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RESEARCH ARTICLE

Finance act 2020 and its impact on Nigeria tax revenue generation

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ABSTRACT

Taxation is one of the essential sources of a country's revenue generation. Therefore, certain regulations and policies is needed to be put in place to foster it. The objective of this study was to examine the impact of 'Finance act 2020 on Nigeria Tax Revenue Generation. Finance Act was measured using Company Income Tax (CIT), Personal Income Tax (PIT) and Value Added Tax (VAT) while Nigeria Tax Revenue Generation was measured using the Total Tax Collected. The study adopted ex-post facto research design. Data was obtained from the Federal Inland Revenue Service. The data was analyzed using E-views 9.1 under which Descriptive statistics was used to establish the relationship between the independent variables and the dependent variable. Regression Analysis was also used in the analysis. The data was also subjected to test for normality and stationarity. It was discovered that the amended Company Income Tax and amended Value Added Tax had a positive and significant influence on the Total Tax Collected by the Government. It was also found that the amended Personal Income Tax had a negative and no significant influence on the Total Tax Collected. Recommendations from this study include that the Government should critically examine the regulations they come up with before enforcing it. This study also recommends that the Federal Inland Revenue Service, the department saddled with the responsibility of tax collection, should review the tax system and policies with the aim of plugging loopholes in the existing tax system thereby preventing citizens from evading and avoiding taxes.

Keywords: Finance Act 2020; Taxation; Value Added Tax; Revenue Generation; Nigeria

JEL Classification H21, H30

1. Introduction

Taxation is an ancient practice that dates back to the dawn of civilization. Samuel and Simon[1] taxation

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is the process through which the government imposes a necessary levy on all profits, products, and services as well as all real and personal property of unincorporated associations, partnerships, trusts, and corporations. It can also be considered as a prerequisite for performing a duty in the case of material tributes that are compelled or imposed Appah[2]. One of the most crucial methods for governments to make money is through taxation.

Nigeria's economic structure is centralized. It is reliant on income from the oil industry, which generates the majority of her GDP and more than half of her exports. As a result, the 2015 economic collapse caused by low oil revenue realization was not unexpected; it was expected. The Nigerian economy would grow faster if it was more diverse and did not rely as heavily on oil as it does now. The economy was doing well prior to 1970, when agricultural products accounted for a significant portion of the country's exports.

In the 1970 with oil boom, however, the government began to rely on oil and abandoned other revenue generating options like agriculture and proper tax policy reforms, laying the groundwork for the country's current economic problems. Large revenue shortages at all levels of government in 2016, from which the economy only just recovered in 2017, were mostly caused by low oil revenues and a lack of comprehensive tax policy measures to significantly enhance non-oil revenues. This may be due to low oil revenues and the lack of significant tax policy changes to significantly increase non-oil revenues. Nigerian Recovery is Precarious World Bank, Bi-Annual Economic Update, April 2017. World Bank[3].

Due to a lack of considerable physical development and minimal tax revenue, the impact on the poor has not been felt over time. Many contend that Nigeria's widespread tax avoidance and evasion are the result of inefficient tax management. Oladipo, *et al*.[4] asserts that inadequate tax administration with high level of inefficiency is the main factor contributing to the widespread tax evasion in Nigeria.

Somorin[5] claims that the government of the time used the Tax and Fiscal Law (Amendment) Acts to change specific provisions of earlier tax law in order to accomplish certain Fiscal Policy goals. One of the key elements of the amendment legislation was the use of a single act, generally referred to as the Finance (Miscellaneous Taxation Provisions) Act/Decree, to modify a number of tax laws at once. These exercises were therefore more significant under the military government than under the civilian one. It is impossible to count all of these evolving laws as they exist right now due to the process of codifying and standardizing the nomenclature of existing laws.

