

Value Added Tax (VAT) Revenue and Imported Goods: Nigeria Experience

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Abstract

This study evaluated the effect of imported goods on VAT revenue from 1994 to 2018 in Nigeria. This study also assessed causality direction amid VAT revenue, imported goods (import), exchange rate (EXCH), interest rate (INTR) and inflation rate (INFL) actively employing Units root, VECM, Granger causality, and Johansen co-integration tests. The Results showed that import (LOGIMPORT) had positive significant effect on Value added tax revenue both in the short run (LOGVAT) and in the longrun. Also, exchange rate and inflation rate have positive insignificant influence on VAT revenue also; there exist bi-directional causality between value added tax revenue and imported goods. IMPORT granger- cause VAT, VAT granger-cause IMPORT. Conclusively, imported goods and services have positive short run and long run significant influence on value added tax revenue in Nigeria.

Keywords

VAT, revenue, imported goods, exchange rate, Interest rate, inflation

JEL Codes: H27, F140, F31, E43, E31

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Received: 20 June 2020

Revised: 30 June 2020

Accepted: 10 July 2020

1. Introduction

The pertinent economic goals and governments responsibilities are optimum apportionment of incomes, impartial sharing of cash inflow, employment increment, economic growth, lessening budget deficit, economic stability, and prices stability maintenance, and diminishing inflation. Taxes can be employed to generate income so as to achieve these goals. In fact, taxation has been seen as a source of the governments' income to facilitate the achievement of government fiscal responsibilities in Nigeria. Since 2015 tax revenue has formed an enormous portion in governments' budget as a source of revenues to plug out Nigeria from recession and economic meltdown. VAT is consumption tax obtained at variety stages of production to distribution cycle as regarded to the ratio VAT to services or products. VAT replaced sales tax based on the decree of 1986 which took effect in 1994. It was ignited to reorganize economic system and to reduce the inequalities among the taxpayers (Usman & Adegbite, 2013).

Value Added Tax which has been considered as a means of generating enormous revenues with its economic operations including imported goods and services. However, such imports must not be of contraband goods. In addition imports must be declared for the payments of necessary custom duties. VAT is charged on these varieties of imported goods which is either tangible that is industrial unfinished goods and industrial goods or intangible assets which are the services brought to the country. The volume of imported goods is tandem to VAT returns in term of the cash inflow generated to the government purse to execute developmental project in the country. Most existing researchers examined VAT effect on Investment, economic growth (EG), and household consumption expenditure but neglected the contributions of imported goods and services on VAT revenue in Nigeria. Once Nigerian government has been levying VAT on importation, the impacts of the importation must be felt on VAT revenue. Therefore this study investigated the effects of imported goods and services on VAT revenue input in Nigeria.

1.1. Research objectives

This study examined the impacts of imported goods and services on VAT revenue in Nigeria from 1994 to 2018. Explicit objectives are to:

- i analyse the effects of imported goods on value added tax revenues;
- ii examine the longrun effects of imported goods on value added tax revenues;
- iii appraise the causality links amid imported goods and VAT revenue in Nigeria.

2. Literature review

2.1. VAT returns and imported goods in Nigeria

VAT is a consumption tax that forcefully gathered from the varieties stages of production to finished goods which its burden fall on the final consumers. This tax cannot be ignored, evaded and avoided because it pays at the point of consumption at a stage of production and at final sale. The Volume of VAT paid by the user is tantamount to the production cost less cost of direct materials used in the product that is taxed already. VAT returns are the amount realized from VAT forcefully generated from the volume of imported goods brought to the country. This tax is forcefully collected to refurbish economic system, upsurge cash inflow, protect new industries, discourage unwanted goods and services, and fulfill righteousness extensively within the country. Currently, the proportion of the VAT in Nigeria is 7.5% which was shifted upwardly from 5% to 7.5% in 2019. Any services acknowledged from other country apart from exempted goods and services entails VAT at 7.5%. Hence, it is payable and calculated on the goods imported by the supplier of any non-exempted items like patent, consultancy services, franchise, royalty, just to mention few.

