FISCAL FEDERALISM, TAX INDEPENDENCE AND SOCIAL ENHANCEMENT

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Abstract. The tax autonomy of Nigeria’s three tiers of government is examined in this study to estimate the value of revenue fiscal decentralization in increasing citizens’ social welfare. Nigeria is a developing country that follows fiscal federalism by allocating resources to the three tiers of government and equally allowing them specific amounts of tax revenue collection based on the requirements of the Federal Republic of Nigeria’s 1999 constitution’s second schedule part II. The main goal is to affect social development in all parts of the country. Thus, this study uses secondary data from 2007 to 2020 and analyzes it using a multiple regression approach to determine the influence of each tier of government’s tax autonomy on residents’ social welfare. According to the findings of this research, the federal government’s fiscal autonomy empowers social development more than the other two levels of government (state and local governments). The policy conclusion is that the tax autonomy of the three tiers of government may need to be reassessed in order to offer additional taxing powers to lower-level governments for better economic growth prospects. As a result, the research advises revamping the country’s overall fiscal system in order to promote social growth across states, local governments, and the whole nation.

Keywords: Fiscal decentralization; tax autonomy; social welfare; government structure; revenue.

JEL Classification: D61, E62, E64, H11, H71.
1. Introduction

Fiscal federalism is predicated on a decentralized fiscal structure (Nnamocha, 2002). Fiscal federalism is associated with a decentralized governance structure that is also known as the devolution of fiscal power from the national (central or federal) government to subnational (lower level) governments. This is thought to be part of a reform package aimed at improving public sector efficiency and attracting healthy competition among states and local governments in the delivery of public services in order to boost economic growth (Bahl & Linn, 1992; Bird & Wallich 1993). According to Yang (2019), fiscal decentralization is described as the transfer of financial responsibilities from higher-level governments to lower-level governments. It can take the shape of income and expenditure redistribution, tax rate adjustments, extra fiscal revenue creation, and other changes that bolster lower-level government's fiscal resources (Yang, 2019). Based on fiscal federalism philosophies, fiscal decentralization allows local governments to efficiently distribute resources for growth and fosters competitiveness across industries and regions. According to Oates (1993), fiscal decentralization permits lower levels of government to deploy resources more efficiently for growth. Thus, theories of fiscal federalism offer many mechanisms through which fiscal decentralization impacts economic growth. Yang (2019) puts forward that fiscal decentralization is simply a policy that liberalizes an economy. Many developing nations have pursued fiscal decentralization due to the apparent links between fiscal decentralization, economic liberalization, and growth. Decentralization of fiscal authority can take various forms. In most situations, the lower-level government is given greater tax-setting authority, or, more often, a bigger proportion of fiscal revenues received. The degree of fiscal decentralization varies greatly among economies. Vietnam is a comparable instance in which fiscal revenue decentralization contributes immensely to economic liberalization in an organized economy (Nguyen & Anwar, 2011). A number of post-Soviet nations have adopted fiscal decentralization to liberalize their economies, and Russia gave local governments spending authority (Bahl & Martinez-Vasquez, 2006; Rodriguez-Pose & Krijger, 2009). Scholars have correctly described fiscal federalism; thus, in a word, fiscal federalism depicts a system that outlines the particular income sources and expenditure obligations of the central and subordinate governments. Fiscal decentralization is done in Nigeria through income sharing from the federation account to the three tiers of government (Federal, State and Local Government Council). Most significantly, the objective of tax autonomy for the three tiers of government in Nigeria is to improve an effective fiscal framework in which the three levels of government in Nigeria would successfully carry out their expenditure obligations. Thus, the Federal Republic of Nigeria (FRN) constitution of 1999 structures tax collection in such a way that the Federal, State, and Local Governments would have some amount of taxes to be collected alone. The Federal
Government solely collects taxes such as company income tax, withholding tax, petroleum profit tax, value-added tax, education tax, capital gains tax from Abuja residents and corporate bodies, stamp duties involving corporate entities, and personal income tax from the armed forces, police, residents of the Federal Capital Territory of Abuja, and foreign affairs.

