

# THE PARTIAL EQUILIBRIUM ANALYSIS OF VALUE ADDED TAX AND PRICE STABILITY IN NIGERIA

<sup>1</sup>Professor P.O Idisi, <sup>2</sup>Dr. (Mrs.) I. J Ogwu, <sup>\*3</sup>Olusola, B. S

Department of Agricultural Economics, University of Abuja,  
PMB 117, Abuja, FCT, Nigeria

\*Corresponding Author: Olusola, Bunmi S  
Olusolabunmi25@gmail.com  
Tel: +2348062485008

---

**Abstract:** This study is aimed at empirically examines the influence of VAT on price stability in Nigeria using partial equilibrium analysis. We introduced the VAT variable in the framework of a combination of structural, monetary and fiscal approaches to inflation modelling. The analysis was carried out by the application of multiple regression analysis in static form to data for the period of 1994-2016. The results however show that VAT has a strong upward effect on price levels, most likely due to the burden of VAT on intermediate outputs. The study rules out the option of VAT exemptions for intermediate outputs as a solution, due to the difficulty in distinguishing between intermediate and final outputs. Hence it can be concluded that tax should be regressive and not progressives, or better still it should be proportional.

---

## 1. INTRODUCTION

Taxation is one of the most important revenue generation mechanisms in any given economy by which government increases its internally generated revenue. In fact, one of the main sources of government revenue is tax which is obtainable from different sources. Government has the mandate to impose tax via its various regulations. An efficient and effective tax system is capable of ensuring the basic necessities and services in the country. Taxes are used to achieve economic growth, achieve equity in income and wealth distribution and maintain equilibrium in the economy. Taxes are not only the most traditional means through which governments generate revenue; they are also the most reliable and predictable. One of these taxes is Value Added Tax (VAT). The Value Added Tax, is a special type of indirect tax in which a sum of money is levied at each stage of production and distribution of a product or service. Referring to history Okoye and Gbegi (2013) reported that in 1954 the Value Added Tax system was initiated by the then Joint Director of the tax authority of France, Maurice Laure. VAT came into effect for the first time on 10th April 1954; although, a German Industrialist Wilhelm Van Siemens proposed the concept in 1918 the value added tax system has been adopted by different nations across the world. VAT has become a major source of revenue in many developing countries. In sub-Saharan Africa for example, VAT has been introduced in Benin Republic, Cote d'Ivoire, Guinea, Kenya, Madagascar, Mauritius, Niger Republic, Senegal, and Togo. Evidence suggested that in these countries, VAT has become an important contributor to total government tax revenues (Adereti et al., 2011). In 1994, the revenue profile of the federal government and by extension sub-national governments increases. This is because, in addition to oil revenue and other taxes such as company income tax, government receives revenue at each stage of production. VAT was introduced in Nigeria following a study group set up by the federal government in 1991 to review the nation's tax system. It was this group that proposed VAT and in that same manner, a committee was set up to conduct feasibility study on the implementation of the VAT. The introduction of VAT in Nigeria through Decree 102 of 1993 marks the phasing out of the Sales Tax Decree No. 7 of 1986. The Decree took effect on 1st December, 1993 and became operational in Nigeria on the 1st of January 1994. VAT

is administered centrally by the federal government using the existing tax machinery of Federal Inland Revenue Services (FIRS) in close cooperation with the Nigeria Customs Service (NCS) and the State Internal Revenue Services (SIRS). Evidence so far supports the view that VAT revenue is already an important source of revenue in Nigeria. For instance, actual VAT revenue for 1994 was =N=8.189 billion, which is 36.5% higher than the projected N6 billion for the year. In terms of contributions to total federally collected revenue, VAT accounted for about 4.06% in 1994 and 5.93% in 1995 (Ajakaiye, 2000). While the performance of VAT as a source of revenue in Nigeria is encouraging, it remains difficult to find attempts to thoroughly assess the impact of VAT on the economic growth. A few empirical works on the subject exist in the context of the Nigerian economy. Ajakaiye (1999) undertook the most detailed study for Nigeria, including an extensive investigation of the impact of VAT on key sectoral macroeconomic aggregates, by using a Computable General Equilibrium (CGE) model of the Nigerian economy. Unfortunately, the study was carried out when VAT was only six years old in Nigeria, too early to get reliable conclusions on its impact on other macroeconomic aggregates. Besides, from 1999 to date, the economic environment in Nigeria has undergone a number of changes. For instance, there was a transition from a military to a democratic regime. As a result of the aforementioned factors, there is need for a re-examination of the possible impact of VAT in Nigeria, especially on the price level. The results of investigations of this kind will provide a basis for minimizing the adverse effects of VAT, while consolidating its benefits. This study seeks to assess the impact of VAT on general price levels in Nigeria by means of a partial equilibrium analysis. In particular, the study specifically seeks to estimate the price elasticity of VAT.

