Annals of Spiru Haret University.
Economic Series
Since 2000
ISSN:2393-1795 ISSN-L:2068-6900

Issue 2/2020

AN ASSESSMENT OF NON-OIL TAXATION INFLOW ON ECONOMIC GROWTH: VERDICT FROM WEST AFRICAN COUNTRIES

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How to cite: ADEGBITE, T.A. (2020). "An Assessment of Non-Oil Taxation Inflow on Economic Growth: Verdict from West African Countries." *Annals of Spiru Haret University. Economic Series, 20*(2), 87-103, doi: https://doi.org/10.26458/2024

Abstract

This study examined the impact of non-oil taxation inflow on economic growth in selected West African countries using World Bank panel data from 1999 to 2018. Ten (10) West African countries were purposefully selected from 1999 to 2018. Specifically, five Francophone and five Anglophone countries were selected for this study. Panel data analysis was employed to articulate the effect of independent variables (company income tax, value added tax, education tax, and custom and excise duties) inflow on dependent variable (economic growth (GDP)). The results showed that corporate income tax, value added tax, education tax and custom and excise duties had positive significant effect on economic growth of West African countries. In conclusion, non-oil taxation inflow impacted economic growth significantly and positively in selected West African countries. This predicated that money realized as taxation income has been utilized effectively, productively and efficiently on economic enhancement in terms of employment creation, roads construction, income distribution, provision of infrastructural facilities and economic stability. This study postulated that West African countries should lay mush emphasis on the collection of non-oil taxation effectively, especially VAT and CIT, and expend much of this revenue prudently for the augmentation and enrichment of the populace.

Annals of Spiru Haret University.
Economic Series
Since 2000
ISSN:2393-1795 ISSN-L:2068-6900

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Keywords: *economic growth; inflow; vat; CIT; custom and excise duties; education tax; panel data; correlation.*

JEL Classification: O400; H270; H250; C11

Introduction

One of the pertinent requirements to the development process of every nation is revenue mobilization. African countries are battling with several challenges in generating enough revenue to facilitate fiscal fulfilment which gives rise to revenue lost. This loss of revenue hinders government capacity to provide social service to help the populace. Low income emanated from any sector has rendered the government incapacitated on the provision of infrastructural facilities, employment opportunities, economic stabilities, price stabilities and economic growth. According to Franzsen (2012), a developing nation is perceived as not able to achieve equitable economic progress and infrastructural development due to the inflow of informal sectors, low levels of literacy and corruption, inadequate salary structure for public servants, inadequate communications, deficient judicial systems, and firmly held interests against radical reforms among others which were ignited by insufficient revenue generation. Kayaga (2007) asserted that while the less developed countries are facing numerous tax policy challenges in their attempt to establishing efficient tax systems, their developed counter-parts have made a tremendous gain in improving their tax policy systems over the years. A typical developing economy collects just 15 per cent of GDP in taxes, compared with the 40 per cent collected by a typical advanced economy.

The ability to collect taxes is central to a country's capacity to finance social services such as health and education, critical infrastructure such as electricity and roads, and other public goods. Considering the vast needs of poor countries, this low level of tax collection is putting economic development at risk. This may have shown why the African government has recently developed new tax policies. In Nigeria, valued added tax was recently increased on alcoholic drinks and tobacco, and others from 5% to 20% and 5% to 7.5% respectively in order to skyrocket the revenue generated from this tax. Ghana introduced VAT in 1998 at an initial rate of 10% to replace sales and service taxes charged at the rate of 15% at the time. Since then it witnessed some increments from 10% to 12.5% to 15% and currently 17.5% among

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ISSN:2393-1795 ISSN-L:2068-6900

other indirect taxes such as import levy, and custom duties. In the 2015, budget statement presented to the Ghanaian Parliament by the Minister of Finance and Economic Planning, on November 19th, 2014, a bill to impose a general petroleum tax of 17.5% on selected petroleum product, which was also introduced and passed that same day. This new tax policy took effect the following day 20th of November 2014. Indirect taxes have been seen as effective and efficient means of raising revenue and it is expected to yield more if properly monitored.