State governments collect taxes in the following order: personal income tax, sales tax, and excise tax (except Personal income tax in respect of armed forces, police, and residents of Abuja, FCT, external affairs and Non-residents). Others include capital gains tax (individuals only), stamp duties (instruments executed by individuals only), pools betting and lotteries, gaming and casino taxes, road taxes, business premises registration and renewal levy, development levy (individuals only), naming of streets registration fee in state capitals, right of occupancy fees in state capitals, and markets where state financiers are involved. Finally, the following taxes are collected by the local government: Shops and kiosks rates, Tenement rates, On and off liquor license, Slaughter slab fees; Marriage, birth, and death registration fees, registration charge for naming streets (excluding state capitals), registration fee for rights of occupancy (excluding state capitals), market/motor park fee (except markets where a state fiancé is involved), License for domestic animals, Tax on cattle, Incorrect packing costs, Permit for a signboard/advertisement, Fees for merriment and road closures, Fees for public convenience, sewerage, and trash disposal. Allowances are granted for customary, burial grounds, and religious sites. Except for mechanically powered trucks, bicycles, trucks, carves, wheelbarrows, and carts fee other than mechanically propelled trucks, Highway/television (other than radio TV transmitter licenses, vehicle radio licenses to be imposed by the Local Government of the state in which vehicle is registered).

The primary goal of decentralizing income generation and expenditure responsibility is to enhance public sector efficiency, reduce the budget deficit, and stimulate economic growth (Bird, 1993; Bird & Wallich, 1993; Bahl & Linn, 1992; Gramlich, 1993; Oates, 1993). The argument is that decentralization will increase economic efficiency because local governments are better positioned than the central government to deliver public services that are tailored to local preferences and needs, resulting in faster economic development of a country in the short and long run (Oates, 1972). Fiscal federalism has been fraught with problems and obstacles from its start. In Nigeria, socioeconomic disparities are a major issue. The European Union invests a substantial percentage of its operations and money to eliminating social and economic inequities, with a special emphasis on rural regions, which are impacted by industrial transformations, particularly under the new energy plans (Iordan, Ghizdeanu, & Braica, 2021). This is why Nigeria's projected economic progress has not occurred. According to Ajbola (2008), the key problems are as follows: first, a mismatch between money sources and duties. Second, frequent changes in
administration and recurring military coups undermine fiscal federalism's operations and efficacy. Third, there is corruption and a lack of accountability. Fourth, there has been a rapid growth in fiscal unit size, with a greater political impact on federation account allocation than economic concern. Several studies have been carried out on the impact of fiscal federalism on the economic growth of nations (Thanh and Canh, 2020; Hanif, Wallace and Gago-de-Santos, 2020; Slavinskaite, 2017) among others. The existing study aims at evaluating the impact of revenue fiscal decentralization on the social welfare of Nigeria. Specifically the application of the independent tax collection by all levels of government to enhance social development, which is the bedrock of every emerging nation.

2. Literature Review

Several avenues via which government decentralization might impact economic growth have been recognized in the existing literature on fiscal federalism (Baskaran, Feld & Schnellenbach, 2016). Alexeev (2016) compared fiscal incentives in Russia and the United States using the standard measures used in the relevant research. Although Russia was more financially centralized in terms of budget spending and revenues, measurements of fiscal incentives at the regional and municipal levels in the US and Russia were generally similar. These findings contradicted prior estimates for Russia in the literature. The study confirmed that fiscal federalism reforms implemented in Russia throughout the 2000s appeared to have strengthened subnational governments' fiscal incentives. Slavinskaite (2017) examined the implications of fiscal decentralization on economic development in European Union unitary nations from 2005 to 2014. The multiple regression approach was used while the fixed effect panel model served as the analysis's framework. To investigate the various effects of fiscal decentralization, the same methodology was performed to subsets of nations divided into two categories based on their level of economic development. The study discovered a favorable link between fiscal decentralization and economic growth in low-income developing nations but no relationship in high-income developed countries.

