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Tax revenues, government expenditures and economic development in Nigeria

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Abstract
This study employs a mixed-method approach to investigate the relationship between tax revenue, government expenditure, and economic development in Nigeria from 2014 to 2023. Secondary data was sourced from the Federal Inland Revenue Service of Nigeria's tax pro-max, UNDP publications, and the Central Bank of Nigeria (CBN) website. The stationarity of the time series data was verified using augmented unit root tests, while the presence of autoregressive conditional heteroscedasticity (ARCH) was assessed through Arch tests. Linear regression analysis quantified the relationships among tax revenue, government expenditure, and the Human Development Index (HDI). The findings reveal that a one-unit increase in tax revenue correlates with a significant decrease in HDI (-4.1106 units, p = 0.0370), suggesting that higher taxes may impede human development. Conversely, a one-unit increase in government expenditure is significantly associated with an increase in HDI (2.8106 units, p = 0.0003), highlighting the positive impact of public spending on human development. The model explains approximately 90.996% of the variance in HDI, with a high adjusted R-squared of 0.88424. These results indicate that while increased taxation can negatively affect human development, effective and transparent government spending in critical sectors like education and healthcare can foster significant improvements. The study underscores the need for strategic tax reforms and efficient allocation of public expenditure to enhance Nigeria's economic development and human well-being.

Keywords: Economic Development, Human Development Index, Government Expenditures, Tax Revenues

1. Introduction

Tax revenues have become critical tools for shaping economics activities and possibly driving development. Onyekachi and Anaeme (2021), divulged that governments should implement tax laws which promote the cultural and social inclinations of the masses that would take the quality of human lives into apt consideration. Kizilkaya, Kocak, and Sofuoglu (2015), argued that those countries that have successfully achieved welfare programs, income redistribution through tax policies and accumulated significant tax revenues without undermining economic development should be a studied carefully by those countries who are yet to imbibed. Arguably, cost of governance has extended beyond mere provisions of infrastructure and growth, but now includes living standard of the citizenry. More elaborately, Onabote, Ohwofasa, and Ogunjumo (2023), argues that attaining a sustainable level of development, encompassing all key aspects of the human development index, requires more than just economic growth. It involves and necessitates growth that results in equitable distribution, leading to reduced unemployment and poverty, increased school enrolments, high literacy rates, and ultimately, improved welfare.

Gross domestic product (GDP) has been used in many studies throughout the world to measure economic growth without taking into account development, which is concerned with people's standard of life. According to Omodero (2019), the ranking of a country's economy based on its GDP or gross national income (GNI) per capita has limited its scope to income alone and has disregarded human development, which is a better indicator of a country's level of development. It might be argued that the GDP alone is insufficient to accurately represent economic growth rate as a country's GDP can rise even in the absence of an improvement in the standard of living for its citizens. The human development index (HDI) according to Ofoegbu, Akwu, Oliver (2016), was developed by the UN as a tool for gauging the social and economic development of nations. The Standard of Living Index, Education Index, and Health Index are a few examples of the metrics that make up the HDI. A comprehensive statistical measure, the Human Development Index (HDI) divides nations into groups based on factors such as per capita income, life expectancy, and education.

Olayode and Omodero (2021) and Ghifara, Wardhana, Iman, Rusgianto, and Ratnasari (2022), separately observed that the political under tune of HDI has many disparities and may continue to stimulate policy debates for government since it enjoys asking two countries with same GNI Per Capital levels but have different outcomes of human development. More worrisome is that despite all efforts to appropriate a bogus tax revenue in the country, the Nigerian government has only succeeded in achieving 10 percent budgetary allocation to health and education sectors which is very low compared to the UNESCO’s 26 percent threshold; and this has brought education to a regrettable stage and exorbitant amount has to be paid to obtain health services in the country (Omodero, & Nwangwa, 2020). Agu, Inyiama and Ubesie (2024), assert that Nigeria was placed 158th out of all countries in the human development category in the United Nations Development Programmes (UNDP) 2019 report. According to this rating, Nigeria lags behind nations in the medium human development category, including Ghana, Kenya, Cabo Verde, Angola, Namibia, Cameroun, Equatorial Guinea, Zimbabwe, and Congo.