The passage of the Finance Act 2019 heralds a significant change in the landscape after its prior debut in Nigeria more than a decade, if not more than two decades ago. The most crucial part of this need was to align existing law with the situation at hand. In Nigeria, a variety of various tax regulations have been in place for more than twenty years. Many of these laws' criteria have grown outdated, unworkable, and challenging to implement as more time has passed. Some provisions of the Tax Code nevertheless apply even though they have been repealed, replaced, or otherwise rendered inapplicable. As a result, the Finance Bill enables such legislation to be updated so that it accurately reflects the situation as it stands right now.

Second, the Finance Bill's introduction addresses the need for budget financing, which necessitates the immediate amendment of some existing legislation. Furthermore, to increase the government's revenue streams by establishing new tax bases upon which to levy taxes. This is becoming more relevant as new business activity forms and categories emerge that were not previously covered by prior legislation but are now subject to government taxation.

The previous amendment act was passed exactly twenty years ago in 1999, so the Finance Bill represents a long-awaited return to practice following that legislation. Finally, the Finance Bill symbolizes this long-awaited return to practice. Two bills were presented to the National Assembly on October 14 by Nigerian President, Muhammadu Buhari, GCFR, one of which was the Tax and Fiscal Law (Amendment) Bill 2019, also known as the Finance Act 2019. The 2020 Appropriations Bill was the other legislation. In his speech to the National Assembly, he emphasized the goals of the bill, which include supporting small and medium-sized businesses in line with ongoing Ease of Doing Business Reforms and promoting fiscal equity by reducing regressive taxation, reforming domestic tax laws to be in line with international best practices, introducing tax incentives to drive infrastructure and capital market investments, and the bill also intends to raise government revenue through a number of fiscal initiatives.

The Act amended a wide variety of pre-existing tax measures. Companies Income Tax Act

(CITA) of 2004, Individual Income Tax Act (PITA) of 2007, Value-Added Tax Act (VATA) of 2007, Petroleum Profits Tax Act (PPTA), Stamp Duties Act (SDA) of 2007, Customs and Excise Tariff Act (CETA) of 2004, and Capital Gains Tax Act (CGTA) of 2007. The COVID-19 outbreak and fluctuating oil prices have seriously hurt Nigeria's economy. Because Nigeria has a mono product economy that depends significantly on revenue from crude oil exports, this is essential. Additionally, it has been noted that the country has one of the lowest rates of domestic income mobilization in the entire globe Egwaikhide[6].

Nigeria's tax-to-GDP ratio, according to Maiye and Isiadinso[7], has been constant in recent years at about 6%. Tax revenue contributed approximately N6 for every N100 of GDP. Government borrowing has steadily increased in recent years, presumably to cover the cost of previous years' borrowing as well as the annual budget deficit. All of these regulations impede the creation of an investment-friendly environment and impede economic development. The government has created a number of policy and practical steps in response to the challenges identified in attempt to reverse the negative trend.

The Finance Act 2020 is one of the programs designed to alleviate the pandemic's effects on people and businesses, as well as to provide budget funds and boost the economy. It was enacted on December 31, 2020, by President Muhammadu Buhari, and went into effect on January 1, 2021. As a result of this Act, the long-standing tax regulations and procedures underwent significant adjustments. The Act makes it plain that practically all taxes collected in Nigeria are affected by these revisions.

The main problem of this study is the complicated legislation of the Nigerian tax system which, has been blamed for the loss of government revenue due to low tax compliance.

The primary objective of this study is to examine the impact of Finance Act 2020 on Nigeria Tax Revenue Generation. The specific objectives are to:

i. determine the extent to which the amended company income tax has influenced total tax revenue.

ii. ascertain the extent to which the amended personal income tax has influenced total tax revenue.

iii. examine the extent to which the amended value added tax has influenced total tax revenue.

Based on the above specific objectives, the following null hypotheses were developed:

Ho_1: There is no significant impact of amended Company income tax on total tax revenue.

Ho_2: There is no significant influence of amended personal income tax on total tax revenue.

Ho_3: There is no significant effect of amended Value Added Tax on total tax revenue.