Chakraborty and Chakraborty (2018) examined economic convergence among Indian states by integrating federal budgetary asymmetries and state-level differences in gross fixed capital creation. The use of dynamic panel models revealed that there was no unconditional convergence of economic development. Using Arellano and Bond's (JAMA 58: 277–297, 1991) panel data technique, no substantial evidence for conditional convergence was seen when state-wise asymmetries in fiscal policy variables, financial parameters, capital creation, and human development outcomes were controlled for. According to GMM estimates, public capital investment had a positive and substantial association with economic growth.
The study also confirmed that the quality of human capital development is a prerequisite for economic growth, both at the club and aggregate levels. Ding, McQuoid and Karayalcin (2019) used the TSS's staggered implementation across areas and over time for econometric identification and found strong causal evidence that the TSS had a beneficial influence on economic results. Hanif, Wallace and Gago-de-Santos (2020) investigated how fiscal decentralization influenced the economic growth of a specific group of developing nations deemed to be a forum of Federations. The study assessed the influence of decentralized tax revenue and expenditure on economic growth in the emerging federations. A panel data set of 15 emerging federations from 2000 to 2015 was studied for this purpose utilizing a two-step approach Generalized Technique of Moments (GMM) estimate method. According to the findings, in federal developing nations, both tax income and expenditure decentralization had a large and beneficial influence on economic growth. Liu, Tai and Yang (2020) investigated how fiscal incentives influenced capital tax decisions made by local governments in China. The study created a model in which local governments fought for mobile capital over corporate taxation due to differing fiscal incentives. The model's primary prediction, confirmed by data from Chinese cities from 2004 to 2013, was that an increase in the local corporate income tax-sharing ratio, which served as a proxy for local fiscal incentives, strengthened city governments' horizontal tax responses. Thanh and Canh (2020) investigated the influence of public governance in the link between fiscal decentralization and province economic growth in Vietnam. Using a sequential (two-stage) estimation for panel data from 62 Vietnamese provinces from 2006 to 2015, the study found that fiscal decentralization was positively related to economic growth in Vietnamese provinces. Second, depending on the degree of local public governance, the study also discovered that the impacts of public governance on economic growth differed between provinces. The study also revealed that when fiscal decentralization was combined with improved public governance quality, the benefit of fiscal decentralization was amplified. It was concluded that fiscal decentralization had a favorable influence on economic growth in an area with excellent public governance quality. The research suggested that the design of fiscal decentralization should be linked to local government's abilities to promote local economic growth through public governance. In the study of Omodero and Adeyemo (2020) the influence of local government income streams on capital investment in Nigerian Local Government Councils from 1998 to 2018 was investigated. According to the findings, only statutory appropriations from the federal and state governments had substantial and beneficial influences on local government capital infrastructure development in Nigeria. Thus, local government independent tax revenue was found immaterial in affecting infrastructural development in the local government areas.
Rudytė, Skunčikienė and Maksvytienė (2021) aimed at identifying the manifestations of fiscal federalism theory while analyzing municipal fiscal capacity. The municipal level condition was shown by analyzing data from Lithuanian municipalities over a five-year period. Legislation and statistical data analysis, content analysis, and cluster analysis were some of the research methodologies used. There was no apparent consensus at the inter-institutional level, according to the findings (from the highest to municipal level). Fiscal rivalry among municipalities led to more effective distribution of money, which could have a long-term favorable influence on regional economic growth. Dahlby and Ferede (2021) used panel data of Canadian provinces from 1981 to 2016, to examine the influence of corporate income tax (CIT) rates on economic growth. By allowing short-run dynamics to vary among provinces, the study analyzed the long-run connection between provincial tax rates and economic growth. The study also demonstrated that lowering the CIT rate had a statistically significant beneficial influence on the rate of economic growth. According to the study specification, a one-percentage-point decrease in the province CIT rate raised the growth rate by 0.12 percentage point four years after the original CIT rate drop. Ewetan, Osabohien, Matthew, Babajide, and Urhie (2021) examined the significance of fiscal federalism in the fight against corruption in Nigeria. According to the report, fiscal federalism fails to reduce corruption because of weak rules and low bureaucratic quality.

3. Materials and Method
This study investigates the impact of tax autonomy of three tiers of government on socio-economic development in Nigeria. The covers a period from 2007 – 2020 and uses a secondary form of data gathered from the identified sources in Table 1. The analytical tool used to test the impact of the Federal Government Independent Revenue (FGIR), State Government Independent Revenue (FGIR) and Local Government Independent Revenue (FGIR) on Human Development Index (a proxy for Social development) is the multiple regression technique. All independent variables are adjudged substantial at a 5% level of significance. The logarithm values of all variables are applied except the HDI which is originally an index and does not require expression in a log form.
Table 1 Variables description and source

<table>
<thead>
<tr>
<th>Variable</th>
<th>Description</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>HDI</td>
<td>Human Development Index</td>
<td>UNDP HDI Report 2020</td>
</tr>
<tr>
<td>FGIR</td>
<td>Statutory Allocation from the Federation</td>
<td>CBN Annual Reports (2007-2020)</td>
</tr>
<tr>
<td>LGIR</td>
<td>Grant and other Revenue Sources of the State Government</td>
<td>CBN Statistical bulletin, 2020 edition</td>
</tr>
</tbody>
</table>

Source: Compilation by Author, 2021

The regression model verified in this study is as presented below:

\[ \text{HDI} = f(\text{FGIR}, \text{SGIR}, \text{LGIR}) \]  

Where

- HDI = Human Development Index
- FGIR = Federal Government Independent Revenue (FG Tax effort)
- SGIR = State Government Independent Revenue (SG Tax effort)
- LGIR = Local Government Independent Revenue (LG Tax effort)