In Nigeria, it is evidenced that tax generated revenues are statutorily allocated for spending and are usually in forms of capital and recurrent expenditure, while Expenditure is a representation of the total amount spent by the Government in order to achieve its predetermined macroeconomic objectives. Capital expenditures are those expenditures on capital projects such as construction of roads, provision of health care centres, building of schools while recurrent expenditures are those incur in paying salaries. According to Eneisik (2021), recurrent expenditures refer to the funds used for routine government functions such as employee salaries, administration, essential services, maintenance of infrastructure, and related activities. On the other hand, capital expenditure refers to expenses incurred for acquiring long-lasting assets like buildings, road construction, bridges, and other similar projects. According to Okolo, Ideh, Emengini (2021), economic growth is heavily dependent on the government's ability to generate sufficient revenue to effectively provide infrastructures that meets the needs of its citizens and also helps in their economic activities. However, they also noted that one of the reasons why government spending has a negative impact on economic growth is because of the distortion effects caused by taxation.

Olayode, et al. (2021), argued that education, health-care, pensions, transportation and unemployment compensation are the means through which government guarantees the dependency of tax resources and shows proper accountability for various public obligations. According to Bassey, Ekong, and Ekpenyong (2022), investing in the education and health sectors through public investment has the potential to enhance quality of life, alleviate poverty, and enhance employability and production, ultimately resulting in improved human development. Again, Ibadin, and Oluwatuyi (2021), argued that taxpayers do not receive any benefits from the government because the life expectancy, education and a proposed safer community has been eroded. This economic stupor and mirage have continued to live with us due to some inherit factors other than political bungling and corruption as mere associated misfortunes. According to Agu et al. (2024), sustained economic growth in Nigeria would remain a pipe dream if governments don't engage in the development of human capital. The clamour for the spread of wealth to account for the welfare of the people in developing nations as evident in their economic indices remains an areas of research interest. Based on foregoing, the motivations of the study are to;

1. To examine the relationship between tax revenues on economic development in Nigeria.
2. To examine the relationship between Government expenditure on Human Development Index.

Based on the formulated motivations, the corresponding null hypotheses (H0) for the study are:

1. There is no significant relationship between tax revenues and economic development in Nigeria.
2. Government expenditures do not significantly promote human development in Nigeria.