The paper first gives an overview of VAT and inflation in Nigeria and reviews the empirical literature. Next, it deals with methodology, conceptual issues and data, before presenting the empirical results and a discussion. Finally, the conclusion follows.

## **2. OVERVIEW OF THE NIGERIAN ECONOMY**

### **2.1 Overview of VAT and its Administration in Nigeria**

VAT was introduced in Nigeria in 1993 by the VAT Act No. 102 of 1993 as a replacement for the sales tax that was in operation in the Federal Capital Territory. It was the outcome of Dr. Sylvester Ugo's study group on indirect taxation in November 1991. It was designed as a consumption tax payable on goods and services consumed by individuals, government agencies or business organizations. Nigeria operates a VAT rate that does not synchronize with the Economic Community of West African States (ECOWAS) Protocol. ECOWAS adopted a uniform VAT protocol due to the constant movement of people and goods across the countries in the region, and the need to be subject to similar conditions. Under Nigeria's influence, the ECOWAS advisory rate has been reduced to 10 percent, while Nigeria, despite being a signatory of the protocol, currently operates the lowest VAT rate across the sub-region, at 5 percent. It should be noted that, since its inception in 1993 and subsequent implementation in 1994, the income tax burden has been reduced twice (company income tax from 35 to 30 percent and personal income tax from 30 to 24 percent), but the VAT rate has remained static at 5 percent. Exemptions granted to reduce the distortions of VAT create a lot of complexities, lack of transparency and arbitrariness in terms of application and enforcement. Hence, the government is affected by high levels of exemptions and a low VAT rate. The Nigerian gross product VAT model is one that tries to maximize tax by disallowing cost. It however allows for restrictions on the recovery of VAT paid on capital terms given that the cost of capital is amortized and spread across items. Currently, 17 categories of goods and 24 categories of services are VAT eligible and all imports are VAT-eligible, whether raw materials or finished goods. The benefit of VAT in Nigeria since its inception cannot be overemphasized. It has increased the revenue of Nigeria over time, so that it is now the third highest revenue earner for the Federal Government, next to company income tax and petroleum profit tax. Secondly, it has also reduced the tendency of tax evasion. However, there are increasing complaints from various quarters, especially the organized private sector, about the effects of VAT on their operating costs and the prices of their products (Ajakaiye, 1999).

### **2.2 Inflation and Central Bank of Nigeria Policy Response**

Inflation had its bitter toll on the Nigerian economy, and monetary and fiscal policies among others have been developed to reduce it. The Central Bank of Nigeria (CBN) has the statutory responsibility of formulating and implementing monetary policy with an emphasis on price stability. The inflationary trend has been cyclical since the mid-1970s, peaking in 1988, 1989, 1992, 1993, 1994, 1995, 1996, 2001 and 2005. The implementation of the recommendations of the Udoji committee of 1975 and the hosting of Black and African Festival of Arts and Culture (FESTAC) in 1977 constitute two events that had significant impacts on the history of inflationary trend in Nigeria. The Udoji committee, which doubled

the basic minimum wage in the public sector in 1975, represents a climax in inflationary tendencies that led to widespread strikes and unrest in the private sector, on which the Udoji recommendations were not binding. This cost push factor further crippled productivity and increased inflation as the economy's level of productivity could not match increased money supply and aggregate demand. On the other hand, the hosting of FESTAC in 1977 helped to compound the problem of macroeconomic instability, as the resulting public spending undermined the government's traditional objective of ensuring fiscal discipline, and the resulting inflationary pressure continued unabated (Fatukasi, 2005).

