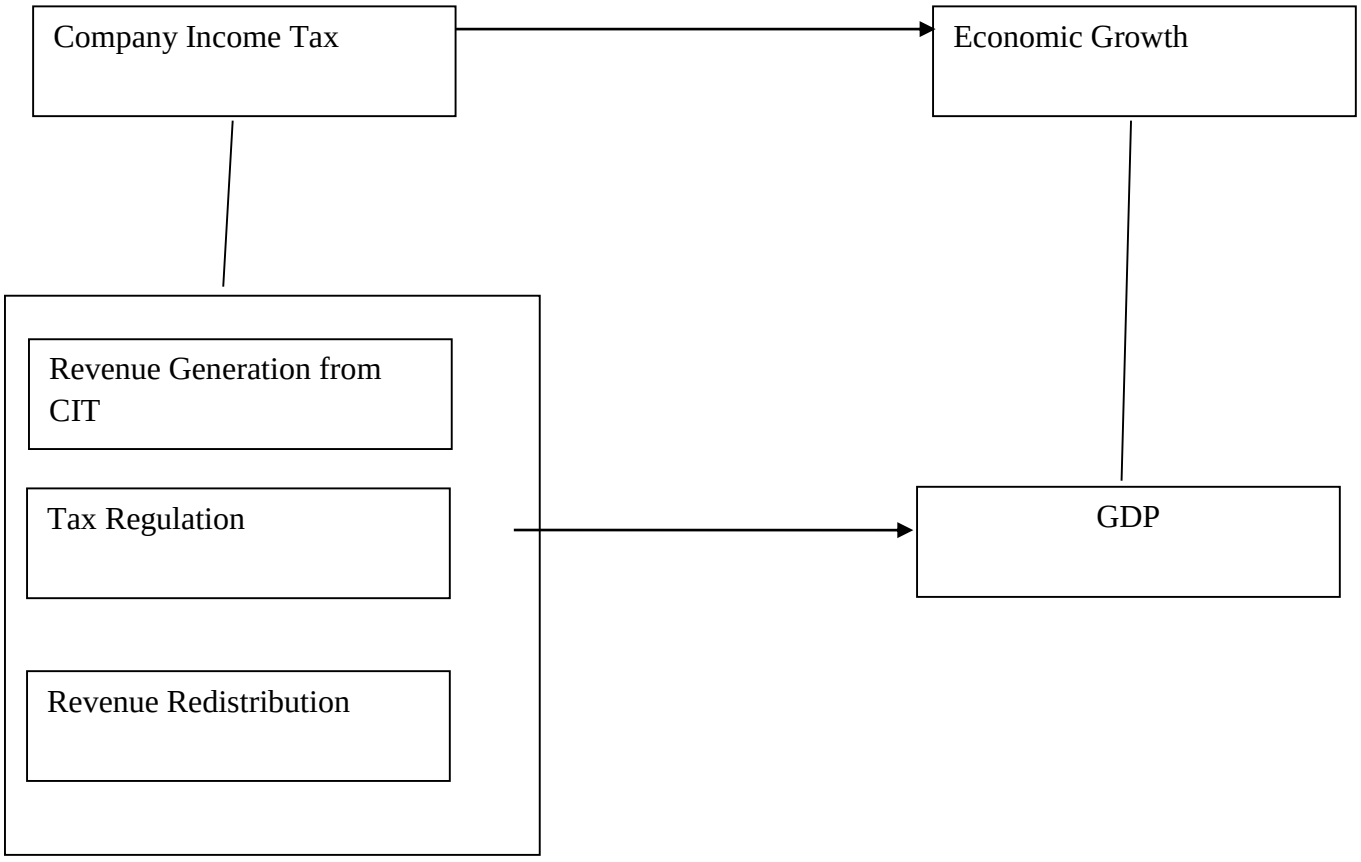
Beyond the absolute amount of tax collected, attention has increasingly shifted toward how efficiently tax revenue is generated relative to corporate income (Lawal, 2024). This concern is captured through the effective tax rate, which measures the proportion of profit before tax paid as company income tax. Unlike statutory tax rates, the effective tax rate reflects the influence of tax incentives, exemptions, and enforcement practices on actual tax payments. Chude and Chude (2015) argued that variations in effective tax rates provide deeper insight into the efficiency of tax administration and its implications for economic growth. High effective tax rates may discourage investment and reduce production, while moderate and stable tax rates can encourage business expansion and increase government revenue. Consequently, inconsistent effective tax rates across firms and industries may produce uneven effects on national economic growth.