2. Literature Review

The growth of an economy depends on its ability of government to generate adequate revenue in order to finance its activities in the country. Governments everywhere plot new revenue streams to better serve their people. More specifically, revenue generation refers to the sum of money made during a specified time frame. The Finance Act 2020, enacted into law in Nigeria, is a substantial policy shift aimed at increasing tax collection and creating a business-friendly climate. The Act made changes to current tax legislation to boost revenue collection and decrease tax evasion. The government has several possibilities for supporting its operations besides just oil and non-oil sources of revenue. Taxes, gifts, penalties, fees, grants, mining, license fees, internal revenue, interest payments, rent on government property, contributions to the armed forces, and other sources all contribute to the government's coffers Okwori & Sule[8].

The significance of taxes to the functioning of a government cannot be overstated. Taxation is a major revenue stream for governments around the world. Olomola[9] the government requires significant funds to begin a number of activities such as building fundamental infrastructure, capital projects, developmental projects, and raising the standard of living. The government has long complained that these projects do not generate enough revenue. The Nigerian government's budget has been in deficit for several years due to the debt it is funding, which is increasing year after year. As a result, rather than focusing solely on oil revenue, taxation can be used as an income source.

A study on the effects of tax fairness and tax knowledge on tax compliance in Nigeria was carried out by Oladipo, *et al*.[10]. The study discovered that tax fairness considerably affects corporate taxpayers' desire to pay taxes, and tax knowledge also strongly influences tax compliance. This implies that adequate tax knowledge and voluntary compliance to tax payment will increase government revenue generation in the country. In the same vein, Aduloju[11], conducted study on taxation of the Nigerian Digital Economy in view of the 2019 and 2020 Finance Act, the study found that Nigeria used the significant economic presence method to tax digital economies, while also recognizing the difficulties that have arisen during the process of taxing the tax base.

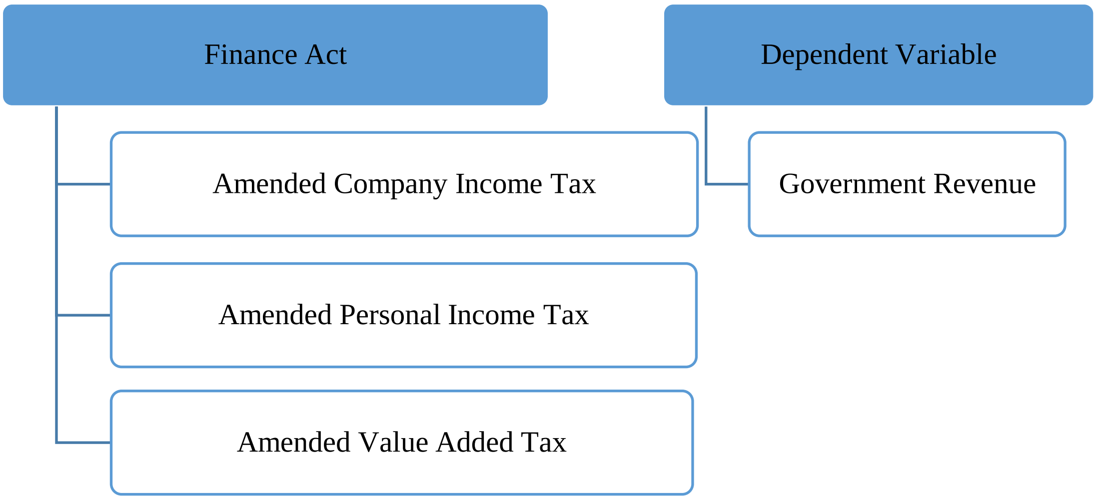
The goal of the Finance Act 2020 is to broaden the revenue base, with an emphasis on the unorganized sector. Bringing more firms into the tax system, particularly small and medium-sized organizations (SMEs) who were previously operating under the radar, is one of the main goals of the Finance Act. Ogbu et al[12], claim that the Act's progressive tax exemptions for microenterprises and SMEs have encouraged formalization of businesses, which is a vital first step in expanding the tax base. The Finance Act of 2020 also tackles the rapidly growing digital sector, which has not received much attention from the government in terms of taxes. It brought forth rules for taxation digital services and e-commerce offered by non-resident businesses. Adewale[13], express that because these VAT revisions from 5% to 7.5% bring Nigeria's taxation of digital transactions into line with international norms, they could result in significant increases in tax collection. Nevertheless, because of problems with compliance and monitoring, there are still discussions regarding how effective it is to enforce VAT collection from non-resident digital businesses.