In the past, the government under various administrations has adopted different measures for dealing with the situation. One of the measures taken by the monetary authorities (CBN) in recent times was a move from its traditional monetary policy to inflation targeting. Since the last Obasanjo regime, the primary objective of the authorities has been the attainment of a single digit inflation rate. With this, the authorities have been able to bring down the rate of inflation to a relatively mild level.

### **2.3 Empirical literature**

Few empirical works exist on the subject of VAT especially in developing countries. Extensive studies have been done on the impact of indirect taxation in developing countries in general, and Nigeria in particular. Naiyeju (1996) argues that the benefits from any tax depend on the extent to which it is properly managed. How tax law is interpreted and implemented, as well as its publicity, will determine how a particular tax is able to meet its objectives. The concern about the economic impact of VAT led Shoup (1989) to argue that it is all the more important because it may cause consumers to reduce their consumption of certain commodities that have direct and/or indirect effects on labour productivity.

At a different level, some authors have raised arguments in favour of the Computable General Equilibrium (CGE) model, which they argue is preferred to partial equilibrium analysis for the assessment of the impact of VAT on any given economy. McLure (1989) was the first to highlight his preference for the CGE model, which is an economy-wide framework that incorporates the interactions and feedbacks among demand, production and income. Within this model, the relevant variables are adjusted until production and consumption decisions are consistent. Following the same line of argument, Ajakaiye (1999) undertook an analysis of the impact of VAT on key sectoral macroeconomic aggregates, using a CGE model that he argues to be suitable for Nigeria. From the results of its model simulations for three scenarios, he concludes that the scenario where VAT is treated in a cascading manner (i.e. where it is viewed as a cost) by the VAT-eligible organizations, and VAT revenue is re-injected into the economy, price, consumption, expenditure, output and income effects will be most deleterious, and this best approximates the Nigerian situation.

In a study of instability in government revenues and expenditures in less developed countries, Lim (1983) observed that tax revenue instability was the major cause of expenditure instability within the period 1965 to 1973. Bleaney, Gemmel and Greenaway (1995), with particular reference to sub-Saharan Africa, analyzed the sources and the consequences of revenue instability in developing countries, and found that revenue instability is more common in poor, more open and more inflationary economies. Furthermore, Ebeke and Ehrhart (2010) in a study on the sources and consequences of instability in tax revenues in sub-Saharan African countries, using panel data for 39 countries over the period 1980 to 2005, give credence to Bleaney, Gemmel and Greenaway (1995), Guillanmont et al (1999), Fatas and Mihov, (2003), Telvi and Vegh (2005), Furceri (2007), Loayza et al (2007), Thornthorn (2008) and Diallo (2009). Ebeke and Ehrhart (2010) argue that tax revenue instability in sub-Saharan Africa leads to public investment and government consumption instability, which in turn generates a lower public investment ratio, and is therefore detrimental to long-term economic growth.

The need to specifically focus on the domestic economy, and VAT in particular, may have led Owolabi and Okwu (2011), as reported by Worlu and Nkoro (2012), into the examination of the contribution of VAT to the development of Lagos state using simple regression models as abstractions of the respective sectors considered in the study. The study, which considered a vector of development indicators as dependent variables, regressing each on VAT revenue, found that revenue contributed positively to the development of the respective sectors considered. It was however found to be statistically significant in the development of the agricultural sector only. Unegbu and Irefin (2011), also focusing on the domestic economy, carried out research on the impact of VAT on economic and human development of emerging Nations from 2001 to 2009, using regression discriminant analysis and ANOVA. The outcome of the investigation revealed that VAT has a significant impact on the expenditure pattern of Adamawa state within the study period.

From the foregoing analysis, Ajakaiye (1999) remains the closest attempt at extensive examination of the macroeconomic

impact of VAT in Nigeria. The study however is limited by the issue of the insufficient time lag necessary for proper alignment of the policy with other macroeconomic aggregates that is needed for better evaluation of VAT policy in Nigeria. This paper tries to overcome this limitation and some others, such as regime change, and it focuses on the impact of VAT on the price level.

