EFFECT OF TAX DIGITALISATION ON ECONOMIC GROWTH IN NIGERIA

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ABSTRACT: The study examined the effect of tax digitalisation on economic growth in Nigeria, specifically analysing Company Income Tax (CIT) and Value Added Tax (VAT) from 2010 to 2023. Adopting ex-post facto design, the study investigated whether digitalization introduced significant changes in the relationship between tax variables of CIT and VAT and RGDP in Nigeria. Secondary data were obtained from online published statistical data of the Federal Inland Revenue Service (FIRS) and the Central Bank of Nigeria (CBN) Bulletin for the period. Using Ordinary Least Squares (OLS) regression and the Chow test, we compare the pre-digitalisation period (2010-2016) with the post-digitalisation period (2017-2023). The OLS regression model estimated the effect of CIT and VAT on RGDP, while the Chow test assessed the statistical significance of structural changes in the relationship between the tax variables and RGDP over the two periods. Findings revealed that while CIT's effect on RGDP remained largely unchanged post-digitalisation, VAT had a significant positive effect on RGDP post-digitalisation. The study recommended that the FIRS should utilise digital tools to capture, monitor, and audit all registered companies for tax purposes. This will widen the tax base and increase corporate income tax revenue in Nigeria.

Keywords: Tax Digitalisation, Company Income Tax, Value Added Tax, Economic Growth, Nigeria

INTRODUCTION

The modernisation of tax operations for enhanced administration, collection, and management requires full reliance on technology for the efficiency and effectiveness of the tax system. The integration of digital tools in tax management, collection, and administration to reduce tax evasion is referred to as tax digitisation. The use of technology in tax operations begins with the early process of taxpayer registration, electronic declaration, and electronic payment, with electronic invoices serving as evidence of payment (Barreix et al., 2023). The digitisation process, when fully implemented, will feature an automated system for key processes, database integration, and the use of predictive models to detect tax fraud (Pirez, 2025). The level of adoption of digital tools in tax operations depends on the level of development. As a developing country, Nigeria adopted the tax digitisation policy with the introduction of six new electronic taxation services by the Federal Internal Revenue Service in 2017. Technology remains vital to the success of tax digitalisation (Awodun, Somorin & Sanni, 2024). The reliance on information and communication technology for tax operations reduces dependence on manual processes. Improving compliance rates and

reducing taxpayer challenges are some of the objectives of tax digitalisation in Nigeria (Addis Tax Initiative, 2025).

Various types of taxes exist in Nigeria, as is the case in other countries. Broadly grouped into direct and indirect taxes, direct taxes include personal income tax, company income tax, and capital gains tax. Direct taxes, such as personal income tax, are taxed at source by the relevant government tax agency. Indirect taxes include value-added tax, excise tax, and customs duties. The final consumer of goods and services pays indirect taxes. Company income tax remains one of the highest-grossing revenues for the government (Tax & Statistics Report, 2024). The development of digital technologies such as big data and cloud computing has a restraining effect on corporate tax avoidance (Su, 2025). Tax compliance remains a pervasive challenge for the Nigerian tax system. Taxpayers evade taxes through failure to pay tax, under-casting income, over-casting expenses, and deliberate omission or misstatement of transactions to be included in annual returns (Aguolu, 2019). Whether individuals or organisations, tax evasion reduces government revenue and the developmental activities that should have resulted from it. Compliance is usually enforced through various legally acceptable means (Awodun, Somorin & Sanni, 2024). The use of digital tools in tax operations is fundamental to revenue generation (Ogbada, Onyedika, Modebelu, 2023).