The corporate income tax system was reorganized by the Finance Act 2020, which modified rates according to the size of the business. It instituted a tiered structure, with lower rates for medium-sized businesses (turnover between N25 million and N100 million) and small businesses (defined as those with less than N25 million). According to Akande[14], these regulations improve long-term revenue generation by promoting small enterprises' expansion and move toward becoming tax-paying entities. Opponents counter that a temporary drop in government revenue could result from small enterprises paying less in taxes. The Finance Act 2020, which imposes stamp duty on electronic transactions, is another significant step. Yusuf[15], the increase in stamp duty on electronic payments has improved tax collection from the burgeoning cashless economy. The Act also included provisions for capital gains tax on compensation for loss of office, ensuring that high-income earners pay their fair part of the tax burden.

Several studies show that the Finance Act 2020 strengthens enforcement tools, including stiffer fines for noncompliance and tax evasion. This method is expected to increase compliance levels and, as a result, tax income. Nwokoro and Uche[16], found that the Act's provisions provide tax authorities with greater enforcement tools, such as digital transaction tracking. However, the authors suggest that the main difficulty is the tax administration system's ability to adequately employ these tools. Overall, preliminary results indicate that the Finance Act 2020 has contributed to incremental gains in tax revenue generation. According to a Federal Inland Revenue Service (FIRS) report referenced in Mohammed[17], tax revenue collection improved in the first year of the Act's implementation, particularly through VAT and corporate tax channels. However, economic obstacles such as inflation and the COVID-19 epidemic have limited these achievements.

The Finance Act 2020 is a significant overhaul of Nigeria's tax laws that aims to increase government revenue through improved tax compliance, tax base expansion, and digital economy inclusion. While there are favorable outcomes, the long-term impact will be determined by the government's capacity to successfully implement these laws, particularly in the informal and digital sectors.

Conceptual Framework



Source*: Author's Compilation (2022).*

This show the relationship between the Independent variables (Company Income Tax, Personal Income tax and Value Added Tax) and Dependent variable (Government Revenue).

Theoretical Review

This study adopts expediency theory of taxation which was propounded by Bhartia[18]. The theory holds that the practicability test should be the only factor considered by a government authority when selecting the best course of action for tax policy, and that any proposed tax plan must first pass this test. This tax theory explains the economics as well as the efficacy and efficiency of the various methods used to collect taxes. It is a standard component of the tax system in which government charges taxes to its citizens in order to provide adequate economic activities and well being of the entire populace in the country.

Empirical Review

This study analyzed pertinent research that has been done on the subject by various academics. Impact of Transparency and Government Spending on Tax Ratio in ECOWAS Nations: Pre-COVID Era was studied by Adigbole, *et al*.[19] and found that while government spending on health has no discernible effect on tax ratio among ECOWAS nations, transparency has a positive impact on tax ratio in ECOWAS nations. Government spending on infrastructure and education also has a positive impact on tax ratio. Etim[20], carried out study on Analysis of the Implications of 2020 Finance Act on the Nigerian Economy. The study used a desk-based approach and found that the 2020 Finance Act would impact the nation's economy and revenue in both favorable and unfavorable ways.

Oladipo, *et al*.[21] used correlation analysis, analysis of variance (ANOVA), and multiple regression analysis in their work Effect of Tax Audit and Tax Responsibility on Tax Compliance Behavior: Evidence from Nigerian listed Manufacturing Companies. According to the study, tax audits positively impact taxpayers' compliance levels and are a significant predictor of tax compliance. Nwabachili[22] conducted study on Critique of Company Income Tax Act and its impact on Investments in Nigeria, the study used secondary data and found that there should be fundamental revamp and restructuring of the current Nigerian tax system and policy.