The main focuses of all these taxation policies are to enhance economic growth, human and infrastructure development, rural and urban development, and ensure enabling business environment or raising the needed revenue domestically for development activities and poverty reduction. This study therefore examined the impact of taxation on economic growth in West African countries from 1999 to 2018.

Based on the objective of this study, the following hypotheses stated were tested:

HO_1: Non-oil taxation has no significant effect on economic growth in West African countries.

HO_2: Non-oil taxation has no significant relationship with economic growth in West African countries.

Literature Review

Taxation and Economic Growth in West African Countries

Taxation is a means by which governments finance their expenditure by imposing charges on citizens and corporate entities. According to Adegbite (2019), taxation is also referred to as a way by which government forcefully shares a fractional part of income of individual and private organization with the disposition of fulfilling fiscal responsibilities. The main purpose of taxation is to accumulate funds for the functioning of the government machineries. All governments in the world cannot run its administrative office without funds and it has no such system incorporated in itself to generate profit from its functioning. In other words, a government can run its administrative set up only through public funding, which is collected in the form of tax. Therefore, it can be well understood that the purpose of taxation is very simple and obvious for the proper functioning of a state. Taxes are charges levied against a citizen's personal income or on property or for some specified activity for the betterment of the populace. One of the purposes of taxation is to increase in effectiveness and productivity of the nation as government is able to implement

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various socio-economic development projects such as the construction of roads and bridges, schools, health facilities and provision of social services.

Taxation further assists in reducing consumption of unwanted goods. Taxes as such can be used as an effective tool to reduce the consumption of unwanted goods such as alcohol. Higher taxes on such goods reduce the consumption, but increase the price of the product for the consumers. Government also uses taxes as a way to protect local industries and as such make them more profitable. Increasing tariffs on imports and charging lower taxes to local products may boost the demand for goods and services produced by domestic industry. Taxes on imports, which are called tariffs, can be used by government to correct an unfavourable balance of payment situation by increasing the tariffs. This resulted in imports becoming expensive and will cause a fall in demand for the imported goods.

According to Almfraji and Almsafi (2014), economic growth is the growth of potential output that is production at full employment of available assets, which is caused by growth in aggregate demand or observed output. The real gross domestic product growth rate (GDPG) is presumed to be the most efficient proxy for economic growth. Anyanwu and Yameogo (2015) described the real GDP growth rate as a measure of a country's track record; while it also serves as an indicator to show potential investors the existence of profitable investment opportunities, as well as the attractiveness of the host country's market [Asiedu, 2013].

The tax system in any country is made up of the tax policy, the tax laws and the tax administration. All of these are expected to work together in order to enhance the economic growth of the nation. According to the Presidential Committee on National tax policy (2008), the central objective of the tax system is to contribute to the well-being of populace directly through improved policy formulation and indirectly though appropriate utilization of tax revenue generated for the benefit of the people. In generating revenue to achieve this goal, the tax system is expected to minimise distortion in the economy. Other expectations of the tax system according to the Presidential Committee on National tax policy (2008) include:

i. Encourage economic growth and development.
ii. Generate stable revenue or resources needed by government to accomplish loadable projects and or investment for the benefit of the people.
iii. Provide economic stabilization.
iv. To pursue fairness and distributive equity
v. Correction of market failure and imperfection.

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Njoku and Chigbu (2015) argue that the principal aim of taxation is usually to generate revenue capable of funding government expenditure irrespective of any levels of government, which absolutely ignites economic growth.

Role of Taxation in Financing Economic Development

Tax policy plays two important roles in financing economic development. One is to maintain an economy at a higher employment level so that the saving capacity of the people is raised with an increase in income per head. The second is to raise the marginal propensity to save of the community as far above the average propensity to the maximum extent possible without discouraging work effort or violating canons of equity. Savings can be generated in two ways: by increasing real output or by a reduction in real consumption. There is considerable disagreement among economists and policymakers about the usefulness, or necessity of taxation in raising resources for financing economic development in developing countries such as India. At the early stage of development, when the rate of raising is low, there is need for compulsion in forcing people to consume less and save more. Only through taxation it is possible to generate forced saving which is so essential for accelerating the rate of capital formation which is the sine qua non of high rate of per capita income growth.