Taxation is a major source of government revenue geared toward the provision of critical government infrastructure. Public goods such as schools, roads, healthcare, and electricity are provided through revenue from taxation. Providing basic amenities that improve the quality of life and enhance educational opportunities improves the populace's well-being. The successful implementation of tax policies determines a country's level of economic growth (Cornforth, 2024). Economic growth refers to the increase in a country's production of goods and services, which leads to economic prosperity. The population benefits from economic prosperity through improved well-being. Revenue generated from taxation has a significant impact on both economic growth and development. However, the relationship between taxation and economic development extends beyond revenue generation to other socio-economic dimensions such as economic stability and equitable income distribution (Ogunsola, 2023). The determination of the effect of government taxation on the economy has been a subject of study over the years (Udo, 2024; Oyegun & Efangwu, 2023; Ogunsola, 2023; Agbo & George, 2022). This study, however, examines the impact of company income tax and value-added tax revenue derived before and after digitalisation on economic growth in Nigeria, spanning the period from 2010 to 2023.

Statement of the Problem

Tax revenue generation has remained a major challenge for effective governance in Nigeria (Olaniyi, Ayoola, Wright, Aregbesola, 2022). The Nigerian Bureau of Statistics (2019) states that Nigeria's tax compliance level is poor. This will have an impact on the economy. The use of digital tools for effective tax administration is a major reform introduced by the government to improve tax compliance and revenue in Nigeria. Studies revealed empirical evidence of an increase in tax compliance due to tax digitisation (Belahouaoui & El Houssain, 2024; Udo, 2024; Awodun, Somorin & Sanni, 2024). Economic growth in Nigeria remains crucial to the country's long-term prospects. Despite the implementation of tax digitalisation, economic growth has remained stunted. Ogunsola (2023) posits that Nigeria's persistent economic growth problem may not be

unrelated to the culture of corruption, waste, and inefficient use of tax revenue. Spending tax revenue in the right sectors is expected to positively and indirectly impact on Nigeria's economic growth. However, the question is whether the public policy on tax digitalisation has enhanced economic growth in Nigeria.

The effect of tax revenue on economic growth can be positive or negative (Cornforth, 2023). While previous studies have examined the global effect of digital taxation, few have focused on its impact on economic growth in Nigeria, and a consensus has yet to be reached (Olaoye & Atilola, 2018; Agbo & George, 2022; Ogbada, Onyedika, & Modebelu, 2023; Udo, 2024). This study aims to fill this gap by analysing the effect of Company Income Tax and Value Added Tax before and after the implementation of tax digitalisation in Nigeria.

Research Questions

1. What is the difference in the effect of Company Income Tax (CIT) revenue on the RGDP before and after-tax digitalisation?
2. To what extent does the effect of Value Added Tax (VAT) revenue on the RGDP differ before and after-tax digitalisation?

Hypotheses of the Study

HO$_1$ There is no significant difference in the effect of Company Income Tax (CIT) revenue on the RGDP before and after-tax digitalisation.

HO$_2$ There is no significant difference in the effect of Value-Added Tax (VAT) revenue on RGDP before and after-tax digitalisation.

Conceptual Framework

Tax Digitisation

Digitisation has significantly impacted various aspects of the tax system. Tax digitalisation refers to the process that allows the use of information and communication technology for accurate and timely tax operations (Ajala & Adegbie, 2020). Digitalisation of tax administration refers to a change in tax administration function that utilises modern technology, smart devices, the internet, and e-government (Erin, 2021). Tax digitisation involves the transformation from manual systems to real-time automated systems that enhance efficiency in tax administration processes. All stages of the tax process are affected by tax digitisation. These include taxpayer enumeration and registration, taxpayer assessment and billing, tax objections and complaints, tax payment and collection, tax compliance and enforcement, and tax accounting and reporting. The primary purpose of tax digitisation is to enhance the efficiency and effectiveness of revenue collection processes (Awodun, Somorin & Sanni, 2025). Digitalisation empowers tax authorities with modern tools that enhance revenue, enforce tax compliance, and ensure user-friendly tax administration and operation. Digitalisation allows tax authorities to access and analyse large volumes of data, thereby reducing tax evasion (Ahmad, Khalid, Mounira, & Kameleddine, 2024).

The use of digital tools in tax administration should affect revenue collection from businesses and during the consumption of goods and services.