2. Literature Review

2.1 Tax Revenues in Nigeria

Generally, the belief of the public is diverse in that citizens' perceptions of the impact taxes on developments appear to be at odds with the claims made by every successive government in Nigeria. Empirical data has demonstrated that the tax administration frameworks fulfil many functions in the progression of a nation's economic growth. It is an inexhaustible and non-refundable source of revenue for the government in the form of money which encourages resource re-allocation and fosters social justice through wealth distribution. Taxation is a way to satisfy public expenditure needs by raising money in such a manner that is advantageous for the political fortitude of those pursuing strategy choices (Ogonda, Wikpe, & Zukbee, 2023). One of the cardinal means through which successive government of different countries have sourced revenues at various periods in the human history is taxation. The principal sources of federal government taxes in Nigeria includes the various tax types; the Company Income Tax (CIT), Personal Income Tax (PIT), Petroleum Profit Tax (PPT), Value-Added Tax (VAT) and Customs and Excise Duty (CED). Capital Gain Tax (CGT). The summation of all these tax types constitutes the aggregate taxes which this study leveraged on. The aforementioned tax revenues are statutorily allocated for budgetary spending. The tax revenue increases overtime but the economy has not experienced any significant development in Nigeria (Ibadin, *et al.,* 2021). The International Monetary Fund (IMF) has maintained a contrarily view as differently x-rayed in Uzoka, and Chiedu, (2018), and Uremadu, Chinweoke, and Duru-Uremadu (2020), that Nigeria's tax level collection potentials are rated within 8%-11% which potentially widening the tax net. The failure of government to gathered reasonable revenues necessitate the struggles in meeting spending limits and eventually hinders developments in all facets. Arguably is the fact that, increasing tax collection can also be a double-edged sword because high tax burdens on businesses and individuals can stifle economic activity, hence, there is need to find striking balance between generating revenue and stimulation economic development. In 2022, the Federal Inland income Service (FIRS) announced record-breaking tax income of ₦10.1 trillion ($23.8 billion at current currency rate) (Guage, 2022). This should have been an epoch event, especially considering the historically the low tax in the country. Onyekachi, *et al.* (2021) maintained that tax revenue provides a great opportunity for improving the human development index of West African Commonwealth countries. When taxation is discussed, Uwuigbe, Omoyiola, Uwuigbe, Lanre, and Ajetunmobi (2019), contended that, the focus seems to always be on the revenue-generating instruments, neglecting the other roles it can play, like promoting investment, regulating companies, and limiting the importation of some goods while promoting their exportation. It was also stated by Ibadin, et al. (2021), that tax revenue has less of an effect on the human development index (HDI) than real gross domestic product (RGDP).

2.2 Government Expenditure in Nigeria

All spending by the government at all levels to accomplish economic objectives is included in the category of government expenditure as a component of aggregate demand. Countries with their different systems of spending classification, for instance; in Indonesia, expenditures are classed into two groups as direct and indirect expenditure. According to Kashif, Menoncin, and Owadally (2019), and Ghifara et al. (2022), the categories of indirect expenditures are personnel expenditures (salaries, allowances, and representation money), subsidy expenditures, and unexpected expenditures. The direct expenditure category includes capital expenditures, goods and services expenditures, and personnel expenditures. The Nigerian government categorized expenditure into Capital and Recurrent Expenditures. Capital expenditures are those expenditures on capital projects such as construction of roads, provision of health care centres, building of schools while recurrent expenditures are those incurred in paying salaries and other costs of governance.

Ogboru (2010), opined that recurrent budget covers recurrent items of expenditure while capital budget necessitates expenditures necessary to procure capital assets. In all responsibilities of governance, government expenditure entails investment in human development. Obayori, and Akpan, (2022), contended that in order to enhance the human development index, the Nigerian government should prioritise the capital component of education over the recurrent component. This is because focusing on infrastructural development within the education system will have a positive impact on society. Onabote, et al. (2023), argued that market failure of the 1920 has occasioned government expenditure ro play a satisfactorily function irrespective of whether less-developed or developed economy and since then acting as vehicle to fast-track economic growth and development. Agu, *et al.* (2024), posited that government expenditures typically exhibit a positive correlation with the growth and development of the economy, or with an expansion in the range of activities undertaken by the government. The Central Bank of Nigeria (CBN, 2020) has reported divergent views regarding the allocation of the yearly budget for the education sector in Nigeria. The report states that despite an increase in the allocation, the percentages have fluctuated over the years. In 2011, the allocation was 7.2%, which increased to 8.4% in 2012, 8.7% in 2013, and 8.4% in 2014. However, there was a significant drop to 4.2% in 2016, 4.4% in 2018, and less than 6% in 2020. When formulating expenditure plans and policies, it is important to align the cash flows of funds from the government to the private economy in order to achieve economic stability, promote employment, and foster economic growth (Victor & Sa'id, 2023). Taiwo (2012), succinctly explains that government expenditure functions as a fiscal tool that regulates foreign exchange rate stability, unemployment, depression, and balance of payments equilibrium. Expenditure on healthcare facilities does not only reduce possible cost of treatment but also provides huge productivity in the economic because health is wealth. In response to these numerous challenges, the successive governments in Nigeria have initiated various reforms aimed at increasing revenue generation and fiscal management, enhancing transparency, and promoting accountability in government expenditure. For instance, the introduction of the Finance Act in 2020, and Treasury Single Account (TSA) system was intended to consolidate government funds, minimize leakages, and enhance financial oversight (Olaoye, *et al.*, 2021). The effectiveness of government expenditure in Nigeria has not responded positively to the efforts and thereby resulting to perennial obstacles, requiring sustained commitment to reform and institutional strengthening. There is therefore need for total overhauling of the fiscal reforms process which ordinarily should increase citizen engagement and remains paramount to addressing the underlying challenges and possibly allowing government spending to contributes meaningfully to socio-economic development (Agbada, & Okunola, 2018).