Empirical Review of Related Literature

Adegbite (2016) examined the effect of education tax on human capital development both in the short run and in long run in Nigeria. The study also investigated the direction of causality for education tax, petroleum profit tax, company income tax, and human capital development employing the method of Johansen co-integration and the Granger causality tests using data spanning the period between 2000 and 2015. Findings revealed that education tax has positive significant impact on human capital development in Nigeria both in the short and in the long run. The study concluded that education tax has positive significant impact on human capital development both in the short run and in the long run. However, the scope of this study only limited to 2015, which did not extend to 2018, therefore the result of this study is not translated to 2018.

Abiola and Asiweh (2012) looked at the Nigeria Tax administration and its capacity to reduce tax evasion and generate revenue for development desire of the populace. The study made use of 121 online survey questionnaires containing 25

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relevant questions. Descriptive statistics were used to analyse 93 usable responses. The study found among other things that increasing tax revenue is a function of effective enforcement strategy which is the pure responsibility of tax administration. According to this study, Nigeria lacks enforcement machineries which include among other things, adequate manpower, computers and an effective postal and communication system. However, this result of this study is confined to Nigeria alone, which did not create vacuum for West African countries because it was conducted in Nigeria.

Adukonu and Ofori-Abebrese (2016) investigated the effect of Ghana's tax policies on poverty. The study employed the Johansen co-integration estimation techniques using annual time series data from the 1984 to 2013 period. The results showed that increase in indirect tax policies worsen poverty level in Ghana. However, direct tax policies and remittances have mitigating effect on poverty. Considering the agrarian structure of the economy, reducing export taxes will promote activities in the export subsector. However, this study was on the effect of Ghana's tax policies on poverty but not on economic growth in West Africa, therefore, the result is not translated to entire West African countries.

Nyamadi (2014) explored the impact of tax policy measures on economic growth using time series data for the 1970 to 2013 period to devise a reasonably accurate estimation of Ghana's sustainable revenue profile in a general Autoregressive Distributed-Lag model. This further leads in the design of an appropriate expenditure profile as a means of averting the persistent non- sustainable fiscal deficit in Ghana. The findings depicted that economic growth benefits from increases in import taxes more than the other types of taxes both in the short and long run. Meanwhile, this study was limited to Ghana but not extended to two or more countries in West Africa, therefore, the outcome of the study cannot be meaningful to West African countries.

Marozva1 and Makoni (2018) explored the relationship between FDI, infrastructural development and economic growth using a panel of nine African countries, over the 2009 to 2016 period. There is no single economic theory, which explains the effect of infrastructure on economic growth. Using panel data analysis, the results from Fixed Effects model show that economic growth is positively related to both infrastructure development and FDI. However, the relationship is not significant. Furthermore, government spending and domestic credit to the private sector are positively related to economic growth and the relationship is significant. The study postulated that the Governments of these African countries intervene and

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put policies in place to develop their local infrastructure so that it can further grow its economy, thereby increasing employment and trade opportunities, especially if it wishes to attract foreign investors. However, this study was limited to the relationship between FDI, infrastructural development and economic growth using a panel of nine African countries, therefore the results were not aligned with West African countries.

Primož and Suzana (2018) examined whether tax wedge affects employment growth in the EU. The descriptive empirical estimates show that the level of labour taxation varies greatly across EU Member States, by which the tax wedge tends to be higher among New Member States (excluding Cyprus and Malta). Furthermore, the panel regression analyses confirm statistically significant negative relationship between tax wedge and employment growth in the EU as a whole. Therefore, the empirical analysis suggested that the EU-27 should continue with the trend of reducing tax wedge, as this would have favourable effects on labour market performance, especially among New Member States. But the study was conducted in EU and the findings may not be generalized in wider perspectives.

Adegbite and Ajagbe (2018) empirically analysed the impact of value added tax (VAT) and excise duties on economic growth in Nigeria. Secondary data were obtained from Central Bank of Nigeria statistical bulletin from 1990 to 2017. Multiple regressions were employed to analyse the data. The study concluded that value added tax has positive significant impact on economic growth and revenue generation while excise duties has negative significant impact on economic growth and revenue generation in Nigeria.