Company Income Tax (CIT)

The Company Income Tax is a tax on the profits of companies operating in Nigeria, including foreign companies operating in Nigeria. The tax is primarily governed by the legislation of the Company Income Tax Act (CITA), which is subject to review at different times. The taxable amount is the profit of the accounting year after deducting allowable expenses and reliefs (FIRS, 2025). The CIT rate is 30% for companies with a gross turnover of more than one hundred million naira (PWC, 2025).

Value-Added Tax (VAT)

The Value-Added Tax is a consumption tax on the value added to goods and services during each stage of production or distribution. VAT is an indirect tax that allows consumers to bear the final burden of the tax (Folorunsho, 2023). VAT is a tax on spending included in the price paid for goods and services. Businesses registered for VAT purposes collect and remit VAT to the federal Inland Revenue Service. VAT replaced the sales tax on 1st September 1993 to improve government revenue from non-oil sources. Sales tax was considered to have a narrow base and did not include foreign goods (FIRS, 1993). The Value Added Tax Act (VATA) provides the legislation for VAT in the country. The VAT rate increased from 5% to 7.5% as of 1 February 2020 (PwC, 2020).

Economic Growth

Economic growth refers to an increase in quantitative output that may result in a change in the Gross Domestic Product (GDP) of a country (Wiel, 2008). The GDP is the total market value of all goods and services produced within a given period based on factors of production in the country (Case, Fair, & Oster, 2017). The GDP can be used to determine a country's growth rate. Comparisons can also be made between one country and another with the GDP. Economic growth increases a country's ability to develop (Sundari & Ariari, 2020). Though heavily criticised for inaccurate measurement of a country's economic growth (Bryniuk, 2023), the GDP remains a major indicator of economic growth in the world.

Tax Digitalisation and Economic Growth in Nigeria

The generation of resources for the well-being of the people is a major objective of the government. The digitalisation of tax processes is vital to efficient and effective revenue generation. Improving tax revenue through digital tax not only empowers the government with ample resources for public expenditure but also provides resources for increased productive activities. The use of technology in tax administration in Nigeria is still very recent. Only six out of the thirty-eight tax agencies in the country are above average in the application of technology to seven out of the twelve processes of tax administration in Nigeria (Awodun, Somorin & Sanni, 2025).

Taxes are structured to generate resources to create an economic environment that fosters economic growth (Belau, Sunmonu, & Odeyale, 2025). Taxes are, however, different and have different functions in the economy. Some taxes are used to finance public services and infrastructure, while others control consumption and encourage businesses (Oyegun & Efangwu, 2023). Taxes influence economic growth indirectly through economic variables of consumption, investment, and labour supply. Firstly, increased tax revenue can enable the government to invest more in growth-enhancing sectors such as infrastructure, healthcare, and education. Secondly, taxation can contribute to a more favourable business environment when improved public finances help reduce economic uncertainty and risk (Cornforth, 2023). In contrast, taxes may have a distortionary effect on economic growth (Engen & Skinner, 1997). This implies that the outcomes of economic decisions might be less rewarding. Companies may reduce investment while consumption may reduce, thereby affecting economic growth. An increase in the company tax rate may reduce economic growth. This reduces the incentive of companies to invest and affects growth negatively. Value-added tax reduces consumption but the impact on economic growth is less than that of company tax (Cornforth, 2023). VAT may hinder economic growth by reducing incentives for individuals and businesses to engage in productive economic activities. In addition, VAT can lead to a reallocation of resources from the productive private sector to the public sector and slow economic growth through a reduction in incentives to engage in productive behaviour (Engen & Skinner). Harnessing the benefits of taxation remains critical to the government.

The role of digital tools in economic growth is significant for Nigeria. This is because the nation can leverage digital technology to overcome inefficient public services, such as weak tax systems. Harnessing the potential of tax digitalisation can lead to sustainable economic growth in Nigeria (Dayan, 2024).