2.2. Imported goods and services

These are referred to services and goods brought into the country from other country. Imported goods include the purchase of foreign services and goods which is the opposite of exports. According to VATA (2004), however, such imports must not be of contraband goods. In addition imports must be declared for the payments of necessary custom duties. Imported goods is tangible which refers to raw materials of industrial input, and finished goods which brought to the country which can either be seen or touched either by post, through port or any other means. Imported goods are also intangible when services are brought to the country which can neither be touched nor seen. Good and services are imported to quench the yearning of the populace with regards to essential services, public goods, infrastructural facilities which the country are incapacitated to produce. VAT is vehemently collected on importation to support the government in fulfilling their political promises. Thus, centered on the above, the underneath hypotheses were assessed:

H0₁: Imported goods effects on value added tax revenues are not significant;

H0₂: Longrun effects of imported goods on value added tax revenues do not occur;

H0₃: The causal connection amid imported goods and VAT revenue is not exist;

H0₄: No significant connection amid imported goods and VAT revenue.

2.3. Empirical review

Sameti *et al.* (2010) investigated VAT effect on Iran net export and other Asian countries from 1985 to 2008. The study also investigated corporate income tax (CIT) effects on net export. The generalized moment method's results show that VAT had negative short run effect on net export but showed no long run effect. However, this study was limited to 2008 and restricted to Iran, therefore the results cannot be adopted in Nigeria. Ahmad *et al.* (2011) compared Value Added Tax implementation effect on Export in selected countries. The study focused on a sample of 140 countries from 1990 to 2008. Findings exhibited that VAT impact on export is positive and statistically significant. The study concurred that other countries should emulate by introducing VAT to reform their economic system. The study is on valued added tax on export but not extended to imported goods, therefore the results cannot be given broader perspective.

Ihenyen & Mieseigha (2014) observed taxation on EG in Nigeria from 1980 to 2013. Data gathered on CIT, VAT and Economic Growth (GDP) were appraised engaging OLS (ordinary least squares) technique. The OLS result suggested that link existed among CIT, VAT and economic growth. This study is limited to 2013, and also digressed from the scope of this study. Still, the results cannot be acceptable with reference to this study. Adegbite & Shittu (2017) carry out the assessment on VAT impact on private investment in Nigeria. Data generated were analyzed employing PPMC and regressions. Findings disclosed that VAT had positive and strong statistical effects on Private Investment in Nigeria. However, the study was restricted to the impact of VAT on private investment which did not extend to imported goods. Therefore the results were not generalized to imported goods.

Yelwa *et al.* (2018) intentional determined VAT impacts on EG from 1994 to 2016 in Nigeria. The results of Granger causality and OLS techniques revealed that CED and VAT did not have significant effect on EG. Nonetheless, this study is on VAT and CED on EG but not extended to imported goods and services. Gwa & Kase (2018) surveyed tax revenue influence on EG from 1997 to 2016 in Nigeria engaging OLS to establish VAT, PPT, and CIT contributions on EG. The study established that CIT and VAT contributed significantly, positively and strongly on EG in Nigeria. This study also limited to 2016 but not extended to 2018.

Sowole & Adekoyejo (2019) explored VAT system effectiveness in Nigeria reference to economic development (GDP). Outcomes from Simple linear regression employed exposed a positive liaison between VAT and GDP. Though, this study is on effectiveness of VAT on economic development. Therefore, the results generated are not meaningful to the imported goods. Yahaya & Yusuf (2019) surveyed non-oil tax revenue impacts on EG in Nigeria. The data garnered from CBN and FIRS publications were analyzed engaging ARDL. The outcome exposed that CIT significantly and positively impacted economic growth. Nonetheless, the results generated is limited to nonoil tax revenue on EG but not strengthened to imported goods. The previous work examined only covered the nexus between taxation and economic growth but none of the extant researches examined the nexus between Value added tax returns and imported goods in Nigeria which created research vacuum for this study. This study is unique because it employs econometric analysis in detecting and determining the connection amid VAT returns and imported goods from 1994 to 2018 in Nigeria.

2.4. Theoretical underpinning

Neo-classical Taxation Theory: This theory is based on the postulation that the state is indebted to remove hindrances to free market because the market can normalize itself without external interference; also, it can attain economic equilibrium. This theory absolutely differs from the Keynesian one, and assigns a passive role to state directive of economic procedures. Taxation policy must be developed with the assumption that taxes must reduce to smallest rate and organization should be given substantial tax exemptions. Besides, a high rate tax burden would deter economic progressive movement and limit the organization investment policies, which would invariably ignite revenue downfall realized from taxation. This study harnessed on this theory because a lower value added tax rate paves way for more importation of goods and services which invariably enhances revenue generation through this tax.