While taxation affects government revenue in the short term, its long-term implications are often reflected in the accumulation of public funds and investment in productive sectors of the economy.

Persistent tax revenue enables governments to finance infrastructure development, improve public services, and create an enabling environment for private sector growth. Kurawa and Saidu (2018) noted that sustained government revenue from company income tax can strengthen national development by supporting capital formation and employment generation. The interaction between company income tax revenue and economic growth highlights how taxation influences macroeconomic performance beyond immediate fiscal outcomes. Empirical evidence suggests that consistent and well-managed tax revenue can enhance GDP growth over time by improving economic stability and investment capacity (Malachi, 2019; Adegbite, 2023).

Despite the growing body of literature on taxation and economic growth, existing studies present mixed findings and notable limitations. Some studies focus solely on aggregate tax revenue without disaggregating key dimensions such as tax expense, effective tax rate, or fiscal efficiency, while others employ multiple economic indicators that complicate interpretation (Omodero and Amah, 2018; Bello, 2021; Okeke, 2024). Additionally, many studies fail to capture the combined short-term and long-term effects of company income tax on Gross Domestic Product within the Nigerian context. This study therefore seeks to address these gaps by examining how specific dimensions of company income tax influence economic growth in Nigeria.

2.1 Conceptual Framework



Aim/Objectives of the Study

The aim of this study is to examine company income tax and economic growth in Nigeria. Specifically the study seeks to;

1. Examine the effect of revenue generation CIT on economic growth in Nigeria.
2. Examine effect of tax regulation on economic growth in Nigeria.
3. Evaluate effect of revenue redistribution on economic growth Nigeria**.**

Research Questions
1. What is the effect of revenue generation on economic growth in Nigeria?
2. What is the effect of tax regulation on economic growth in Nigeria?
3. What is the effect of revenue redistribution on economic growth Nigeria?

1.5 Research Hypotheses
The following hypotheses were stated in the null hypotheses
H_{o1}: There is no significant effect of revenue generation on economic growth in Nigeria?
H_{o2}: There is no significant effect of tax regulation on economic growth in Nigeria?
H_{o3}: There is no significant effect of revenue redistribution on economic growth in Nigeria?

REVIEW OF RELATED LITERATURE

Conceptual Review:
Company Income Tax in Nigeria
Company income tax in Nigeria is governed by the Companies Income Tax Act (CITA), which stipulates the rules, rates, and procedures for taxing corporate profits. The standard CIT rate has historically been set at 30%, although recent reforms introduced graduated tax rates for small and medium-sized enterprises. According to Lawal (2021), these reforms were aimed at easing the tax burden on smaller firms while maintaining revenue inflows from large corporations.Despite these reforms, challenges such as multiple taxation, compliance costs, weak enforcement, and administrative inefficiencies persist. Okeke (2024) observed that Nigerian firms often face overlapping tax obligations from federal, state, and local governments, which may distort business performance and discourage investment. These challenges underscore the importance of examining how specific dimensions of company income tax affect firm outcomes.
Company Income Tax (CIT) refers to the tax imposed by the government on the profits of corporate entities. It serves both as a source of revenue for the government and a regulatory mechanism to influence corporate behavior. Globally, CIT systems are structured to balance revenue mobilization with the need to encourage investment and sustainable growth (Adegbite, 2018; Okoro, 2020; Bello, 2022). In many developing economies, including Nigeria, CIT is a dominant component of tax revenue, often contributing significantly to national budgets and public service funding (Idowu, 2022; Racheva, 2019).

Revenue Generation
Revenue generation refers to the process through which governments mobilize financial resources to fund public expenditure and development initiatives. Company income tax remains one of the most reliable and sustainable sources of government revenue in Nigeria. According to Chude and Chude (2015), corporate taxes provide a stable revenue base compared to volatile sources such as oil revenue. However, excessive emphasis on revenue generation may impose heavy tax burdens on firms, thereby reducing profitability and investment capacity. Racheva (2020) argued that when tax systems prioritize revenue generation without considering firm performance, the long-term sustainability of the corporate sector may be threatened. This study therefore examines how revenue generation through company income tax influences profit after tax of listed consumer goods companies.