Adegbite and Agboola (2019) examined the effect of taxation on government expenditure in Nigeria from 1994 to 2015. It also analysed the significant components of taxation on government expenditure, and investigated the relationship between taxation on government expenditure in Nigeria. Secondary data were used in this study. The relevant data for the study were obtained from Central Bank of Nigeria (CBN) Statistical Bulletins and Federal Inland Revenue Services Bulletin from 1994 to 2016. Regression analysis technique was used to measure the effect of components of taxation on Public expenditure. Pearson Product Moment correlation was used to measure the relationship between the taxation on public expenditure. Results showed that petroleum profit tax, value added tax and corporate income tax had positive significant effect on public expenditure. The study concluded that taxation had positive significant impact on public expenditure. Also, taxation had positive

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significant relationship with public expenditure in Nigeria. The study therefore recommended that government should be properly monitored the income realized from taxation, and it should be judiciously utilized for the betterment of the populace.

Yahaya and Yusuf (2019) examined the impact of non-oil tax revenue on economic growth in Nigeria. few work have covered non-oil taxation and the relationship of company income tax (CIT), value added tax (VAT) and custom and excise duties tax on Real Gross Domestic Product of Nigeria. The study adopted ex-post facto research design, and data were drawn from the annual reports of Central Bank of Nigeria and Federal Inland Revenue Services publications. Auto Regressive Distributive Lag (ARDL) was employed to analyse the data collected after subjecting the series to unit root test and co-integration test. The result of the study showed that CIT had a positive significant relationship with economic growth. Nevertheless, the results generated are limited to Nigeria, which cannot be extended to West African countries.

Therefore, this study is able to create gaps in terms of scope and methodology. The extant studies reviewed were majorly conducted in Nigeria and Ghana which were limited to 2012 but not elongated to 2018. Also, Abiola and Asiweh (2012) confined their study to primary data (questionnaires), and other reviewed empirical studies employed econometric analysis like ARDL and time series data to analyse the data which absolutely are limited to single country of their studies. But this study contributes to existing knowledge by employing panel data analysis to examine the impact of taxation on economic growth but not limited to a single country but extended to selected West African countries which embedded with five Francophone countries and five Anglophone countries.

Underpinning Theory

Taxation theory may be derived on the postulation that there must be bond between tax paid and benefits received by the taxpayers from the state [Ogbonna & Appah, 2012]. With this postulation, there are three theories, namely, socio-political theory, expediency theory and benefit received theory. This study is built on benefit received theory which postulated that there is fundamentally an exchange bond between taxpayers and the state. This theory proceeds on the postulation that there is fundamentally an exchange or pledged connection between taxpayers and the state. The state offers certain goods and services to the members of the society and they contribute to the government purse inform of taxes in proportion to the benefits

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received, which invariably can be expended for the provision of basic infrastructural facilities. The benefits received are taken to represent the basis for distributing the tax burden in a specific manner.

Methodology

This study examined the interrelationship between taxation inflows and economic growth using World Bank panel data for selected West African countries from 1999 to 2018. Ten (10) West African countries were purposefully selected from 1999 to 2018. Specifically, five Francophone and five Anglophone countries were selected for this study. These years were chosen because in these years the crude oil has crashed in world market which invariably ignited global economic recession which is significant and more important to the level of revenue generated by the government. Panel data analysis was employed to articulate the effect of independent variables (company income tax, value added tax, education tax, and custom and excise duties) inflow on dependent variable (economic growth (GDP)).