3. Methodology of research

Data garnered from FIRS and CBN Statistical Bulletin from 1994 to 2018 were analyzed using test of Units root, VECM, Granger causality, and Johansen co-integration were actively engaged to ascertain the long run affiliation amid the variables.

3.1. Model specification

This model evaluated the effect of imported goods on VAT revenue in Nigeria 1994 to 2018. VAT revenue is dependent variable, imported goods (import) is independent variable, while interest rate (INTR), exchange rate (EXCH), and inflation rate (INFL) are control variables. This translated that EXCH, INTR and INFL controlled the volume of imported goods and services in the country.

$$VAT = a_0 + a_1 import + a_2 exch + a_3 intr + a_3 infl + \mu \tag{1}$$

Transformed to

$$\log VAT = a_0 + a_1 \log import + a_2 \log exch + a_3 \log intr + a_3 \log infl + \mu \tag{2}$$

Basic VECM is

$$\Delta y_t = \alpha \beta' y_{t-1} + \sum_{i=1}^{p-1} \Gamma_i \Delta y_{t-i} + \epsilon_t \tag{3}$$

$$r = \frac{n \Sigma wc.s f - \Sigma wc \Sigma s f}{\sqrt{(n \Sigma wc^2) - (\Sigma wc)^2} \cdot \sqrt{(n \Sigma s f^2) - (\Sigma s f)^2}} \tag{4}$$

Where: n = no of observations; r = Correlation Coefficient.

- LOGVAT** – **log of value added tax**
- LOGIMPORT** – **log of imported goods**
- LOGEXCH** – **log of exchange rate**
- LOGINTR** – **log of interest rate**
- LOGINFL** – **log of inflation rate**

4. Results and discussions

Table 1. Effect of Imported Goods on Value Added Tax Revenue

Independent variable	Dependent variables	Coefficient	Standard Error	T	P> t	[95%Conf. interval]
LOGVAT	LOGIMPORT	1.295713	.2690122	4.82	0.000	.7187396 1.872687
	LOGEXCH	.1556457	.3223191	0.48	0.637	-.5356599 .8469513
	LOGINTR	-.1893907	.6872201	0.28	0.787	-1.28455 1.663331
	LOGINFL	.0283152	.254169	0.11	0.913	-.5168231 .5734535
	<i>constant</i>	-8.156898	2.40426	-3.39	0.001	-16.9811 .6673004
R-squared = 0.8877	Adj R-squared = 0.8556	Root MSE = .59203 Prob > F = 0.0000			F(4, 14) = 27.66	

Source: Authors' Computation (2019)