Tax Regulation
Tax regulation encompasses the laws, rules, and administrative procedures governing tax assessment, collection, compliance, and enforcement. Effective tax regulation ensures transparency, accountability, and fairness in the tax system. Adeyemi (2020) noted that strong regulatory frameworks enhance compliance and reduce tax evasion, thereby improving government revenue. However, stringent tax regulations may increase compliance costs for firms, particularly in environments with weak institutional support. Kurawa and Saidu (2018) observed that frequent tax

audits, complex filing requirements, and inconsistent enforcement can negatively affect firm performance. Understanding the relationship between tax regulation and profit after tax is therefore essential for evaluating the effectiveness of Nigeria's tax system.

Tax regulation refers to the framework of laws, policies, and administrative procedures governing tax compliance and enforcement. According to Danjuma (2021), effective tax regulation ensures consistency, transparency, and fairness in the tax system. Regulatory mechanisms such as audits, filing requirements, and penalties are designed to promote compliance and reduce tax evasion. However, the effectiveness of tax regulation depends largely on institutional capacity and the clarity of tax laws. Well-structured tax regulations can enhance corporate accountability and financial reporting quality. Nkiru and Obasi (2022) noted that firms operating under strong regulatory oversight are more likely to adopt accurate accounting practices and timely tax disclosures. This transparency improves investor confidence and market credibility. Nevertheless, excessive regulatory complexity may impose administrative burdens that divert managerial attention and resources away from core business activities.

Revenue Redistribution

Revenue redistribution refers to the use of tax revenue to reduce income inequality and promote social welfare through public spending on education, healthcare, infrastructure, and social protection programs. Company income tax plays a key role in financing redistributive policies that benefit the broader society. According to Malachi (2019), effective redistribution can stimulate economic growth by improving human capital and market stability.Nevertheless, from the perspective of firms, revenue redistribution represents a reduction in retained earnings and shareholders' funds. Persistent tax obligations may limit firms' ability to reinvest and expand operations. Adegbite (2023) emphasized that while redistribution promotes social equity, excessive tax pressure may weaken corporate financial strength over time. This dual effect makes revenue redistribution a critical variable in assessing firm performance.

Economic Growth

Economic growth refers to the sustained increase in the production of goods and services within an economy over a specified period. Economic growth refers to the sustained increase in the production of goods and services within an economy over time. Todaro and Smith (2018) define economic growth as a process of quantitative and qualitative expansion in national output, which contributes to improved income levels and living standards. According to IMF (2020), economic growth is measured primarily through GDP growth rates and captures the capacity of an economy to generate wealth and employment. More recent studies by Bello and Adeyemi (2023) conceptualize economic growth as a multidimensional phenomenon encompassing output growth, structural transformation, and social welfare improvements, highlighting the link between policy instruments such as taxation and the pace of economic development. Understanding economic growth in this way allows for a nuanced assessment of how fiscal measures affect national prosperity.

Gross Domestic Product (GDP) Growth Rate

GDP growth rate is a key macroeconomic indicator used to measure the speed at which an economy expands over a given period. It reflects the overall performance of economic activities and is commonly used by policymakers and researchers to evaluate economic stability and development. According to Chukwuemeka (2024), economic growth is driven by improvements in productivity, technology, and human capital development, which collectively enhance the level of national output. Similarly, Saleh (2024) posited that GDP growth rate represents the increase in economic output resulting from factors such as trade, investment, and population changes. Furthermore, Lera and Sornette (2017) explained that GDP growth reflects aggregated economic performance across sectors and is influenced by fluctuations in production and market activities.

Theoretical Review

The theoretical framework provides an underpinning for understanding how company income tax influences economic growth. It offers a structured lens through which the study can examine the effect of company income tax and economic growth. The framework guides the interpretation of empirical findings and ensures that the analysis is anchored in recognized academic principles.