Nwonyuku[23], conducted study on Finance Act 2019 and Its Implications in Value Added Tax Administration in Nigeria. The study revealed that tax law does not enhance tax revenue collection but, tax administration efficiency and effectiveness would optimize tax revenue in Nigeria.

Based on the above articles reviewed the study identified the gap thus, that the majority of the reviewed papers focused on the most significant change to the Finance Act, the passage of the bill into law, however a few focused-on taxations of the Nigerian digital economy in light of the 2019 and 2020 Finance Acts. On the other hand, the impact of the financial legislation on government revenue was not considered. Thus, the study therefore, evaluate the impact of the finance act, which modified numerous levies, on total tax revenue.

3. Methodology

The ex-post facto design was utilized to investigate the link between Finance Act 2020 and its impact on government revenue generation in Nigeria. Panel data were used for this study spanning from 2014 to 2021. The data used in this research were collected from secondary source. Data were extracted from Federal Inland Revenue Service bulletin. The estimation techniques used for the empirical analysis of this research are Descriptive and Regression analysis.

Operationalisation of variables

Independent Variable

Amended Company Income Tax: The Amended Company Income Tax is substituted by the Company Income Tax from 2014 to 2021, which is governed by the provisions of the Finance Act 2020.

Amended Personal Income Tax: As a stand-in for the amended personal income tax, a proxy known as the Personal Income Tax from 2014 to 2021 is being used. This tax law is in effect due to Finance Act 2020.

Amended Value Added Tax: Here, we're using the Value Added Tax rate that was in effect from 2014 to 2021 (as a result of Finance Act 2020) as a stand-in for the Amended Value Added Tax rate.

Dependent Variable

Nigeria Tax Revenue Generation: The indicator utilized by this study to measure Nigeria Tax Revenue Generation is the Total Tax Collected.

Model Specification

The specified model depicts the functional relationship between Finance Act 2020 and Nigeria Tax Revenue Generation. This is a list of the model's requirements:

$$TTC = f\ (\text{finance Act 2020}) \quad (1)$$

Where Finance Act 2020 = Amended Company Income Tax (ACIT), Amended Personal Income Tax (APIT) and Amended Value Added Tax (AVAT)

$$TTC = f\ (ACIT,\ APIT\ \text{and}\ AVAT) \quad (2)$$

Where:

TTC = Total Tax Collected

ACIT = Amended Company Income Tax

APIT = Amended Personal Income Tax

AVAT= Amended Value Added Tax

Assuming that the relationship between the explicit variables is linear, the explicit version of the equation looks like this: (ii) becomes:

$$TTC = \beta_0 + \beta_1 \text{ ACIT} + \beta_2 \text{ APIT} + \beta_3 \text{ AVAT} + e \quad (3)$$

Here,

$\beta 0$ = proportion of the variation in expenditure on capital projects that is not explained by

variations in the explanatory variables (ACIT, APIT, AVAT)

βi = (i = 1-3) are the slopes of the explanatory variables

e= Error term

The researcher adapted the above model, from Adigbole *et al*[19], which focuses on determining the impact of finance act 2020 on the revenue generated by the government.

4. Results and Discussion of Findings

The summary statistics in Table 4.1 shows some certain statistical properties of the study's variables. For instance, the range of Company Income Tax is from N153 million to N556 million, with a mean value of N329 million and a standard deviation of N118 million. The standard deviation of PIT is N7 million, with an average of N18 million. A range from N8 million to N50 million. Value-added tax (VAT) ranges from N183 million to N563 million, with a mean of N290 million and a standard deviation of N111 million. The range of Total Tax Collected (TTC) is from N563 million to N2209 million, with a mean of N1179 million and a standard deviation of N308 million.