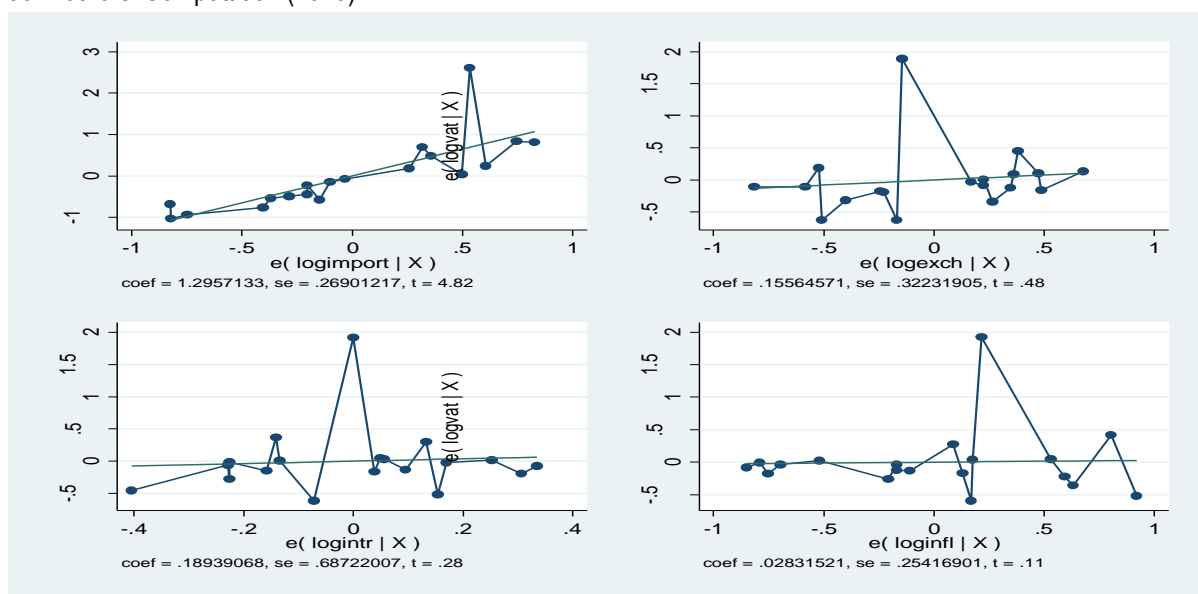


Figure 1. Effect of imported goods on value added tax revenue

Table 1 exposed the effect of imported goods on VAT revenue in Nigeria 1994 to 2018. 1% increases in imported goods (LOGIMPORT) increases Value added tax revenue (LOGVAT) by 1.2%. This translates a positive effect of LOGIMPORT on LOGVAT in Nigeria. 1% increase in LOGEXCH also ignites LOGVAT by 0.15%. This also means that LOGEXCH has positive insignificant effect on Value added tax revenue suggesting that if exchange rate increases, VAT revenue also increases. Also, 1% increases in interest rate (LOGINTR) reduces Value added tax revenue by 0.18%. Interest rate effect on VAT revenue is negatively insignificant suggesting that if interest rate increases, Value added tax revenue decreases. Contrarily, 1% increases in inflation rate (LOGINFL) increases VAT revenue by 0.02%. This indicated that LOGINFL has positive insignificant effect on VAT revenue suggesting that if inflation rate increases, Value added tax revenue also increases. R-squared as 0.8877 (89%) with adjusted R² of 0.8556 (86%), it denotes model employed is fit to determine the effects of imported goods on VAT revenue in Nigeria to 86% which was also advocated by p value 0.000. Thus, imported goods effects on value added tax revenues are significant.

Table 2. Unit Root Test (URT)

Variables	ADF stat	1% critical value	5% critical value	10% critical value	Order of integration	Remark
VAT	2.879***	-3.640	-3.120	-2.410	I(0)	Stationary
IMPORT	6.841*	-3.640	-3.120	-2.410	I(1)	Stationary
EXCH	-5.057*	-3.640	-3.120	-2.410	I(1)	Stationary
INTR	-3.100**	-3.640	-3.120	-2.410	I(0)	Stationary
INFL	-2.674***	-3.640	-3.120	-2.410	I(0)	Stationary

Stationary at 5% (*) and 10% (**)

Source: Authors' Computation (2019)

This study engages ADF URT at the level and first difference. With reference to the outcome of the results, all variables are stationary with the predication that they are also cointegrated. Henceforth, equilibrium or long run relationship existed amid these cointegrated variables.

Table 3. Lags Selection

Lag	LL	LR	DF	P	FPE	AIC	HQIC	SBIC
0	-38.6861				000233	5.82481	5.8223	6.06083
1	16.3307	110.03	25	0.000	5.4e-06	1.82257	1.80749	3.23867
2	364.556	696.45	25	0.000	6.2e-24	-41.2742	-41.3018	-38.678
3	2210.29	3691.5	25	0.000	-	-284.706	-284.743	-281.165
4	2366.42	312.26*	25	0.000	-	-305.523*	-305.56*	-301.982*

Source: Authors' Computation (2019)

Table 3 showed Hannan–Quinn information criterion (HQIC), Schwarz Bayesian information criterion (SBIC), and sequential likelihood-ratio (SLR) methods as were involved to compute selection order criteria to gauge whether sufficient lags have been included in the VAR. Four lags were engaged for this study because SBIC, HQIC, and SLR supported Lags as detailed by Table 4.