Theoretical Review

Technology Acceptance Model (TAM)

The Technology Acceptance Model (TAM), proposed by Davis (1989), is grounded in user behaviour as it relates to technology. The theory is based on the claim that the perception of value and ease of use determines acceptance of technology. Davis (1989) describes perceived ease of use as the degree to which a person believes that using technology will be effortless. The theory shows a cause-and-effect relationship between system design and user acceptance (O'Dea, 2024). TAM is widely used by organisations to test the acceptance of new technology. Acceptance of digital tools concerning tax administration will improve tax compliance and payment in Nigeria.

Empirical Review

Agbo and George (2022) examined the effect of the online tax system on economic growth in Nigeria from 2005 to 2020. Personal income tax, petroleum profit tax, and value-added tax were the proxies for the online system of taxation, while GDP proxied for economic growth. The study utilized the ordinary least squares technique to obtain the numerical estimates of the coefficients in different equations. The One-Sample test was used to estimate the difference between the pre-online and post-online taxation systems on economic growth. Findings revealed that pre-online

has a negative and non-significant effect on economic growth in Nigeria; post-online tax had a positive and significant effect on economic growth in Nigeria. A significant difference exists between pre- and post-online tax revenue in Nigeria.

In contrast, Udo (2024) investigated the effect of digital taxation on sustainable economic growth in Nigeria from 2017 to 2023. One-sample t-test statistics and descriptive statistics were used to analyse the secondary data from the Central Bank of Nigeria, Federal Inland Revenue Service, and National Bureau of Statistics. Digital economy taxes and e-tax payments were found to have a significant influence on sustainable economic growth in Nigeria.

In their study, Ogbada, Onyedika, and Modebelu (2023) carried out an empirical investigation on digitalisation and effective tax administration in Nigeria from 2010 to 2021. Digitalisation was proxied with ICT, while effective tax administration was proxied with tax revenue and tax evasion. Analysis was carried out with linear regression. The study revealed that ICT has no significant adverse effect on tax revenue in Nigeria. The study also revealed that ICT has no significant low, positive effect on tax evasion in Nigeria.

Ogbonna, Emmanuel, and Peace Ngozi, (2022) investigated the role of taxation as a tool of economic growth in Nigeria. The sample consisted of firms that paid taxes to the FIRS from the 36 states of the federation and the Federal Capital Territory, Abuja, from 1995 to 2021. Autoregressive Distributed Lag (ARDL) was utilised for analysis. Findings revealed that withholding taxes and VAT from the digital economy significantly affects Nigeria's economic growth. CIT from the digital economy had no significant effect on economic growth in Nigeria.

Olaoye and Atilola (2018) examined the effect of e-tax payments on revenue generation in Nigeria. The study covered the period from the first quarter of 2012 to the second quarter of 2018. The first and second quarters of 2015 are the end and beginning of the pre-and post-tax period. Paired analysis, descriptive statistics of mean, standard deviation, and paired sample t-test were utilized for the analyses. Findings showed that e-tax payment has a positive, insignificant effect on value-added tax in Nigeria. Also, a positive insignificant difference exists between pre- and post-company income tax revenue in Nigeria.

From the review, few empirical studies have been carried out on the theme of the study. The findings are also conflicting. This study intends to fill this gap

METHODOLOGY

The study on tax digitalisation and economic growth in Nigeria adopted an ex-post facto research design, which was used to collect data after events had occurred. Variables for taxation include company income tax (CIT), and value added tax (VAT), while economic growth was proxied with real gross domestic product (RGDP). The study covers the period from 2010 to 2023. Secondary data for tax and RGDP was accessed from online published statistical data of the Federal Inland Revenue Service (FIRS) and the Central Bank of Nigeria (CBN) bulletin for the period 2010 to 2023.