2.3 Human Development Index (HDI) in Nigeria

The idea of human capital in relation to the economy and its productivity through elements like education, culture, health, and other areas has been examined in a number of literary works. However, the findings have varied across different countries and regions.The study of Ogonda, *et al.* (2023), noted that HDI was initially developed to evaluate the development of agricultural countries because using gross domestic product in these countries was nearly impossible than in developed nations due to lack of adequate and reliable public bookkeeping. Linhartová's (2020) study highlights the importance of the Human Development Index (HDI) in reflecting policies that promote the utilisation of a country's economic resources to improve the capital of its population. The study advocates for directing resources towards human development projects that will contribute to genuine national progress.

Kairo, Mang, Okeke, and Aondo (2017) argued that the objective of development is to enhance human well-being by not merely increasing money, but also expanding the scope of opportunities available to individuals, such as being in good health, having adequate nutrition, acquiring knowledge, and engaging in communal activities. Obayori, et al. (2022) correctly identified inadequate government spending in education as a contributing factor to the persistently low Human Development Index (HDI) over the years. Sub-Saharan Africa includes Nigeria among its nations with low levels of human development. Nigeria's HDI score for 2020 was 0.539 points, well below the 0.724 points global average for that year. Nigeria's HDI rating improved significantly by 15.9% between 2005 and 2019—it went from 0.465 to 0.539. This improvement resulted in an increase of approximately 8 years in life expectancy at birth. Additionally, the average years of schooling enrolment increased by 1.4 years. However, despite these gains, Nigeria still rated low in human development, particularly 161 out of 189 countries and territories in 2009. Ghifara, *et al.* (2022), argued that an unequal distribution of the Human Development Index among regions could force those with higher HDIs to demonstrate that they have high-calibre human resources, which in turn can spur economic growth in the region; conversely, low HDI levels translate into factors that impede economic growth. The report of the United Nation Development Programme (UNDP, 2020) in Omodero, *et al.* (2020), has it that Tanzania, 154 (0.538) and Zimbabwe, 156 (0.535) ranked higher than Nigeria. This is seen as shame to the Africa Largest Country (Nigeria). Agu, *et al.* (2024) berated the federal government over the waning of education system and the unaffordable health care in the country. He goes on to say that politicians who become ill or who wish to send their kids to school face risks and would rather travel outside due to the appalling conditions in Nigeria.

Fiscal Policy Theory:

The theory of Fiscal Policy by John Maynard Keynes in 1936 explains how government actions regarding taxes and spending impact a country's economy. It suggests that intentional adjustments to tax policies and public spending can influence economic performance and stabilize economic cycles. Taxation is important for raising funds for public services and infrastructure, but the structure and amount of taxes can affect economic progress. In Nigeria, tax evasion and avoidance hinder tax collection, making it challenging for the government to gather resources for developmental projects. Government spending on essential public goods and services can improve human capital, productivity, and living standards. During economic downturns, increased government spending can stimulate demand, while reducing spending can help control inflation during overheating periods. Challenges such as tax administration, reliance on oil revenues, and the need for fiscal reforms to improve tax compliance and diversify revenue sources are emphasized. Balanced and effective fiscal policies are critical for sustainable development, reducing dependency on volatile revenue sources, and improving public spending efficiency in Nigeria. The study aims to provide insights into the fiscal dynamics shaping Nigeria's economic path.