Model Specification

Economic growth is the explained variable in this model, while the explanatory variables are company income tax (CIT), value added tax (VAT), education tax (EDUCT), and custom and excise duties (CAEDUT). Ten (10) West African countries were purposefully selected from 1999 to 2018.

$$\mathbf{GDP = f\ (VAT, CIT, EDT, CAEDUT)} \qquad \mathbf{(1)}$$

$$\sum_{i=1}^{n} GDP = a0 + \sum_{i=1}^{n} a1CIT + \sum_{i=1}^{n} a2VAT + \sum_{i=1}^{n} a3EDUCT + \sum_{i=1}^{n} a4CAEDUT + \mu 1 \qquad (2)$$

Transforming equation (2) to the natural logarithm it changed to

$$\sum_{i=1}^{n} LOGGDP = a0 + \sum_{i=1}^{n} a1LOGCITT + \sum_{i=1}^{n} a2LOGVAT + \sum_{i=1}^{n} a3LOGEDUCT + \sum_{i=1}^{n} a4LOGCAEDUT + \mu 3 \qquad (3)$$

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Results and Discussion

Table 1. Pooled Effect Model on Effect of Taxation Inflow on Economic Growth in Selected West African Countries

Dependent variable	Independent variables	Coefficient	Standard error	t	p>/t/	(95% conf. Interval)
GDP	CIT	2.821717	0.4060025	6.95	0.000	2.022197 3.623636
	VAT	0.4179794	0.0858274	4.87	0.001	-0.0949251 0.243613
	EDUCT	0.5602142	0.1697605	3.30	0.005	-0.8958419 -0.226237
	CAEDUT	0.2939833	0.0924476	3.18	0.011	-0.1985493 .1661017
	CONSTANT	5.46E+08	7.10e+07	7.69	0.000	-9.07e+07 1.89e+08
R-squared = 0.6146		Adj R-squared = 0.5935			Prob > F = 0.0000	
		Root MSE = 8.4e + 08			F(4, 195) = 133.32	

Source: Researcher's Computation (2019)

Table 1 showed the effect of taxation inflow on economic growth in selected West African countries. 1% increase in CIT increases GDP by 2.8%, it shows that there is a positive significant effect of CIT on GDP (β = 2.821717 t = 0.000 < 0.05). 1% increase in VAT increases GDP by 0.41%, it shows that there is a positive significant effect of VAT on GDP (β = .4179794, t = 0.001 < 0.05). 1% increase in EDUCT increases GDP by 0.56%, it shows that there is a positive significant effect of EDUCT on GDP (β = 0.5602142, t = 0.005 < 0.05). In addition, 1% increase in CAEDUT increases GDP by 0.291%, it shows that there is also a positive significant effect of LEASE on GDP (β = .2939833, t = 0.011 < 0.05).

Given the coefficient of determination (R^2) as 0.6146 which is 61% supported by high value of adjusted R^2 as 59%, it is presumed that the independent variables incorporated into this model have been able to explain the effect of taxation inflow

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on economic growth to 59 %. The remaining 41% are for Errol terms. That is, there is a significant effect of independent variables (CIT, VAT, EDUCT and CAEDUT) on GDP dependent variable. The F Probability statistic also confirms the significance of this model. The adjusted R^2 of 0.5935 indicates that about 59% of the total variation in the dependent variable is accounted for by the explanatory variables at 0.05 level of significance.

Table 2. Fixed Effect Model on Effect of Taxation Inflow on Economic Growth in Selected West African Countries

Dependent variable	Independent variables	Coefficient	Standard error	t	p>/t/	(95% conf. Interval)
GDP	CIT	2.437648	0.4761594	5.12	0.000	1.49828 3.377015
	VAT	0.387454	0.0892752	4.34	0.000	-0.1011489 0.2510953
	EDUCT	0.4490077	0.1905775	2.36	0.020	-0.8249791 -0.0730363
	CAEDUT	0.297099	0.0967748	3.07	0.009	-0.1949718 0.1868627
	CONSTANT	4.95E+08	7.45e+07	6.65	0.000	-1.03e+08 1.91e+08
R-sq: within = 0.1348 between = 0.9412 overall = 0.2123		Adj R-squared = 0.1985			Prob > F = 0.0000	
		sigma_u | 1.453e+08 sigma_e | 8.503e+08 rho | .02837382 (fraction of variance due to u_i)			F(4,186) = 7.25	
					corr(u_i, Xb) = 0.4169	

Source: Researcher's Computation (2019)