## 2.4 VAT and its Challenges

Tax evasion and tax avoidance are two broad challenges faced by every tax authority or administrator. Olatunji (2009) identified the following challenges relating to VAT administration in Nigeria.

i. **Inadequate machinery for tax remittance:** Lack of adequate resources in the form of qualified tax personnel and facilities is a major challenge in the administration of tax in Nigeria. Consequently, there are a lot of leakages in the form of tax fraud, refusal to complete tax return forms etc.

ii. **Dishonest tax officials:** The dishonesty by most tax officials in Nigeria pose a serious threat to effective tax administration in the country. In most cases they will deliberately reflect wrong tax figures in consumers' invoices or documents. This goes a long way to discourage honest tax payers from being committed to prompt and adequate tax payments.

iii. **The regressive effects of VAT:** Practically, value added tax is a tax on consumption of items. Its computation is based on a fixed rate on taxable commodities, consequently, the burden of VAT falls more on low income earners than other groups. Hence low income earners in Nigeria see VAT as a tax skewed against them.

iv. **General increase in price levels:** VAT simply means add some amount to the cost or price of items at each stage. In other words, VAT as a tax system tends to increase the general price level of goods and service in the economy. This can have the adverse effect of reduction in the demand for goods and services.

v. **The difficulties in calculating VAT on retailers:** Nigeria is a country infested with numerous retailers and small professional service providers. The ability to compute VAT amount for these set of people prove to be very difficult. The problem of registration with tax authorities and remittance of collected VAT amount is equally a major challenge here.

## 3. METHODOLOGY

The study employed a time series data covering a period of 1994 – 2012. Data were obtained from various CBN statistical bulletins and National Bureau of Statistics(NBS)

### 3.1 Research Design

This study adopts the time series design procedure. This is to enable us establish the possible impact of value added tax (VAT) on price stability over a time period. Ndiyo (2005) asserted that time series design is a better representation of periodic multiple observations of items, at different times. Consequently, this design method was considered the most appropriate procedure to employ in this study.

### 3.2 Source of Data

Data were obtained from various CBN statistical bulletin and National Bureau of Statistics The data collected were from secondary sources. They are to cover a period of 1994 – 2016.

### 3.3 Model Specification

This study will examine one major model to measure possible input of VAT on price over a period of time.

### 3.4 Model

In modelling the impact of VAT on the price level, this model is formulated based on the perceived functional relationship between inflation(INF) and Value added Tax(VAT), Fiscal Deficit(FD), Growth rate of money supply(GrM2), Real interest rate (RINT), Real Exchange Rate (REXG) a link is forged among the variables.

Thus, with the functional relationship and the resultant model using the ordinary least squares (OLS) regression method we have:

Functional relationship

$$INF = F (VAT, FD, GrM2, RINT, REXG) \dots\dots\dots(1)$$

Converting this to a linear or stochastic model we have

$$INF = b_0 + b_1 VAT + b_2 FD + b_3 GrM2 + b_4 RINT + b_5 REXG + e \dots\dots\dots (2)$$

Where  $b_0, b_1, b_2, b_3, b_4$  are constants  $INF =$  Inflation,  $VAT =$  Value Added Tax,  $FD =$  Fiscal Deficit,  $GrM2 =$  Growth rate of money supply,  $RINT =$  Real interest rate,  $REXG =$  Real Exchange Rate  $e =$  Error Term or Stochastic term, apriori expectation:  $b_1, b_2, b_3, b_5 > 0$  while  $b_4 < 0$ .

The dependent variable is inflation (INF), as measured by the annual rate of growth of the Consumer Price Index (CPI), which is the most commonly used index in Nigeria. The National Bureau of Statistics (NBS) computes the CPI for Nigeria.

The independent variables are inflation fundamentals, such as the fiscal deficits as a percentage of GDP (FD), the growth rate of the money supply (GrM2), the real interest rate (RINT), the Value Added Tax (VAT), and the real exchange rate (REXG).