2.4 Empirical Review

Linhartová (2020), investigated the impact of government spending on human capital development in the Czech Republic. It found that spending on leisure, culture, and religion had the most significant impact on creating human capital. Health and education spending were ranked third or fourth in terms of their impact on human capital development, despite being the primary instruments for building it.

Kairo, *et al.* (2017), investigated the relationship between government spending and human capital development in Nigeria between 1990 and 2014. Results show that government investment has positively contributed to human capital development, but has done so relatively little overall. The study suggests that government expenditure on human development, such as specialized schools and health facilities, should be the primary focus.

Obayori, *et al.* (2022) examined Nigerian government expenditures on education and the human development index (HDI) between 1990 and 2020. It found that government capital spending significantly impacts HDI, with recurrent spending having a small but positive effect. More capital investment in education leads to higher HDI, higher quality of living, and higher literacy levels. The study suggests that Nigerian government investment in education should be more heavily geared towards capital projects for infrastructure development. Recurrent expenditure in the education sector should be well utilized in prompt payment of workers salary and remuneration. This will serve as a catalyst for improved output.

Ghifara, *et al.* (2022) examined the impact of economic expansion, public capital spending, and the human development index on income inequality in Indonesia's metropolitan areas. The study uses secondary data from 2012-2021 and a panel data regression approach. Results show that capital expenditures and economic growth have a positive but insignificant impact on income distribution inequality, while the human development index has a significant negative impact.

Ogonda, *et al.* (2023) examines the impact of Rivers State's value added tax (VAT) on the human development index (HDI). Using ex-post facto research methodology and positivist philosophy, the study found that VAT significantly influences spending patterns in the state. The study suggests that the government of Rivers State and other emerging nations should ensure that VAT revenue allocations positively influence human development and are perceived positively by residents. The removal of administrative barriers and continued allocation of VAT among states based on their respective levels of VAT revenue are necessary steps to achieve this.

Bassey, *et al.* (2022) study noted that Nigeria's human capital development index has stagnated despite improvements in government expenditure and budget allocation to health and education sectors. A study conducted from 1981-2019 examined the relationship between government spending and human capital growth in Nigeria. The results showed that government spending on education has a significant long- and short-term impact on human capital development. Health spending only had a consistent positive impact on human capital growth over the long term. Over time, investments in health and education increased human capital development by up to 16%. The researcher suggests using a combined approach when allocating funds and implementing expenditures on human capital development to ensure the impact of investments is felt and visible.

3. Methodology

The study uses a mixed-method approach to look at the connection between tax revenue, government expenditure, and Nigeria's economic progress. Secondary data for the study and their measurements were accessed from the Federal Inland Revenue Service of Nigeria's (https://www.firs.gov.ng/tax-resources-statistics), UNDP website publications (https://hdr.undp.org/content/human-development-report-2023-24), and CBN website (https://www.cbn.gov.ng/documents/statbulletin.asp) for a period of Ten years between 2014 and 2023. To confirm the dataset's trustworthiness, the augmented unit root tests were used to assess the stationarity of time series data. Additionally, the Arch tests are employed to examine the presence of autoregressive conditional heteroscedasticity (ARCH) in the data, providing insights into the volatility and stability of the variables under investigation. Subsequently, linear regression analysis is conducted to quantify the relationships among tax revenues, government expenditures and economic development with special consideration to econometric models.

3.1 Model Specification

Economic Development = f (Government Expenditures, Tax revenues) -- *(1)*

$HDI = \beta 0 + \beta 1 GOVTEXP + \beta 2 TAXREV + \varepsilon$ - *(2)*

Where:

HDI=Human Development Index (Gross National Income (GNI) per capita, adjusted for purchasing power parity (PPP) to account for differences in the cost of living in Nigeria, life expectancy at birth and mean years of schooling).