Model Specification

A linear relationship was established between Company Income Tax, Value Added Tax, and RGDP. The period of investigation spans from 2010 to 2023. The variables were affected by tax digitalisation in 2017. Hence, 2017 became the year of structural change. The Chow Test was applied to determine relative differences in coefficients of the variables between the pre-periods (2010-2016) and post-periods (2017-2023) of tax digitalisation. This is to determine the effect of digitalisation on the dependent variable, RGDP.

Model A1:   Company Income Tax and RGDP

RGDP= F{CIT),

A_1 CIT (pre) ≠ A_1CIT (post),

Model A2: Value Added Tax and RGDP

RGDP= F{VAT),

A_2 VAT (pre) ≠ A_2VAT (post),

Where:

RGDP = Real Gross Domestic Product

A_1NCIT (pre) = the coefficient of the Company Income Tax in a regression estimate before tax digitalisation

A_1NCIT (post) = the coefficient of the Company Income Tax in a regression estimate after-tax digitalisation

A_2VAT (pre) = the coefficient of the Value Added Tax in a regression estimate before tax digitalisation

A_2VAT (post) = the coefficient of the Value Added Tax in a regression estimate after-tax digitalisation

Methods of Data Analysis

Ordinary Least Squares Regression Model: The Ordinary Least Squares Regression Model was used to express the relationship between the dependent variable RGDP and Company Income Tax, Value Added Tax in the model.

Chow Test: Chow Forecast:

The test is often used to test for a single break at a known period. The test assesses whether the coefficients in a regression model are the same for periods or differ. However, the estimate of the break periods is necessary to evaluate the dimension and magnitude of the effect the independent variables have on the dependent variable at the break periods. Chow Test is a test for structural stability applicable to time series data that have structural breaks. For this study, data generated on RGDP tax variables CIT, and VAT were affected by digitalisation in 2017. This became the year of structural change. The Chow Test was applied to determine relative differences in coefficients of the variables between the pre-periods (2010-2016) and post-period (2017-2023) of tax digitalisation to determine the significance of their relative differences on the dependent variable RGDP and FEDREV as adopted by Amaefule, Onyekpere, and Onyekperem (2017), and Orits, Jeroh, and Oghenevwoke (2021). The Chow test is justified for the study since the model provided clear indication of structural break and change in the relationships between tax variables and economic growth. The test will therefore offer a meaningful explanation on whether tax digitisation policy should be continued or reviewed.

DATA ANALYSIS

Having presented an array of variables for the period of tax digitalisation, analyses were further carried out concerning the model on tax digitalisation and RGDP.

Model: Analysis of Nigeria Tax Digitalisation and RGDP

The Model relationship of tax digitalisation and RGDP as proxied by tax variables CIT and VAT in the pre-period and post-period of tax digitalisation is presented in Table 4.1 below.

Table 4.1 Nigeria Tax Digitalisation Coefficients, CIT, VAT in Pre-Period and Post-Periods

Dependent Variable: RGDP

Regression	CIT(Pre)	CIT(Post)	VAT(Pre)	VAT(Post)
Constant (C)	61952.83	70779.81	23958.08	72228.59
Coefficient	0.005300	1.199453	0.052898	-0.000614
t-Statistic	0.191723	2.336190	4.606272	-0.234864
R-squared	0.007298	0.521887	0.809289	0.010912
Adjusted R-squared	-0.191243	0.426265	0.771147	-0.186906
F-statistic	0.036758	5.457786	21.21774	0.055161