Table 4.1: Descriptive statistics for the year 2014 to 2021

	CIT	PIT	VAT	TTC
Mean	329.9835	18.42304	290.8606	1179.046
Median	318.8914	15.92175	260.4178	1174.345
Maximum	556.2703	50.23330	563.7200	2209.860
Minimum	152.4191	8.420000	183.4499	563.8697
Std. Dev.	118.0682	7.828312	111.4603	308.5137

Source*: Author's computation (2022)*

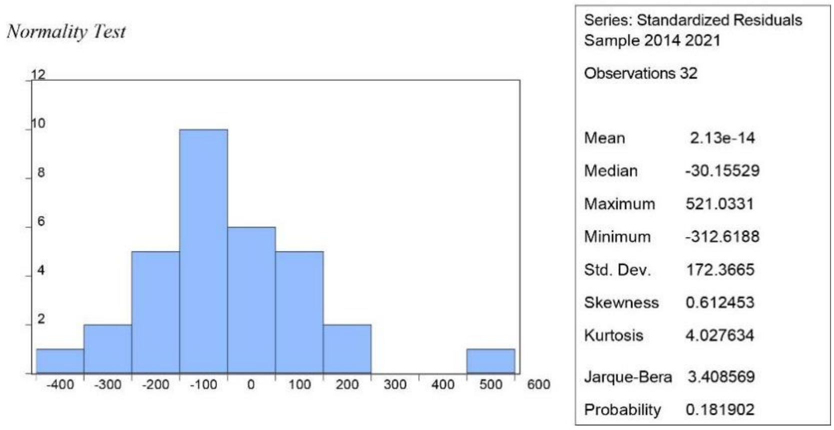


Figure 4.1: Normality Test

The normalcy test rejects the null hypothesis if the Jarque-Bera probability is less than 0.05. The probability of Jarque-Bera is shown to be 0.181902 in Figure 4.1. In the absence of evidence to the contrary, a normal distribution can be inferred to be true at the 5% level of significance.

Test for Stationarity

The Augmented Dickey Fuller Test (ADF) is used to determine if there is a unit root or if the data in the test series are stationary. A review was performed using the factors in this study (TTC, CIT, PIT and VAT). If a variable does not have a unit root, we say that it is stationary. In the event that the test is non-stationary, the unit root test will be performed at either the first or second difference.

Table 4.2: Augmented Dickey Fuller Test (ADF)

	ADF AT LEVEL	
VARIABLES	**ADF STATISTICS**	**REMARK**
CIT	0.2298	NON-STATIONARY
PIT	0.0420	STATIONARY
VAT	0.7146	NON-STATIONARY
TTC	0.3547	NON-STATIONARY

Source*: Author's computation (2022)*

The PIT variable was stationary when the ADF test was run at the level, as shown by the probability being less than 0.05 or 5%, however the CIT, VAT, and TTC variables were non-stationary when the likelihood was more than 0.05 or 5%. As a result, we agree with PIT's null hypothesis, which says there is a chance it has a unit root of less than 0.05. The first distinction is necessary because CIT, VAT, and TTC are NON-STATIONARY at the level.

Table 4.3: Augmented Dickey Fuller Test (ADF) AT 1st DIFFERENCE

	ADF AT LEVEL AT 1ST DIFFERENCE	
VARIABLES	**ADF STATISTICS**	**REMARK**
CIT	0.0847	NON-STATIONARY
PIT	0.0093	STATIONARY
VAT	0.0287	NON-STATIONARY
TTC	0.0088	STATIONARY

***Source**: Author's computation (2022)*

From the above table 4.3, PIT (0.0093) and TTC (0.0088) were stationary at first difference.

Table 4.4: Augmented Dickey Fuller Test (ADF) AT 2nd DIFFERENCE

ADF AT LEVEL AT 2ND DIFFERENCE		
VARIABLES	**ADF STATISTICS**	**REMARK**
CIT	0.0000	STATIONARY
PIT	0.0000	STATIONARY
VAT	0.0000	STATIONARY
TTC	0.0000	STATIONARY

***Source**: Author's computation (2022)*

From the above table, 4.4, All the variables (CIT, PIT, VAT and TTC) were stationary at second difference.