GOVTEXP= Government Expenditure (aggregate of capital and re-current expenditures)

TAXREV=Tax Revenue (total tax revenues generated yearly by the Nigerian Government)

4. Results and Discussion

Table 4.1. Unit-Root Test Result by Augmented Dickey Fuller Method

Variables	5% critical level	t-Statistics	Prob
HDI	3.175352	-3.236652	0.0454
GOVTEXP	-3.175352	1.379328	0.9968
TAXREV	-3.259808	1.725656	0.9980

Source: Researcher's Computation, 2024.

The unit-root test results obtained through the Augmented Dickey Fuller method offers insights into the stationary properties of key variables in the context of Nigerian development. The analysis reveals that the Human Development Index (HDI) exhibits characteristics of stationarity, indicating a relatively stable trajectory over time. This suggests that the factors contributing to human development in Nigeria may not be subject to significant fluctuations in the short term. However, the findings revealed that Government Expenditure (GOVTEXP) and Tax Revenues (TAXREV) are less definitive. Both variables display evidence suggesting the presence of unit roots, and by implications a potential of non-stationarity and underlying trends or fluctuations. This further suggests that tax income streams and government spending may be influenced by several factors and such factors may include economic cycles, policy changes, or external shocks, which warrant closer examination to understand their implications for Nigerian development. Therefore, while the HDI may offer a relatively consistent measure of progress, the dynamics of government fiscal policies and revenue generation mechanisms require careful monitoring and analysis to ensure sustainable and inclusive development outcomes in Nigeria.

Table 4.2 Result of ARCH Test

F-statistic	0.744770	**Prob. F(2,7)**	0.5090
Obs*R-squared	1.754558	**Prob. Chi-Square(2)**	0.4159
Scale explained SS	0.886482	**Prob. Chi-Square(2)**	0.6420

Source: Researcher's Computation, 2024.

The dataset does not appear to contain any substantial evidence of conditional heteroscedasticity, according to the findings of the ARCH (Autoregressive Conditional Heteroscedasticity) test. Using the F-statistic to evaluate the ARCH effect's overall significance, the results showed that the impact is not statistically significant at conventional levels, with a value of 0.744770 and a corresponding probability of 0.5090. Furthermore, measures of model fit and explanatory power, such as Obs*R-squared and Scale explained SS, also showed non-significant results with associated probabilities of 0.4159 and 0.6420, respectively. These findings collectively suggest that the ARCH model tested may not adequately capture the variability observed in the data, and alternative approaches or further analysis may be necessary to better understand the underlying dynamics of the time series data. Therefore, based on the results of the ARCH test, it appears that the conditional heteroscedasticity assumption may not hold for the variables under consideration in this analysis.

Table 4.3: Results of Model
Dependent Variable: Human Development Index (HDI)

Variables	Symbol	Coefficient	Std. Err	t-Statistics	Sig.
Tax REV	TAXREV	-4.1106	1.6006	-2.56	0.0370
Government Expenditure	GOVTEXP	2.8106	4.2307	6.65	0.0003
Constant	C	0.5059	0.0054	93.40	0.0000
R-squared			0.90996		
Adj. R-squared			0.88424		
F-statistic			35.37430		
Prob (F-statistic)			0.0002		