Source: Extracted from E-view 10

Table 4.1 above shows the regression results of the Company Income Tax (CIT) and Value Added Tax (VAT) over the pre-period and post-periods of digitisation. The estimation showed that for the pre-period of tax digitisation, the Company Income Tax (CIT) coefficient of 0.005300 had a positive effect on the RGDP. The intercept was estimated at 61952.83. The equation revealed that in the pre-period of tax digitalisation, CIT had an increasing effect on RGDP. The equation was expressed thus: RGDPpre = 61952.83 + 0.005300 CITpre + Ut.
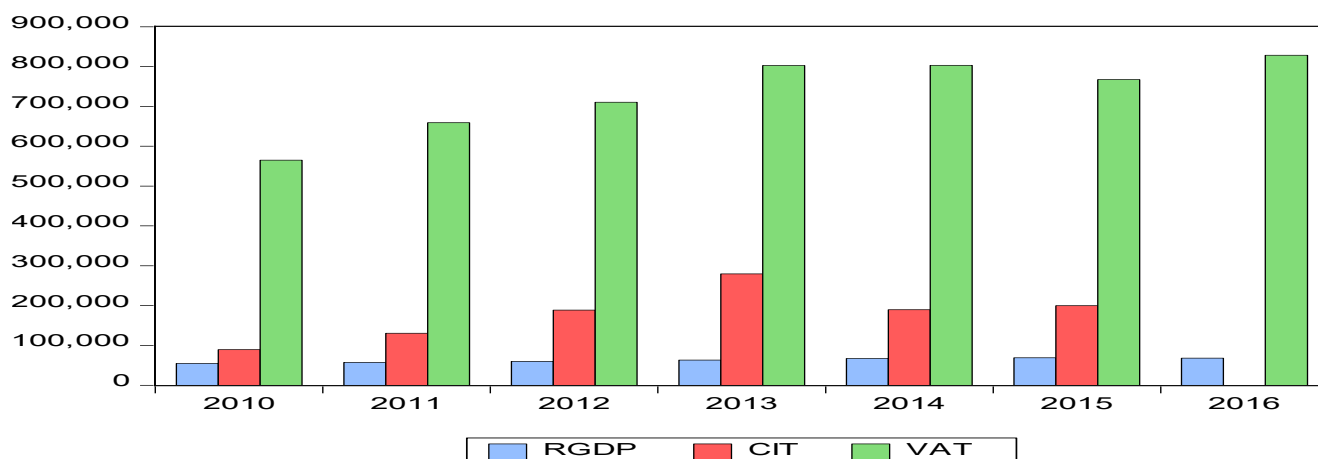
Over the post-period of tax digitalisation, the Company Income Tax (CIT) coefficient was still positive with a value of 1.199453, which revealed that `Company Income Tax had a higher positive effect on RGDP in the post-period of tax digitalisation. The intercept was estimated at 70779.81. The equation line expresses the relationship and was represented thus: RGDPpost = 70779.81 + 1.199453 CITpost

The regression results of the Nigerian Value Added Tax (VAT) over the two periods of tax digitalisation are shown in Table 4.1. The estimation showed that for the pre-period of tax digitalisation, the VAT coefficient 0.052898 was positive and had a positive effect on the RGDP. The intercept was estimated at 23958.08, and the equation was expressed thus: GDPpre = 23958.08 + 0.052898VATpre + Ut.

Comparatively, over the post-period of tax digitalisation, the Value Added Tax (VAT) coefficient revealed a negative relationship with a coefficient value of -0.000614, which revealed that VAT was negatively related to RGDP in the post-period of tax digitalisation. The intercept was estimated at 72228.59. This showed a negative post coefficient on RGDP. The equation line further expresses the relationship and is represented thus: GDPpost = 72228.59   -0.000614 VATpost.

Graphical Trend in the Pre-Period of RGDP and Tax Variables

Figure 4.1 below displays a graphical presentation of the trend of human development index and tax variables over the pre-tax digitalisation period 2010 -2016. The trend revealed that HDI, CIT, and VAT showed variation in trend for the period in view. VAT maintained an upward trend and reached its peak in the year 2016. CIT got to its peak in 2013 while RGDP was stable at the base level.