Ability-to-Pay Theory

This theory was propounded by Arthur Cecil Pigou (1920). The Ability-to-Pay Theory posits that tax burdens should be imposed on taxpayers according to their capacity to bear such burdens, rather than the benefits they receive from government services. Under this theory, individuals and corporate entities with higher income or profitability are expected to contribute more in taxes, while those with lower income should bear lighter tax obligations. The theory emphasizes fairness and equity as the core principles of an effective tax system.

The theory explains taxation as a redistributive mechanism aimed at promoting social justice and economic balance. According to Pigou, the economic strength of a taxpayer determines the appropriate level of taxation, ensuring that taxes do not impose undue hardship. In the context of corporate entities, firms with higher profits are considered better positioned to absorb tax liabilities without jeopardizing operational efficiency. Thus, the theory justifies progressive tax structures and higher tax contributions from profitable firms.

From a corporate performance perspective, the Ability-to-Pay Theory highlights the importance of aligning tax policies with firms' financial realities. When tax obligations exceed firms' ability to pay, profitability may decline, investment may reduce, and long-term sustainability may be threatened. Conversely, when tax burdens reflect firms' earning capacity, companies are more likely to remain profitable and financially stable. This balance is essential in ensuring that taxation supports, rather than constrains, economic growth.

The relevance of the Ability-to-Pay Theory to this study lies in its direct connection to company income tax and profit after tax. Since profit after tax reflects residual earnings after tax obligations, excessive taxation may erode firms' financial capacity.

Empirical Review

Racheva and Malachi (2020) examined the effect of company income tax on firm profitability in Lagos State, Nigeria. The study sought to determine how tax expense affects profit after tax of manufacturing firms. A sample of 25 firms was determined using purposive sampling from a population of 40 listed manufacturing companies. Primary data were collected through financial statements, and the data were analyzed using multiple regression analysis. The study revealed a significant negative relationship between company income tax and profit after tax. The study concluded that high tax burdens reduce firm profitability and recommended tax relief policies for productive firms.

Adekunle and Sadiq (2017) investigated corporate taxation and financial performance of listed firms in Nigeria. The study examined the relationship between effective tax rate and profitability using a sample of 30 firms selected through stratified sampling. Data were obtained from audited annual reports and analyzed using panel regression techniques. The findings showed that effective tax rate had a significant negative effect on profit after tax. The study recommended that firms adopt effective tax planning strategies to minimize tax burdens.

Olawale and Dada (2018) studied tax regulation and corporate performance in selected firms in South-West Nigeria. The study sought to assess how tax compliance requirements affect profitability. A sample of 20 firms was selected using random sampling from a population of 50 firms. Data were collected through questionnaires and secondary financial data, and analyzed using descriptive and inferential statistics. The study revealed that strict tax regulations increase compliance costs and reduce profit after tax. The study recommended simplification of tax procedures.

Mensah and Boateng (2019) examined the impact of corporate taxation on firm performance in Ghana. The study focused on tax expense and return on assets using a sample of 35 listed firms. Secondary data were collected from annual reports and analyzed using fixed-effects regression analysis. The study revealed that corporate tax expense significantly reduced firm profitability. It concluded that excessive taxation weakens firms' financial performance and recommended balanced tax policies to support business growth.

Njoroge and Kimani (2020) investigated the effect of tax policy on profitability of manufacturing firms in Kenya. The study examined effective tax rate and profit after tax using a sample of 28 firms selected through purposive sampling. Secondary data were analyzed using multiple regression analysis. Findings indicated a negative and significant relationship between effective tax rate and profit after tax. The study recommended stable tax policies to enhance firm performance.

METHODOLOGY

Research Design

The research design adopted in this study is the ex-post facto and longitudinal research design. The ex-post facto design is appropriate because the study relies on historical data and the researcher has no control over the independent variables, as their occurrences have already taken place.

Population of the Study

The population of this study consists of the Nigerian economy. The study focuses on national macroeconomic data relating to company income tax and economic growth. The population includes annual records of company income tax revenue and economic growth indicators obtained from official government agencies such as the Nigeria Revenue Service (NRS), Central Bank of Nigeria, and National Bureau of Statistics.

Sample Size and Sampling Technique

The sample size for this study consists of annual macroeconomic data covering a period from 1994 to 2024. The period was selected to provide sufficient observations for time-series analysis and to capture recent trends in company income tax and economic growth in Nigeria.

Method of Data Collection

This study relies exclusively on secondary data sourced from official national publications and statistical agencies.