Table 4. Johansen Tests for Cointegration Using Trace Statistic

Rank	Parm	LL	Maximum Eigen Value	Trace statistic	5% Critical value	1% Critical value
0	30	-8.1909111	-	163.4888	68.52	76.07
1	39	23.191849	0.97508	100.7233	47.21	54.46
2	46	46.706992	0.93712	53.6930	29.68	35.65
3	51	66.115415	0.89806	14.8761*1*5	15.41	20.04
4	54	73.51465	0.58126	0.0777	3.76	6.65
5	55	73.553477	0.00456			

Source: Authors' Computation (2019)

Table 4 displayed the null hypothesis acceptability that there exist three or fewer cointegrating vectors and equations because trace statistic in $r = 3$ of $14.8761 < 1\%$ and 5% critical value of 20.04 and 15.41 respectively. Hence, three or fewer cointegrating equation emerged among the studied variables.

Table 5. Vector Error-Correction Model

Equation	Parms	RMSE	R sq	chi2	P>chi2
D_logVAT	7	1.4e+06	0.5187	101.7774	0.0004
D_LOGIMPORT	7	.149328	0.7614	35.11155	0.0001
D_LOGEXCH	7	17.6119	0.5036	10.14456	0.1805
D_LOGINTR	7	.237068	0.6771	23.06502	0.0008
D_LOGINFL	7	8.76163	0.7138	24.94467	0.0008
Det(Sigma_ml) = 1.92e+26	Log likelihood = 34.79056	AIC = 79.29577	HQIC = 79.48578	SBIC = 81.20726	

Source: Authors' Computation (2019)

Table 6. Test of Johansen Normalization Restriction Imposed

Beta	Coefficient	Std Error	Z	P> z	[95% Conf. Interval]
_ce1 LOGVAT	1
LOGIMPORT	.0131578	.0053676	2.45	0.014	.0026376 .0236781
LOGEXCH	-1.045788	.2293839	-4.56	0.000	-1.495373 -.5962042
LOGINTR	-.3213492	4239.958	-7.58	0.000	-40445.09 -23824.76
LOGINFL	.1979072	0.0571808	3.46	0.004	18670 20911.45
-CONS	-264863.5				

Source: Authors' Computation (2019)

According to Table 6, one percent increment in import ignites long run VAT by 0.013%, this confirms that there is significant and positive effect of IMPORT on VAT revenue. Contrarily, a percent increment in EXCH, lessens long run VAT revenue by 1.04%, this postulates that negative significant effect of ECXH on long run VAT revenue. Also, one percent increment in

INTR reduces VAT revenue by 0.32%, this also postulates that a negative significant effect of INTR on VAT revenue in the long run. More so, a percent increment in INFL upsurges long run VAT revenue by 0.19%, this also advocates a positive significant effect of INFL on long run VAT revenue. Hence, a significant and positive longrun effect of IMPORT on VAT revenue existed.

Table 7. Granger Causality Wald Tests

Equation	Excluded	chi2	Df	Prob> chi2	Decision
VAT	IMPORT	27.08	2	0.000	IMPORT granger causes VAT
VAT	EXCH	22.374	2	0.000	EXCH granger causes VAT
VAT	INTR	5.4144	2	0.043	INTR did not granger cause VAT
VAT	INFL	.39597	2	0.820	INFL did not granger cause VAT
VAT	ALL	67.489	8	0.000	ALL variable granger cause VAT
IMPORT	VAT	6.8742	2	0.032	VAT granger causes IMPORT
IMPORT	EXCH	.59573	2	0.742	EXCH did not granger cause IMPORT
IMPORT	INTR	2.1761	2	0.337	INTR did not granger cause IMPORT
IMPORT	INFL	3.5012	2	0.174	INFL did not granger cause IMPORT
IMPORT	ALL	20.885	8	0.007	ALL variable granger cause IMPORT
EXCH	VAT	9.0956	2	0.011	VAT granger cause EXCH
EXCH	IMPORT	1.1277	2	0.569	IMPORT does not granger cause EXCH
EXCH	INTR	7.2864	2	0.026	INTR granger cause EXCH
EXCH	INFL	38.105	2	0.000	INFL granger cause EXCH
EXCH	ALL	77.909	8	0.000	ALL variable granger cause EXCH
INTR	VAT	1.2036	2	0.548	VAT did not granger cause INTR
INTR	IMPORT	5.3229	2	0.070	IMPORT did not granger cause INTR
INTR	EXCH	3.3725	2	0.185	EXCH does not granger cause INTR
INTR	INFL	9.8024	2	0.007	INFL granger causes INTR
INTR	ALL	59.473	8	0.000	ALL variable granger cause INTR
INFL	VAT	1.8004	2	0.406	VAT did not granger cause INFL
INFL	IMPORT	6.5001	2	0.039	IMPORT did not granger cause INFL
INFL	EXCH	6.4051	2	0.041	EXCH granger causes INFL
INFL	INTR	9.0786	2	0.011	INTR granger-causes INFL
INFL	ALL	21.792	8	0.005	ALL variable granger cause VAT