Graphical Trend in the Post Period of RGDP and Tax Variables

A graphical presentation of the trend of the human development index and tax variables over the post-period of digitalisation (2017 -2023) is displayed in Figure 4.2 below. The graph revealed that HDI, CIT, and VAT showed a variation in trend during the period. The VAT maintained an upward trend and reached its peak in the year 2019. CIT got to its peak in 2023 while RGDP was stable at the base level.
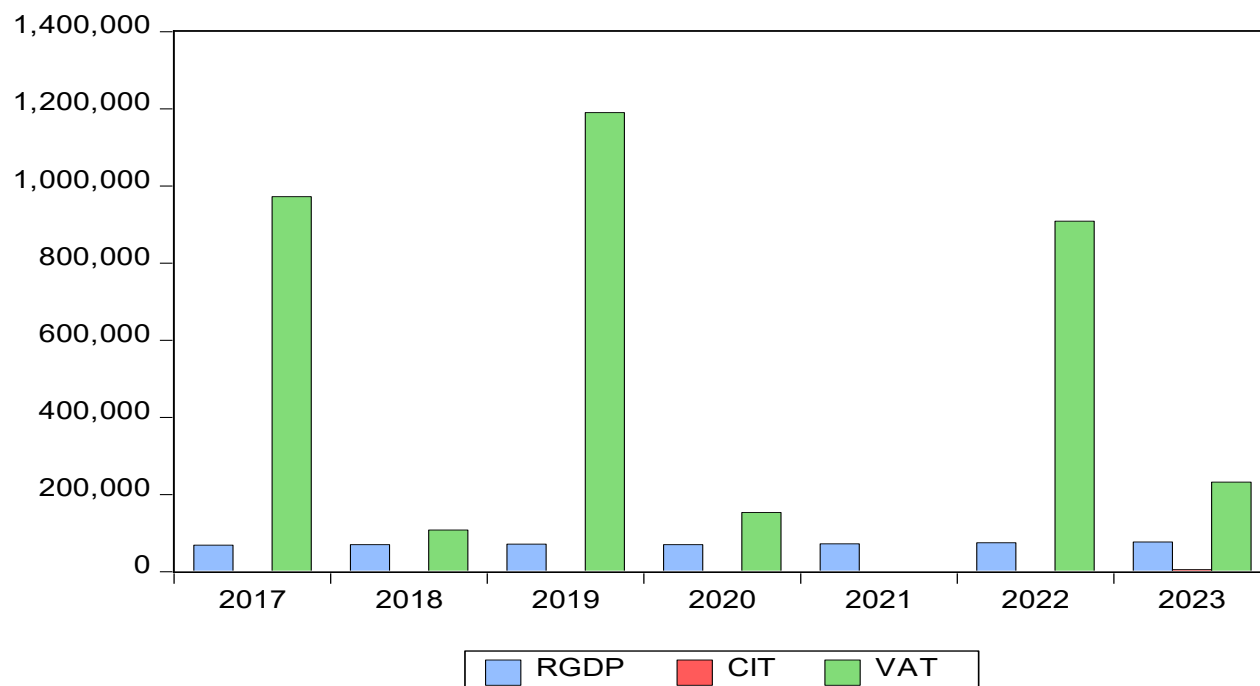
Forecasting the Model Parameters of the two Periods in Nigeria using the Break Date, 2017

Over the period 2010 to 2023, Nigeria's RGDP experienced a structural break in 2017 due to tax digitalisation. Chow Test is a test for structural stability and is applied to the time series data since it had a structural break in 2017 (occasioned by the period of digitalisation). This splits the data into two periods. The Chow Forecast test is used to assess the significance of the coefficients in the regression model for the two periods by referring to their reported F-statistics. The estimate of the break periods is necessary for the evaluation of the dimension and magnitude of the effect of the explanatory variables on the dependent variable.