Fixed effect needs to be tested because of the doubt that may arise with pooled result. Table 3 showed the effect of Taxation inflow on economic growth in selected West African countries. 1% increase in CIT increases GDP by 2.4%, it shows that there is a positive significant effect of CIT on GDP ($\beta = 2.437648$ $t = 0.000 < 0.05$). 1% increase in VAT increases GDP by 0.38%, it shows that there is a positive significant effect of VAT on GDP ($\beta = 0.387454$, $t = 0.000 < 0.05$). 1% increase in

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EDUCT increases GDP by 0.44%, it shows that there is a positive significant effect of EDUCT on GDP (β = 0.4490077, t = 0.020 < 0.05). In addition, 1% increase in CAEDUT increases GDP by 0.297%, it shows that there is also a positive significant effect of CAEDUT on GDP (β = 0.297099, t = 0.009 < 0.05).

Table 3. Random Effect of Taxation Inflow on Economic Growth in Selected West African Countries

Dependent variable	Independent variables	Coefficient	Standard error	t	p>/t/	(95% conf. Interval)
GDP	CIT	2.822917	0.4060025	6.95	0.000	1.49828 3.377015
	VAT	0.3621924	0.0858274	4.22	0.001	-0.1011489 0.2510953
	EDUCT	0.5602145	0.1697605	3.30	0.004	-0.8249791 -0.0730363
	CAEDUT	0.2810414	0.0924476	3.04	0.006	-0.1949718 0.1868627
	CONSTANT	4.68E+08	7.10e+07	6.59	0.000	-1.03e+08 1.91e+08
R-sq: within = 0.1334 between = 0.9672 overall = 0.2146		sigma_u | 0 sigma_e | 8.503e + 08 rho | 0 (fraction of variance due to u_i)			Wald chi2(4) = 353.29 Prob > chi2 = 0.0000	

Source: Researcher's Computation (2019)

Random effect was also tested to scrap spurious and cloudy notion with pooled effect model. Table 3 showed the effect of taxation inflow on economic growth in selected West African countries. 1% increase in CIT increases GDP by 2.8%, it shows that there is a positive significant effect of CIT on GDP (β = 2.822917 t = 0.000 < 0.05). 1% increase in VAT also increases GDP by 0.36%, it shows that there is a positive significant effect of VAT on GDP (β = 0.3621924, t = 0.001 < 0.05). 1% increase in EDUCT increases GDP by 0.56% which articulates that there is a positive significant effect of EDUCT on GDP (β = 0.5602145, t = 0.020 < 0.05). Also, 1%

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increase in CAEDUT increases GDP by 0.028%, it opines that there is also a positive significant effect of CAEDUT on GDP (β = 0.2810414, t = 0.006 < 0.05).

Table 4. Hausman Test on the Effect of Non-Oil Taxation Inflow on Economic Growth in Selected West African Countries

Dependent variable	Independent variables	Coefficient (b)	Coefficient (B)	(b-B) Difference	Sqrt (diag (v-b-v-B)) S.E
GDP	CIT	2.437648	2.82292	-0.385269	0.2487764
	VAT	0.387454	0.362192	0.0252616	0.0245708
	EDUCT	0.4490077	0.560215	-0.1112068	0.0866092
	CAEDUT	0.297099	0.281041	0.0160576	0.0286147
b = consistent under Ho and Ha;	B = inconsistent under Ha, efficient under Ho	Ho: difference in coefficients not systematic chi2(4) = (b-B)'[(V_b-V_B)^(-1)](b-B) = 3.04 Prob > chi2 = 0.5504			

Source: Researcher's Computation (2019)

To decide between fixed or random effects, Hausman test basically tests whether the unique (*ui*) are correlated with the regressors, the null hypothesis is they are not. If Chi2 > 0 is greater than 0.05 (i.e. significant), fixed effects should be considered, therefore the null hypothesis is accepted because Prob > chi2 (0.5504) is greater than 0.05.

Correlation Results

The correlation result of Pearson pairwise in the table 5 showed that there is a positive significant correlation between GDP and components of taxation (CIT, VAT, EDUCT, and CAEDUT). GDP had positive significant relationship with CIT, VAT, EDUCT, and CAEDUT. (0.3387*, 0.0731*, 0.2545* and 0.4597* respectively). The results confirmed that GDP is positively and significantly linked with the company corporate income tax, value added tax, education tax and custom and excise duties. This predicated that selected countries employed the proceeds

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from corporate income tax, value added tax, education tax and custom and excise duties effectively for the betterment of their economies.