Table 4.5: Model Regression Estimation Results

Variable that is dependent: TTC

Method: Least Squares in a Panel

Date: 06/27/22 Time: 11:44

Sample: 2014 2021

Included period: 8

Cross-sections are included: 4

Total panel (balanced) observations: 32

Variable	Coefficient	Std. Error	t-Statistic	Prob.
CIT	1.332134	0.305710	4.357516	0.0002
PIT	-5.432949	4.323683	-1.256556	0.2193
VAT	1.320603	0.326410	4.045839	0.0004
C	455.4437	135.2700	3.366923	0.0022
R-squared	0.687855	Mean dependent var		1179.046
Adjusted R-squared	0.654411	S.D. dependent var		308.5137
S.E. of regression	181.3655	Akaike info criterion		13.35537
Sum squared resid	921016.5	Schwarz criterion		13.53859
Log likelihood	-209.6860	Hannan-Quinn criter.		13.41611
F-statistic	20.56728	Durbin-Watson stat		1.232112
Prob(F-statistic)	0.000000			

***Source**: Author's computation (2022)*

The regression analysis for the study from 2014 to 2021 is shown in Table 4.5. The independent variables are Company Income Tax (CIT), Personal Income Tax (PIT), and Value Added Tax, while the dependent variable is Total Tax Collected (VAT). Because the beta coefficient for corporation income tax is 1.332, a one-naira increase in the tax rate leads in a 133.2% increase in the total amount of tax collected. The t statistic of

4.35 and the p value of 0.0002 indicate a positive correlation between firm income tax and overall tax revenue. The personal income tax beta coefficient is -5.432, which indicates that a one-naira rise in personal income tax results in a 543.2% decrease in total tax revenue. The association between Personal Income Tax and Total Tax Collected is negative, as shown by the t statistic of -1.256 and the p value of 0.2193. A one-naira rise in value added tax resulted in a 132.0% increase in total tax collected, according to the value added tax's beta coefficient of 1.320. The association between Company Income Tax and Total Tax Collected is positive, as shown by the t statistic of 4.04 and the p value of 0.004. The R-squared (68.78%) and Adjusted R-squared (65%) which indicates that the relationship between the variables are strong.

Hypotheses Testing

Hypothesis one

Ho_1: The modified corporation income tax has no discernible impact on overall tax receipts. Table 4.5 shows that ACIT has a positive and substantial effect on TTC. Since this is the case, we acceptthe alternative and reject the null.

Hypothesis two

Ho_2: The total amount of tax revenue is not significantly impacted by the revised personal income tax. Table 4.5 indicates, PIT has a poor and insignificant impact on TTC. The null hypothesisis therefore accepted.

Hypothesis three

Ho_3: The modified value added tax has no discernible impact on overall tax receipts. Table 4.5 shows that AVAT has a positive and substantial effect on TTC. That's why we're rejecting the null hypothesis and giving credence to the alternative.

This study demonstrates how Nigeria's tax revenue collection capacity changed as a result of the Finance Act 2020. Regression analysis was used to examine the link between Total Tax Collected in Nigeria and the Finance Act 2020's amendments to the Company Income Tax, the Personal Income Tax, and the Value Added Tax (TTC). Nigeria's overall tax revenue increased noticeably and favorably after the country's Company Income Tax and Value Added Tax were both revised. In contrast, the amount of tax income collected in Nigeria was not significantly impacted by the amended Personal Income Tax. This is study corroborate the work of Nwabachili[22] "Critique of Company Income Tax Act and its Impact on Investments in Nigeria" provides empirical evidence thatthe Amended Company Income Tax significantly and favorably affects the amount of tax revenue earnedin Nigeria.

Our study is also in agreement with the study of Etim[20]. An Analysis of the Implications of 2020 Finance Act on the Nigerian Economy. This research backs up the idea that the amended company income tax and amended value-added tax have had a positive and considerable impact on tax revenue collection in Nigeria, but the amended personal income tax has had a negative and small impact on Finance Act 2020.