Table 4.2   Chow Test

	Company Income Tax (CIT)	**Value Added Tax (NVAT)**
F-statistic	0.696737	9.570783
DF	(7, 5)	(7, 5)
Probability	0.6803	0.0122
Remark	(P-value > 0.05) denotes the insignificance of the difference and acceptance of Ho	(P-value < 0.05) denotes the significant difference and rejection of Ho

Extracted from E-view 10

DISCUSSION OF FINDINGS

The results of the study showed that the CIT effect on RGDP after-tax digitalisation did not significantly differ from its effect on the pre-period. The significance of the differences observed in the regression coefficient over the pre-period and post-periods of tax digitalisation is in the results of Table 4.2. Results revealed that the F-Statistics values of the CIT are 0.696737 within the pre-period and post-period. However, the probability value is 0.680. Since the P-value is higher than 0.05, it denotes insignificance. Therefore, the CIT effect on RGDP after the digitalisation period did not significantly differ from before the digitalisation period. This led to the acceptance of the stated null hypothesis 1. This finding is in line with Ogbonna, Emmanuel, and Peace Ngozi (2022), who found that CIT from the digital economy had no significant effect on economic growth in Nigeria. Also, Olaoye and Atilola (2018), whose study on e-tax payment and CIT revenue in Nigeria showed that a positive, insignificant difference exists between pre- and post-company income tax revenue in Nigeria. This study has therefore revealed that the use of digital tools improved revenue from CIT. Unfortunately, the revenue did not have a significant effect on economic growth. This may be due to a number of reasons, which include the poor corporate income tax compliance, corruption of tax officials, and the government's inability to utilize tax revenue effectively. Nigeria has a relatively low tax revenue as a percentage of GDP. With continuous improvement in digitization, tax administration will become more effective, thereby eliminating challenges associated with revenue from CIT in Nigeria.

The significance of the differences observed in the regression coefficient of Value Added Tax over the pre-period and post-periods of tax digitalisation was further analysed with the results of Table 4.2. The results of the table revealed that the F-Statistics values of the VAT are 9.570783 within the pre-period and post-periods. However, the probability value is 0.0122. Since the P-value is lower than 0.05, it denotes significance. Therefore, the VAT effect on RGDP after the digitalisation period significantly differed from its effect before the digitalisation period. This led to the rejection of the stated null hypothesis 2. This finding is in line with the study of Ogbonna, Emmanuel, and Peace Ngozi, (2022) whose study revealed that VAT from the digital economy significantly affects economic growth in Nigeria. The result is not in line with Olaoye and Atilola (2018) whose study on e-tax payment and VAT revenue in Nigeria showed that e-tax payment has a positive insignificant, effect on value-added tax in Nigeria. Various government policies have increased revenue from VAT. These include the increase in VAT rate from 5% to 7.5%, and the

use of digital tools for VAT administration and returns. Digital tools have improved VAT revenue, thereby affecting economic growth in Nigeria.

Therefore, the findings of Table 4.2 are summarized below:

- The effect of CIT on RGDP after the tax digitalisation did not significantly differ from its effect on the pre-period. Findings led to the acceptance of the null hypothesis. CIT, therefore, has an insignificant effect on RGDP after-tax digitalisation.
- VAT effect on RGDP after-tax digitalisation significantly differed from its effect on the pre-period. Findings led to the rejection of null hypothesis two. VAT, therefore, has a significant effect on RGDP after the tax digitalisation.

Conclusion and Recommendations

The study has established a relationship between tax digitalization and economic growth in Nigeria. Based on the technology acceptance model, the study reveals that a cause-and-effect relationship exists between tax digitisation and economic growth in Nigeria. Findings from the analysis revealed that the post-period tax digitalisation earnings from CIT and VAT had a positive relationship with economic growth in Nigeria. The implication is that if the country fully embraces tax digitisation, Nigeria will experience robust economic growth. The study therefore recommends the following:

1. The Federal Inland Revenue Service should fully utilise digital tools to capture, monitor, and audit all registered companies for tax purposes. This will widen the tax base and increase corporate income tax revenue in Nigeria. Expanding the tax net will improve tax revenue and economic growth of Nigeria.
2. The implementation and enforcement of electronic invoicing will enable real-time tracking of VAT transactions between businesses. This will further encourage the payment of VAT since the objective is to deter non-compliance with respect to VAT payments.
3. Future research could examine the effect of tax digitalization on economic growth using personal income tax or other tax categories.

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