Source: Authors' Computation (2019)

Granger causality test were done to determine the direction of causality among the variables. It was shown that VAT revenue granger caused imported goods, and imported goods also granger caused VAT revenue because Prob> chi2 is 0.032; 0.000 < 0.005 respectively. EXCH, also ignited VAT returns, VAT returns also ignited EXCH (Prob> chi2 is 0.000; 0.011 < 0.005). INTR also triggered VAT returns (Prob> chi2 is 0.043< 0.005) but VAT returns do not trigger INTR (Prob> chi2 is 0.548 > 0.005). Contrarily, INFL did not trigger VAT returns (Prob> chi2 is 0.820 > 0.005), also VAT returns did not ignite INFL (Prob> chi2 is 0.406 > 0.005). Thus, the causal connection amid imported goods and VAT revenue is existing.

Table 8. Direction of Causality between VAT Revenue and Imported goods

Equation	Excluded	chi2	Df	Prob> chi2	Decision	Direction of Causality
VAT	IMPORT	27.08	2	0.000	IMPORT granger- cause VAT	IMPORT →VAT
IMPORT	VAT	6.8742	2	0.032	GDP granger- cause PPT	VAT →IMPORT
VAT	EXCH	22.374	2	0.000	EXCH granger - cause VAT	EXCH →VAT
EXCH	VAT	9.0956	2	0.011	VAT granger- cause EXCH	VAT →EXCH
VAT	INTR	5.4144	2	0.043	INTR granger- cause VAT	INTR →VAT
INTR	VAT	1.2036	2	0.548	VAT do not granger- cause INTR	Not Applicable
VAT	INFL	.39597	2	0.820	INFL do not granger -cause VAT	Not Applicable
INFL	VAT	1.8004	4	0.406	VAT do not granger- cause INFL	Not Applicable

Source: Author's computation (2019)

Table 8 generated the direction of causality between VAT returns and imported goods. There is bi-directional causality between VAT returns and imported goods because imported goods granger- cause Value added tax returns (Prob> chi2 which is 0.000 < 0.005 level of significance), Value added tax returns also granger- cause imported goods (Prob> chi2

which is $0.032 < 0.005$ level of significance). Also, there existed bi-directional causality between exchange rate and value added tax returns. But Uni- directional causality cropped between interest rate and Value added tax returns because interest rate solely granger caused VAT (Prob> chi2 which is $0.043 < 0.005$ level of significance) but VAT do not granger cause interest rate ((Prob> chi2 which is $0.548 > 0.005$ level of significance). Conversely, no direction of causality existed between INFL and VAT returns.

Table 9. The Relationship between Imported goods and Value Added Tax Revenue in Nigeria

	LOGVAT	LOGIMPORT	LOGEXCH	LOGINTR	LOGINFL
LOGVAT	1.0000				
LOGIMPORT	0.9399*	1.0000			
LOGEXCH	0.7772*	0.7898*	1.0000		
LOGINTR	-0.5217*	-0.5957*	-0.2931	1.0000	
LOGINFL	-0.4299	-0.4602*	-0.5054*	0.4042	1.0000

Correlation is significant at 5%

Source: Authors' Computation (2019)