The above functional form is represented generically as follows:

\[ Y_1 = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \mu_i \]  

Where:

- \( Y_1 = \) HDI
- \( X = \) Determinant of Social Development
- \( X_1 = \) Federal Government Independent Revenue (FG Tax effort)
- \( X_2 = \) State Government Independent Revenue (SG Tax effort)
- \( X_3 = \) Local Government Independent Revenue (LG Tax effort)
- \( \beta = \) Determines the relationship between the independent variable \( X \) and the response

Variable \( Y \) or Gradient/slope of the regression measuring the amount of the change

In \( Y \) associated with a unit change in \( X \).

\( \alpha = \) Constant; \( X_1-X_3 = \) Regression coefficients; \( \mu_i = \) Error term.

On the a priori, we expect; \( X_1 > 0, X_2 > 0, X_3 > 0 \).
Table 2 Unit root test

<table>
<thead>
<tr>
<th>Variables</th>
<th>ADF T-statistic</th>
<th>Mackinnon critical value at 5%</th>
<th>P-value</th>
<th>Order of integration</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>HDI</td>
<td>-3.542923</td>
<td>-3.144920</td>
<td>0.0260</td>
<td>I(1)</td>
<td>STATIONARY</td>
</tr>
<tr>
<td>LOGFGIR</td>
<td>-3.721443</td>
<td>-3.144920</td>
<td>0.0194</td>
<td>I(1)</td>
<td>STATIONARY</td>
</tr>
<tr>
<td>LOGSGIR</td>
<td>-6.939757</td>
<td>-3.212696</td>
<td>0.0003</td>
<td>I(1)</td>
<td>STATIONARY</td>
</tr>
<tr>
<td>LOGLGIR</td>
<td>-4.422123</td>
<td>-3.175352</td>
<td>0.0071</td>
<td>I(1)</td>
<td>STATIONARY</td>
</tr>
</tbody>
</table>

Source: Author’s computation, 2021

Table 3 Descriptive Statistics

<table>
<thead>
<tr>
<th></th>
<th>HDI</th>
<th>FGIR</th>
<th>SGIR</th>
<th>LGIR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>0.510000</td>
<td>2.657002</td>
<td>2.794719</td>
<td>1.462248</td>
</tr>
<tr>
<td>Median</td>
<td>0.520000</td>
<td>2.708274</td>
<td>2.875630</td>
<td>1.462398</td>
</tr>
<tr>
<td>Maximum</td>
<td>0.540000</td>
<td>3.016529</td>
<td>2.903633</td>
<td>1.579784</td>
</tr>
<tr>
<td>Minimum</td>
<td>0.480000</td>
<td>2.166537</td>
<td>2.485721</td>
<td>1.322219</td>
</tr>
<tr>
<td>Std. Dev.</td>
<td>0.022188</td>
<td>0.238700</td>
<td>0.127248</td>
<td>0.078554</td>
</tr>
<tr>
<td>Skewness</td>
<td>-0.263085</td>
<td>-0.448710</td>
<td>-1.169860</td>
<td>-0.153208</td>
</tr>
<tr>
<td>Kurtosis</td>
<td>1.449219</td>
<td>2.468142</td>
<td>3.324826</td>
<td>1.973007</td>
</tr>
<tr>
<td>Jarque-Bera</td>
<td>1.564370</td>
<td>0.634805</td>
<td>3.254886</td>
<td>0.670020</td>
</tr>
<tr>
<td>Probability</td>
<td>0.457405</td>
<td>0.728038</td>
<td>0.196431</td>
<td>0.715331</td>
</tr>
<tr>
<td>Sum</td>
<td>7.140000</td>
<td>37.19803</td>
<td>39.12607</td>
<td>20.47147</td>
</tr>
<tr>
<td>Sum Sq. Dev.</td>
<td>0.006400</td>
<td>0.740708</td>
<td>0.210498</td>
<td>0.080220</td>
</tr>
<tr>
<td>Observations</td>
<td>14</td>
<td>14</td>
<td>14</td>
<td>14</td>
</tr>
</tbody>
</table>