The data employed in the analysis span over the period 1994 to 2016. The inflation rate (INF) and fiscal deficit as a ratio of GDP (FD), and VAT as well as broad money supply are sourced from the CBN's Annual Statistical Bulletin. The CBN publishes processed data on these aggregates annually. The real interest rate (RINT) and real exchange rate (REXG) are also sourced from the CBN and NBS. Broad money (M2) is adopted as the concept of money supply. Its growth rate is calculated as a ratio of the amount by which the current period level of money supply differs from that for the preceding period level.

#### 4. EMPIRICAL ANALYSIS

**Table1: RESULT OF AUGMENTED DICKEY FULLER STATIONARY (ADF) TEST**

Variables	ADF Test Statistics	Critical Values %	Order of Integration
INF	4.511	1	I (1)
FD	4.199	1	I (1)
GRM2	4.749	1	I (1)
RINT	3.692	1	I (1)
VAT	4.549	1	I (1)
REXG	3.948	1	I (1)

From the result of the ADF test, it showed that all the variables are stationary after first differentiating. By implication, it means that the variables are integrated as order 1 (i.e. I (1)), and as such, should enter the model in their growth forms (i.e. in their differentiated forms).

This is due to the fact that regressions using non-stationary variables will lead to results that cannot be relied upon for predictions, therefore they must be differentiated.

Also the study cannot be considered for long run analysis because the sample size for the study is not large enough, which makes it not be drawn into the conventional test for long-run equilibrium relationships between the dependent and independent variables which would have been the case, given the coincidence of order of integration between the dependent variable and the set of independent variables. As a result, analysis herein is based on the static (multiple regression) model.

##### 4.1 DETERMINANTS OF INFLATION (INF)

**Table 2**

Independent Variables/ constant	Coefficients	t Values
C	-43.432	-0.12
FD	-1.198	-1.20
GRM2	-0.607	-1.23
RINT	-1.897	-1.11
REXG	3.648	1.84
VAT	4.081	1.30
R squared= 0.78	Adj R squared= 0.72	
F statistics =24.47	D-Watson=1.62	

From the result above, the ordinary least square techniques (OLS) was employed in the estimation of the model. Also, the estimation of the model was carried out after ensuring the variables in their behaviours conform to the assumptions of the Normal Linear Regression Model (NLRM).

Results of the estimation as presented in Table 2 showed that two (RINT and VAT) out of the five explanatory variables are statistically significant at the conventional 5-percent level of significance, and have the theoretically expected signs. The positive sign indicates a direct relationship between the RINT and VAT and the dependent variable (INF). The coefficient of multiple determination (adjusted R<sup>2</sup>) is strong at 0.72, which indicates the power of the explanatory variables in explaining variations in the rates of inflation. The model has very high F-statistics, showing that all the independent variables are non-zero at 95 percent level of confidence. It also means the joint effect of the independent variable (RINT and VAT) move together to affect the dependent variable (INF). The value of the Durbin–Watson statistics on the other hand reveals the presence of negative auto-correlation in the model that can be attributed to the quality of the data used.

## 5. DISCUSSION OF RESULTS

The main variable of interest, VAT, exerts an upward pressure on price levels within the period studied. VAT appears to be statistically significant and has a strong influence on rate at which price level changes. And this strong positive impact on prices is most likely due to VAT charges on intermediate outputs. However, it is difficult to draw lines between these and final outputs in view of the fact that the final result of a given production process could be the input of yet another production process, whose outputs are successively subject to VAT. Multiple VAT burdens become the norm, and this translates to increases in prices of goods and services when this happens.

VAT burden for producers whose inputs are intermediate outputs lead to an increased cost of production. And in reaction to this, it leads to the reduction in the output level, and subsequent increases in unit prices, at a given level of aggregate demand. According to Ajakaiye (1999), VAT is more deleterious when viewed as a cost.