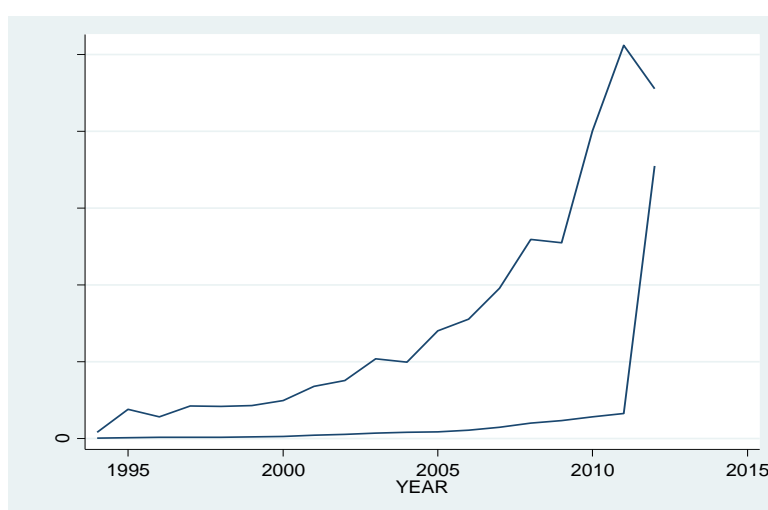


Figure 2. The Relationship between Imported goods and VAT Revenue

Source: Authors' Computation (2019)

Table 9 and Figure 2 show the relationship between imported goods and VAT revenue in Nigeria. Imported goods (IMPORT) has positive significant connection with VAT revenue (0.9399^*). Exchange rate (EXCH) also has positive significant relationship with VAT revenue (VAT) in Nigeria (0.7772^*). It postulates that an upsurge in Exchange rate (EXCH) ignites increment in VAT revenue (VAT) in Nigeria. Conversely, interest rate (INTR) has negative significant correlation with VAT revenue (-0.5217^*) in Nigeria. It also advocates also a negative connection with VAT revenue (VAT). In the same vein, inflation rate also has negative insignificant connection with VAT revenue (VAT) (-0.4299). It is postulated that imported goods has positive connection with VAT revenue (VAT) in Nigeria with the exception of interest rate and inflation rate.

5. Discussion of findings

This study evaluated imported goods effect on VAT revenue in Nigeria 1994 to 2018. From the outcome of analysis, imported goods has positive effects on VAT returns, this advocated the view of Ahmad *et al.* (2012). This showed that VAT returns is generated from the volume of both goods imported to the country. That is the higher the imported goods, the higher will be the value added tax revenue realized from such sector. Imported goods ignited and triggered VAT returns and vice versa. Conversely, exchange rate had negative significant effect on VAT returns; the policy implication is that the increment in exchange rate reduces the importation of goods and services which ultimately reduces the VAT to be charged on the imported goods. Exchange rate triggered VAT returns and vice versa. Interest rate had negative significant effect on VAT returns in the long run as supported by Usman & Adegbite (2013). This translated that the higher the interest rate on loan obtained by the business men, the lesser will be the level of importation which invariably will generate the lesser value added tax returns.

6. Conclusions

This study evaluated the effect of imported goods on VAT revenue from 1994 to 2018 in Nigeria. This study also assessed causality direction amid VAT revenue, imported goods (import), EXCH, INTR and INFL actively employing Units root, VECM, Granger causality, and Johansen co-integration tests. Outcomes showed that import (LOGIMPORT) has positive significant effect on LOGVAT in Nigeria. Also, IMPORT granger- cause VAT, VAT granger- cause IMPORT. The study also reviewed that LOGEXCH had positive short run insignificant effect on Value added tax revenue and negative long run significant effect. The effect of interest rate on VAT revenue is negatively insignificant in the short run but negatively significant in the long run. More so, inflation rate is insignificant to short run VAT revenue but significant positively to long run VAT revenue. Conclusively, imported goods had statistical, strong and positive long run and short run significant impact on VAT revenue in Nigeria. It is now recommended that government should embark on strict enforcement of VAT on imported goods and services to draw more culprit taxable entity into tax net which will invariably increase the revenues generated through this tax. Also, there must be an effective control system to ensure that the money collected are remitted from all quarters to the rightful purse in order to eliminate fraud in the system. If this is done the corruptions in the system will be reduced or eradicated, and revenues generated through this tax will be increased.

This paper is subjected to several limitations; the first limitation is that the sample is drawn from CBN statistical bulletin with hidden data. Because of data unavailability, the paper could not make inclusive variables that are not captured in the Bulletin. The second limitation is the attitude of the tax authority because the data needed are circumventing for collection. The findings are based on scientific literature and the case study examined, therefore further research is recommended to broaden the knowledge on this topic. The future development of the topic could be conducted using imported goods and services as dependent variable in order to get the effect of VAT on imported goods in Nigeria. In addition to this, the impact of imported goods on corporate income tax in Nigeria can also be examined because of contemporary nature of it.

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