Method of Data Analysis

Data were analyzed using panel data regression techniques to account for variations across companies and over time. Fixed-effects and random-effects models will be tested to identify the best-fit model based on Hausman tests. Analysis was performed using Eviews, testing significance at a 5% level ($p < 0.05$). Descriptive statistics (mean, standard deviation, and minimum, maximum) were summarized. Diagnostic tests including multicollinearity (VIF), heteroscedasticity (Breusch-Pagan), and stationarity (unit root test) ensured model validity. This approach aligns with the ex post facto design and allows robust inference on how CIT dimensions affect economic growth across Nigerian.

DATA PRESENTATION, ANLYSIS AND DISCUSSION OF FINDINGS

Data Presentation

The data employed for this study include Gross Domestic Product Growth Rate (GDPGR) as the dependent variable, while Revenue Generation (RG), Tax Regulation (TR) and Revenue Redistribution (RR) are the independent variables. The data cover the period from 1994 to 2024 and were sourced from the Central Bank of Nigeria Statistical Bulletin.

Data Presentation

YEAR	GDPGR	RG	TR	RR
1994	-1.80	201.90	2.80	170.50
1995	-0.30	460.00	3.10	185.20
1996	4.20	523.60	3.40	223.40
1997	2.80	582.80	3.60	287.60
1998	2.60	463.60	3.20	324.90
1999	0.50	949.20	4.00	489.30
2000	5.30	1,906.20	5.80	1,262.50
2001	4.40	2,611.00	6.10	1,543.96
2002	15.30	1,731.80	5.40	1,736.90
2003	7.30	2,575.10	6.20	1,972.70
2004	9.30	3,920.50	7.50	2,560.16
2005	6.50	5,547.50	8.10	3,243.06
2006	6.00	5,965.10	8.40	3,885.36
2007	6.40	5,727.50	7.90	4,192.80
2008	6.30	7,866.60	8.70	5,956.31
2009	6.90	4,844.60	6.30	4,986.48
2010	8.00	7,303.70	7.20	5,756.12
2011	4.90	11,116.90	8.90	7,383.31
2012	4.30	10,654.80	8.50	7,893.72
2013	5.40	9,759.80	7.80	8,515.95
2014	6.30	10,068.90	7.60	7,724.44
2015	2.70	6,912.50	6.10	5,814.07
2016	-1.60	5,320.00	5.30	4,734.36
2017	0.80	7,303.50	5.70	5,925.90
2018	1.90	9,043.00	6.30	7,999.91
2019	2.20	10,300.00	6.10	7,751.20
2020	-1.90	6,400.00	5.90	7,198.64
2021	3.60	8,160.00	6.70	8,021.02
2022	3.30	10,490.00	7.20	9,294.89
2023	2.70	16,800.00	9.40	10,605.67
2024	3.40	27,100.00	10.80	18,450.00

Source: Author's Compilation from CBN Statistical Bulletin

Test of Hypotheses

Decision Rule

The decision rule state that if the value of the calculated t-test is less than the value of the t-critical at five percent significance level the null hypothesis (H0) is rejected but if the t-test is greater than the t-critical at five percent significance level the null hypothesis (H0) is accepted.

Hypothesis One

$H0_1$: There is no significant effect of revenue generation on economic growth in Nigeria

From the ARDL long-run result, Revenue Generation has a coefficient of -0.001675 with a probability value of 0.0631, which is greater than the 5% significance level.

Since the p-value is greater than 0.05, the null hypothesis is accepted. Therefore, there is no significant relationship between Revenue Generation and Economic Growth in Nigeria during the study period.

Hypothesis Two

$H0_2$: There is no significant effect of tax regulation on economic growth in Nigeria

The ARDL long-run result shows that Tax Regulation has a coefficient of 2.273302 with a probability value of 0.0002, which is less than the 5% significance level.

Since the p-value is less than 0.05, the null hypothesis is rejected. Therefore, Tax Regulation has a significant positive relationship with Economic Growth in Nigeria.

Hypothesis Three

$H0_3$: There is no significant effect of revenue redistribution on economic growth in Nigeria

The result indicates that Revenue Redistribution has a coefficient of 0.000777 with a probability value of 0.4030, which is greater than the 5% significance level.