Conclusion and Recommendations

The study concludes that government should ensure that citizens have adequate infrastructure and amenities in order to encourage them to pay their taxes. Tax revenue should also be used wisely and effectively to provide essential services to the tax payers. Government and all those involved in formulation of tax policy should embrace feedback from the tax payers and the impact of existing laws before enforcing another. Therefore, based on the findings, the study recommends adequate public awareness campaigns and tax education, the government should enlighten citizens about the importance of paying taxes and not evading them. The study also recommends continuous training programs should be implemented for tax officials to ensure they are well-versed in the complexities of the new tax laws and emerging digital economy, because the success of the Finance Act 2020 largely depends on the ability of tax authorities.

Effective VAT collection from non-resident companies is crucial given the growing importance of e-commerce and digital services in Nigeria. The government should implement more reliable systems for monitoring and taxing digital transactions carried out by non-resident corporations. Nigeria ought to work with global tax organizations like the OECD to simplify tax enforcement for digital cross-border transactions. Tax compliance can improve when people believe tax monies are being handled efficiently and honestly. The government should increase transparency about how tax proceeds are spent, especially in areas like as education, healthcare, and infrastructure. Nigeria's tax regulatory authority must find measures to narrow tax loopholes that allow taxpayers to avoid paying taxes. The revenue earned from taxes should be used to grow the economy and provide infrastructure for all citizens.

The COVID-19 pandemic and inflation have harmed Nigeria's economy, reducing tax income generation. To fully realize the promise of the Finance Act 2020, the government must seek to ensure macroeconomic stability, which includes controlling inflation, maintaining exchange rate stability, and tackling unemployment. The government could also introduce targeted tax breaks to assist firms in their recovery efforts following the pandemic.

The Finance Act 2020 is a historic tax reform in Nigeria; nonetheless, these policy recommendations need to be followed in order to fully realize the Act's potential for raising tax revenue. Nigeria may lower its dependency on foreign borrowing and increase revenue collection by promoting transparency, improving digital economy compliance, broadening the tax base, and strengthening tax administration. These actions will also support the nation's overall budgetary sustainability and economic resilience.

Suggestion for further research

Since the focus of this study was limited to three types of taxation in Nigeria, the amended Company income tax, Personal income tax, and Value added tax. Then other taxes such as the amended Petroleum Industrial Tax, Capital gains tax, and Stamp duties could be the subject of future studies.

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Conflict of Interest

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APPENDIX

Quarterly Raw Data

Year	CIT (₦'M)	PIT (₦'M)	VAT (₦'M)	TTC (₦'M)
2014	174.1639	12.9202	212.3854	1,056.37
	556.2703	12.0342	197.2551	1,455.17
	266.2126	13.6256	192.0825	1,199.23
	176.8439	14.7125	201.2417	1,003.78
2015	164.2464	18.1803	193.3893	782.368
	538.2939	13.771	196.9737	1,188.12
	301.1177	14.3305	193.5206	980.4829
	265.3192	11.4596	183.4499	790.7817
2016	166.0176	11.5153	198.7343	563.8697
	305.3955	14.6297	197.7765	994.9165
	297.3369	15.1312	207.214	992.2869
	164.7873	18.5855	224.4743	756.3883
2017	152.4191	25.7021	221.3805	778.1935
	364.2424	28.5404	246.3033	1,004.18
	384.9345	23.7338	250.5607	1,115.33
	313.4608	30.0382	254.1039	1,130.25
2018	199.1143	24.8254	269.7938	1,173.61
	421.8009	24.5971	266.7317	1,334.24
	348.097	16.1535	273.5041	1,380.42
	371.3172	19.8474	298.0105	1,432.62
2019	229.828	17.0014	293.0394	1,046.89
	506.9517	18.4862	311.943	1,400.61
	513.3815	15.5139	275.1161	1,564.57
	354.5373	19.6287	309.8826	1,249.85
2020	278.6499	15.0605	324.5791	1,175.08
	324.3219	11.597	327.1954	1,288.36
	390.6746	16.4727	424.7081	1,419.95
	281.7342	50.2333	454.6883	1,068.84
2021	392.65	22.68	531.04	1,285.87
	456.99	15.69	512.25	1,476.60
	472.52	8.42	500.49	1,430.38
	425.84	14.42	563.72	2,209.86