The regression results further reveals that there is a negative significant impact of real interest rates. Though effect is, however, very weak in influencing the rate of change in price levels. This outcome reveals that although real interest rates significantly affect inflation in Nigeria, but it is not a major factor to be considered when it comes to regulating the prices level. Given that the weak impact of real interest rates (RINT) on prices, caution need to be applied as it might have been as a result of the influence of funds from alternative sources of financing investment in Nigeria. Many investors are exploiting this to their benefit, investors like the Micro Finance Banks. And these are banks supposedly created to meet the credit needs of a social segment for which cannot meet the high cost of borrowing from the conventional banks (Deposit Money Banks (DMBs)).

And this is due to the reason because, Credits offered by microfinance banks are often high-jacked by big time investors who now use it as means of getting funds at low rates of interest to compliment the high cost of funds available to them from DMBs. Secondly, remittances constitute another alternative source of financing investment. Nigeria is a country that both gives and receives remittances.

From the results, other variables are found to be insignificant in determining the rate of changes in the level of prices Apart from these variables (VAT and RINT).

The real exchange rate (REXG) is not significant in influencing the rate of changes in the price level. This is connected with the influences of remittances already highlighted above, as a way of getting over possible charges of money laundering activity, practice of quality trade-offs by Nigerian importers in collaboration with their foreign producers.

Nigerians abroad often use foreign goods as a vehicle for the transfer of huge sums of foreign currency to Nigeria and such goods add to the existing level of goods and services, and are often sold at cheap prices, thereby neutralizing the expected significant impact of REXG on level of prices. Similarly, price is one factor that does not obey the law of gravity (“what goes up, must come down”) – prices when up seldom come down.

Most Nigerian importers collaborate with their foreign producers, is the practice of successively reducing product quality as a way of relatively maintaining existing market prices and profits.

The results also show that, money supply (GrM2) are highly correlated in their individual effects on prices. From the theory, money supply is one means of financing deficits. Degree of the impact of fiscal deficits on price level depends on the extent to which funds set aside for deficit financing are channeled to productive investments through the development

of need and maintenance of existing social infrastructures. It is however unfortunate that rather than the development of new infrastructures and maintenance of existing ones, deficit funds are often diverted into private investments abroad, while some percentages of it are used to service external debt. By these we have a situation of capital flight in the Nigerian system. As a result, rather than stimulate the level of economic activities and possibly causes inflation given the level of aggregate demand, fiscal funds instead create a dampening effect on the level of economic activities, hence the negative impact of each of the macroeconomic aggregates on the level of prices in Nigeria.

## 6. CONCLUSION

This work is an attempt to empirically analyze and investigate the impact of value added tax (VAT) on price stability from 1994 – 2016, using the ordinary least squares regression model (OLS) in examining the variables in our hypothesis. The empirical result shows that the value of VAT has a negative impact on the general price level. Tax burden on goods and services tends to increase to increase the price of goods overtime. Tax though is one off the major source of revenue in almost every system, but when the burden is high on consumers it will result to negative effect on goods and services. Hence it can be concluded that tax should be regressive and not progressives, or better still it should be proportional.