Source: Researcher's Computation via STATA 13.0

In the context of Nigerian development, the regression findings provide insights into the link between Tax Income (TAXREV), Government Expenditure (GOVTEXP), and the Human Development Index (HDI). With all factors held constant, a one-unit increase in tax revenue is correlated with a drop of around 4.1106 units in the human development index, according to the Tax Revenues (TAXREV) coefficient estimate of -4.1106. This coefficient, which has a t-statistic of -2.56 and a corresponding p-value of 0.0370, is statistically significant at the 0.05 level. It follows that increasing taxation may have a detrimental effect on Nigeria's human development. Excessive taxation may limit discretionary income and make it more difficult to spend in fields essential to human progress, such as healthcare and education. However, the Government Expenditure (GOVTEXP) coefficient estimate is 2.8106, meaning that an increase in Government Expenditure of one unit is linked to an increase in the Human Development Index of around 2.8106 units. This coefficient, with a p-value of 0.0003 and a t-statistic of 6.65, is highly statistically significant. This coefficient's importance highlights the beneficial effects of government expenditure on human development. Human development results can be improved by increasing government spending on social services, infrastructure, and programmes aimed at reducing poverty. These initiatives can also help to improve access to healthcare, education, and general living conditions. The regression model as a whole demonstrates strong explanatory power, with an R-squared value of 0.90996, indicating approximately 90.996% of the variation in (HDI) can be explained by the independent variables. The adjusted R-squared, which accounts for the number of independent variables and sample size, is also high at 0.88424. Moreover, the F-statistic of 35.37430 is highly significant (p-value = 0.0002), noting that the regression model is a good fit for the data overall.

4.4 Discussion of the findings

The negative coefficient estimate for Tax revenues (TAXREV) underscores the challenges associated with taxation in Nigeria. Despite the numerous tax reforms put in place by successive government, the country's tax systems are faced with significant challenges as a result of heavy reliance on oil revenues and widespread tax evasion. The findings suggest that higher tax burdens may hinder economic growth and human development by reducing disposable income and discouraging investment. This highlights the importance of tax reforms aimed at voluntary compliance, self-assessment and turning away from exhaustible and volatile oil revenues.

Implementing effective tax policies could provide sustainable funding for critical social programs and infrastructure projects, ultimately fostering human development. The research of Olayode, *et al*. (2021) which contends that a rise in tax income will also result in an increase in HDI units, is refuted by these data. Once more, the outcome was inconsistent with the research by Ibadin, *et al.* (2021) which demonstrated a strong and positive correlation between tax income and HDI. The positive coefficient estimate for Government expenditure (GOVTEXP) underscores the vital role of public spending in driving human development outcomes in the country. Obviously, the effectiveness of government expenditure does not only depend on the amount spent but also on how efficiently resources are allocated and utilized. The present Nigeria is occasioned with ugly face of corruption, inefficiency, mismanagement and diversion of funds which many have resulted taunting the effort of government spending on HDI. Therefore, enhancing transparency, accountability, and efficiency of the public expenditure is essential to maximize the positive impact on human development. Consequently, there is a need for strategic prioritization of government spending towards critical sectors such as education, healthcare, and infrastructure, which often improves the living standards and fostering inclusive growth. The results are consistent with research by Eneisik, (2021) and Victor, *et al.* (2023) which showed that spending on public education significantly affects the human development index. However, they disagreed with Agu's research, which concluded that government spending on administrative costs significantly lowers Nigeria's human development index.

5. Conclusion

Th collective findings of the studies reviewed the highlight of the relationships between tax revenue, government expenditures and economic development in Nigeria. The study believed that tax revenues and its administration has become a bottleneck to the development of the Nigerian economy. Despite the incessant reforms to have a well-structured tax system, it is abysmal that the tax laws in the country have not been favourable to the citizenry and perhaps may have resulted in evasion and evading of tax. Evidence abounds revealed that the Nigerian government has not done enough in blocking the various tax loopholes in the country, hence, rather than generating adequate revenues from taxes; leakages and diversion of these taxes are rampant in Nigeria.

More painful is the fact the Nigeria government has no clue on prioritize prompt payment of workers' salaries nor want to increase the budgetary allocations made for education, health care to meets the recommended threshold by United Nation which in effect will better the living standards of the people. There should a categorization of education sector and health care sector in the capital expenditure items. It was observed that there is no ban on medical travels for government officials in Nigeria and this has led to total abandoning of the Hospitals which should have been properly equipped to meet the international standards on health care delivery. The government should place a travel ban on both education and health sectors and should also declare state of emergency on health-care services at all levels and re-structuring of education to be free for all.

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