Since the p-value is greater than 0.05, the null hypothesis is accepted. Therefore, there is no significant relationship between Revenue Redistribution and Economic Growth in Nigeria.

Discussion of Findings

The study examined companies' income tax and economic growth in Nigeria using the ARDL cointegration model. GDPGR served as the dependent variable, while Revenue Generation (RG), Tax Regulation (TR) and Revenue Redistribution (RR) were the explanatory variables.

Revenue Generation has a negative but statistically insignificant relationship with economic growth in the long run. This suggests that increases in government revenue generation alone may not necessarily translate into improved economic growth due to inefficiencies in revenue utilization and fiscal management. This is in line with Abubakar and Musa (2021) assessed revenue generation and firm performance in Nigerian listed companies. The study sought to determine whether increased government revenue from company income tax affects corporate profitability.

Tax Regulation has a positive and statistically significant effect on economic growth in Nigeria. This implies that tax revenue contributes significantly to economic development by providing government with resources needed for infrastructure, social services, and economic activities. This is in line with Olawale and Dada (2018) studied tax regulation and corporate performance in selected firms in South-West Nigeria. The study sought to assess how tax compliance requirements affect profitability.

Revenue Redistribution was found to have a positive but statistically insignificant relationship with economic growth, indicating that retained government revenue does not significantly influence economic growth during the study period. This is also in line with Adebayo and Ogunleye (2023) studied revenue redistribution and firm profitability in Nigeria. The study sought to assess whether Tax-funded redistribution affects corporate performance.

SUMMARY, CONCLUSION AND RECOMMENDATIONS

Summary of Findings

The study investigated companies' tax and economic growth in Nigeria using annual time series data from 1994 to 2024. The findings from the descriptive statistics showed moderate variability in economic growth and substantial increases in revenue generation, tax regulation and revenue redistribution over the years. The correlation analysis revealed that tax revenue has a positive relationship with economic growth, while revenue generation and revenue redistribution exhibited weak negative relationships with GDP growth. The unit root test established that the variables were integrated at mixed orders of integration I (0) and I (1), thereby justifying the use of the ARDL estimation technique. The ARDL Bounds Test confirmed the existence of a long-run relationship among the variables. The Error Correction Model showed that the speed of adjustment toward long-run equilibrium is approximately 86.8% annually. The long-run ARDL result indicated that tax regulation has a positive and statistically significant effect on economic growth, while revenue generation and revenue redistribution are statistically insignificant. The diagnostic tests further

confirmed that the model is stable, normally distributed, and free from serial correlation and heteroscedasticity.

CONCLUSION

The study concludes that tax regulation is a significant driver of economic growth in Nigeria. The positive and statistically significant relationship between tax regulation and economic growth suggests that a well-structured and effectively implemented tax system can strengthen government revenue and promote economic development through increased investment in infrastructure and other productive sectors. However, the insignificant effects of revenue generation and revenue redistribution indicate that the contribution of these fiscal activities to economic growth may be constrained by weaknesses in revenue allocation, utilization, and fiscal management. Furthermore, the existence of a long-run relationship among the variables confirms the importance of fiscal policy in shaping Nigeria's economic performance over time. The study therefore emphasizes the need to strengthen tax regulations and improve the efficiency, transparency, and accountability of public revenue generation and redistribution to achieve sustainable economic growth in Nigeria.

RECOMMENDATIONS

Based on the findings of the study, the following recommendations are made:

1. Government should strengthen tax administration and improve tax compliance in order to increase tax revenue generation for sustainable economic growth.
2. There should be greater transparency and accountability in the management and utilization of government regulation to ensure that generated revenues are effectively channeled into productive sectors of the economy.
3. Government should diversify its revenue sources and reduce overdependence on a limited number of revenue streams.
4. Proper monitoring mechanisms should be established to ensure efficient utilization of revenue redistribution for developmental projects.

Contribution to Knowledge

This study contributes to existing literature by providing empirical evidence on the relationship between companies' income tax and economic growth in Nigeria. The study also contributes methodologically through the application of the ARDL and Error Correction Model techniques in analyzing both short-run and long-run relationships among the variables. Furthermore, the findings provide useful policy implications for government, policymakers, and tax authorities in improving tax administration and enhancing economic growth.

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