Table 5. The Relationship among Economic Growth, Corporate Income Tax, Value Added Tax, Education Tax, and Custom and Excise Duties

	GDP	CIT	VAT	EDUCT	CAEDUT
GDP	1.0000				
CIT	0.3387*	1.0000			
VAT	0.0731*	0.4408*	1.0000		
EDUCT	0.2545*	0.5845*	0.5721*	1.0000	
CAEDUT	0.4597*	0.4478*	0.4606*	0.7968*	1.0000

Source: Researcher's Computation (2019)

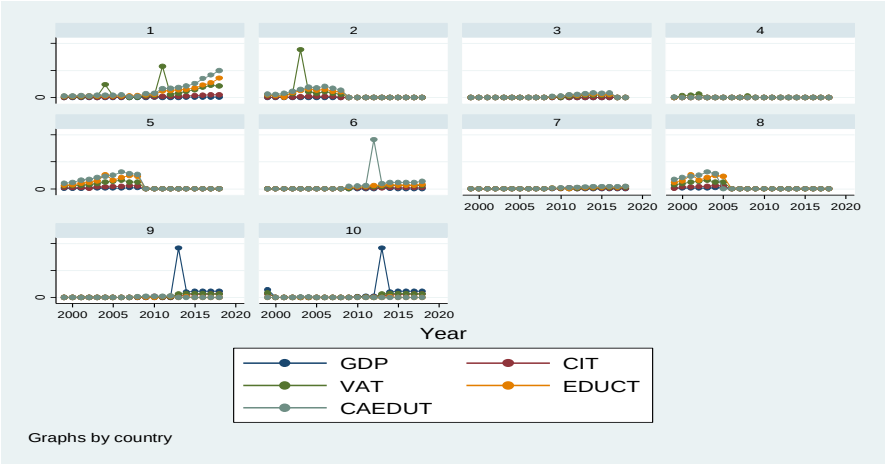

Fig. 1. Panel Analysis Plots on the Effect of Non-Oil Taxation Inflow on Economic Growth in Selected West African Countries
Source: Author's Draft (2019)

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Discussion of Findings

The results from the analysis articulated that there is a positive significant effect of corporate income tax on economic growth of selected West African countries. This translated that the money realized from this component of tax is utilized judiciously for the wellbeing of the populace. This supported the view of Yahaya and Yusuf (2019). Also, it was revealed from the analysis that value added tax, which is one of the components of taxation employed by the selected countries to jack up their revenue, enhanced economic growth favourably as advocated by Yahaya and Yusuf (2019). Moreover, education tax increases GDP positively which is an indication that this type of tax is utilized for the human capital development through basic education training as concurred by Adegbite (2016). The provision of education is seen as a productive investment in human capital, an investment which the proponents of human capital theory considers to be equally or even more equally worthwhile than that in physical capital. In addition, custom and excise duties have positive significant effect on economic growth. This outcome agreed with Adegbite and Ajagbe (2018) which showed that custom and excise duties displayed positive changes on economic growth of any nation.

Conclusion

This study examined the impact of taxation inflow on economic growth in selected West African countries. Secondary data were obtained from World Bank panel data from 1999 to 2018. The panel data analysis results showed that corporate income tax, value added tax, education tax and custom and excise duties had positive significant effect on economic growth of West African countries. In conclusion, non-oil taxation inflow impacted economic growth significantly and positively in selected West African Countries. This predicated that money realized as taxation income has been utilized effectively, productively and efficiently on economic enhancement in terms of creation of employment, construction of roads, income distribution, investment involvement, provision of infrastructural facilities and economic stability. This study postulated that West African countries should lay much emphasis on the collection of non-oil taxation effectively especially VAT and CIT, and expend much of this revenue prudently for the augmentation and enrichment of the populace. In order to meet some objectives of the sustainable development goals by achieving economic growth, there is need to proactively re-strategize taxation policy in West African countries which will invariably stimulate economic growth.

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ISSN:2393-1795 ISSN-L:2068-6900

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