## REFERENCES

- [1] Adereti S.A, Sanni M.E, Adesina J. A (2011). Value added tax and Economic Growth of Nigeria. *Eur. J. Humanit. Soc. Sci*, 10:455-471
- [2] Ajakaiye D. (2000). Macroeconomic effects of value added tax in computational general equilibrium analysis. *Afr. Econ. Consort. (AERC)* P92.
- [3] Aruwa, Suleiman A. S. 82008) 'The Administration and Problems of Value Added Tax in Nigeria' *Finance and Accounting Research Monitor*, 2(2) available at <http://ssm.com/abstract=1418661>.
- [4] Bleaney, Michael; Gemmell, Norman and David Greenaway (1995), 'Tax Revenue Instability, with Particular Reference to sub-Saharan Africa', *Journal of Development Studies* 31 (6): 883-902.
- [5] Bogetic, Zeljko and Fareed Hassan (1993), "Determinants of value-added tax revenue: A cross sectoral analysis" World Bank Working Paper-series No. 1203.
- [6] Diallo, Oumar (2009) "Tortuous Road, towards countercyclical Fiscal policy: Lessons from Democratized sub-Saharan Africa", *Journal of Policy Modelling* 31(1): 36-50.
- [7] Ebeke, Christian and Helene Ehrhart (2010) "Tax Revenue Instability in Sub-Saharan Africa: Consequences and Remedies, CERDI Working Paper No.1192.
- [8] Fatás, Antonio and Iljan Mihov (2003) "The case for Restricting Fiscal policy Discretion", *Quarterly Journal of Economics* 118 (4): 1419-1447.
- [9] Fatukasi, Bayo (2005) "Determinants of inflation in Nigeria: An empirical analysis", *International Journal of Humanities and Social Sciences* 1(18): 262-271.
- [10] Federal Inland Revenue Service (1993a) Value added tax decree No. 102.
- [11] Federal Inland Revenue Service (1993b) 'Value added tax', FIRS information circular No. 9304.
- [12] Federal Inland Revenue Service (1993c) 'VAT on imports', FIRS information circular No 9305.
- [13] Gillis, Makolm; Shoup, Carl and Sicat, G. (eds.) (1989), Value added taxation in developing countries. Washington D.C.: The World Bank.
- [14] Guillaumont, Patrick; Jeanneney, Sylviane and Jean-Francois Brun (1999) 'How Instability lowers Africa's Growth', *Journal of African Economies* 8 (1): 87-107
- [15] Lim, Daniel (1983) 'Instability of Government Revenue and Expenditure in Less Developed Countries', *World Development Report*, 11(5): 447-450.
- [16] Loayza, Norman; Ranciere, Romain; Sirven, Luis and Jaume Ventura (2007) 'Macro economic volatility and welfare in Developing Countries: An Introduction', *World Bank Economic Review* 21(3): 343-357.

- [17] Ikpe and Nteegah (2013). Value added tax and price stability in Nigeria: A partial equilibrium analysis. *European Journal of Government and Economics* Volume 2.
- [18] Gillis, Makolm, Carl S. Shoup and G. P. Sicat (eds) *Value and Taxation in Developing Countries*. Washington D.C.: The World Bank.
- [19] Gbegi D.O and Okoye, Emmanuel (2013), 'Effective Value added Tax: An Imperative for wealth creation in Nigeria' SSRN Electronic Journal, 10.2139/ssrn.2238854
- [20] Naiyeju, J.A. (1996), 'Administration of VAT in Nigeria' FIRS Enlightenment Workshop Paper, National Theatre, Lagos.
- [21] Olatunji, O. C. (2009). A Review of Value Added Tax Administration in Nigeria, *International Business Management*, Vol. 3 No. 4 pp 61- 68
- [22] Owolabi, Oyeleke A. and Andy T. Okwu (2011) 'Empirical Evaluation of contribution of Value Added Tax to Development of Lagos state Economy', *Journal of Middle Eastern Finance and Economics* 1(9): 24-34.
- [23] Shalizi, Z and Lynd Squire (1989) 'Consumption Taxes in Sub-Africa: Building on Existing Instruments' in Gillis, Makolm, Carl S. Shoup and G. P. Sicat (eds) *Value and Taxation in Developing Countries*. Washington D.C.: The World Bank.
- [24] Shoup (1989), 'Changing among types of VATs' in Gillis, Makolm, Carl S. Shoup and G. P. Sicat (eds) *Value and Taxation in Developing Countries*. Washington D.C.: The World Bank.
- [25] Talvi, Ernesto and Carlos Vegh (2005) 'Tax base variability and Pro-cyclical Fiscal policy in Developing countries', *Journal of Development Economics*, 78(1): 156 – 190.
- [26] Thornton, John (2008), 'Explaining Procyclical Fiscal policy in African countries', *Journal of African Economies*, 17(3): 451-464.
- [27] Unegbu, Angus and David Irefin (2011) 'Impact of VAT on Economic Development of Emerging Nations', *Journal of Economics and International Finance* 3 (8): 492- 503.
- [28] Worlu, Christian and Emeka Nkoro (2012), 'Tax Revenue and Economic Development in Nigeria: a macroeconomic Approach', *Academic Journal of Interdisciplinary Studies* 1(2): 211-23.