Source: Author's calculation, 2021

Table 2 demonstrates that all of the variables utilized in this investigation are stable at order 1. The mean values of the variables, as well as the standard deviation, skewness, and kurtosis, are shown in Table 3. The mean is the average of the data utilized in the distribution for the purposes of this research, whereas the standard deviation is the measure of the dispersion of a collection of data from its mean. The standard deviation measures how much the data deviate from the mean. According to Table 3, all data for the predictor variables are distributed below the mean, implying a spread less than the mean values. The consequence is that the variables...
are squished together around the mean. Skewness is a measure of the degree and trend of deviation from equilibrium. In a symmetrical distribution, the mean, median, and mode values are all precisely identical. The mean, median, and mode values are not equal in an asymmetrical distribution. There is no skewness when the mean, median, and mode values are all equal. If the skewness is zero, the data are exactly symmetrical, which is not feasible for real-world data. The basic rule is that the distribution is favorably and roughly skewed if the result of the computation is larger than zero but less than 0.5. When it is between 0.5 and 1, the distribution is moderately and positively skewed; when it is more than 1, the distribution is substantially and positively skewed. It is symmetric if it equals zero. When the outcome is less than zero, it is skewed adversely. The Skewness in Table 3 above reveals that the distributions of HDI, FGIR, SGIR, and LGIR are negatively skewed. The conclusion is that minor unfavorable outcomes may occur frequently, leading to the development of really terrible events in society.

Kurtosis is the anticipated value of the standardized data increased to the fourth power in the same way. A normal distribution's kurtosis is typically 3. If it is smaller than three, the distribution is said to be platykurtic, implying that it yields fewer and less extreme values than the normal distribution. When it exceeds 3, it is considered to be leptokurtic, which implies that it produces more values than the normal distribution. In the case of investors, high kurtosis indicates that there may be severe returns (either positive or negative). According to Table 3, FGIR and SGIR have a kurtosis of about 3, indicating that there are plenty of opportunities for extreme positive circumstances to occur. The remaining variables yielded fewer results while maintaining normal distribution. All of the variables' Jarque-Bera p-values suggest that the data sets are normally distributed, as none of them are less than the 0.05 level of significance. The histogram normality displayed in Figure 1, gives more proof of the normality of the data distribution.

From the results depicted in Table 4, the data set is free from serial correlation, heteroskedasticity, multi-collinearity and the model used in this study is firm and appropriate.
Normality test

Series: Residuals
Sample 2007 2020
Observations 14

<table>
<thead>
<tr>
<th>Mean</th>
<th>Median</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Std. Dev.</th>
<th>Skewness</th>
<th>Kurtosis</th>
</tr>
</thead>
<tbody>
<tr>
<td>-1.96e-17</td>
<td>0.000934</td>
<td>0.016980</td>
<td>-0.024593</td>
<td>0.011150</td>
<td>-0.642954</td>
<td>2.956382</td>
</tr>
</tbody>
</table>

Jarque-Bera 0.966014
Probability 0.616926

Table 4 Symptomatic assessment results

<table>
<thead>
<tr>
<th>FACT-FINDING CHECKS</th>
<th>F- STATISTICS</th>
<th>P- VALUE</th>
<th>RESULT ANALYSIS</th>
<th>REMARKS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ramsey RESET - Stability test</td>
<td>0.729</td>
<td>0.48</td>
<td>p&gt;0.05</td>
<td>Model is firm</td>
</tr>
<tr>
<td>Breusch-Godfrey Serial correlation LM test</td>
<td>0.029</td>
<td>0.97</td>
<td>p&gt;0.05</td>
<td>Nonappearance of Serial Correlation</td>
</tr>
<tr>
<td>Heteroskedasticity test</td>
<td>2.507</td>
<td>0.12</td>
<td>p&gt;0.05</td>
<td>No Heteroskedasticity</td>
</tr>
<tr>
<td>Normality test (Figure 1) – Jarque-Bera</td>
<td>0.966</td>
<td>0.62</td>
<td>p&gt;0.05</td>
<td>Normal distribution of data set</td>
</tr>
<tr>
<td>Multi-Collinearity test: (Independent variables only)</td>
<td>Coefficient variance</td>
<td>VIF</td>
<td>RESULT ANALYSIS</td>
<td>REMARKS</td>
</tr>
<tr>
<td>LOGFGIR</td>
<td>0.0003</td>
<td>1.23</td>
<td>VIF&lt;10</td>
<td>No inter-connectivity of independent factors</td>
</tr>
<tr>
<td>LOGSGIR</td>
<td>0.0017</td>
<td>2.21</td>
<td>VIF&lt;10</td>
<td>No inter-link of predictor elements</td>
</tr>
<tr>
<td>LOGLGIR</td>
<td>0.0038</td>
<td>1.89</td>
<td>VIF&lt;10</td>
<td>X variables do not Inter-correlate</td>
</tr>
</tbody>
</table>

Source: Author’s calculation, 2021
Table 5 Regression result

Dependent Variable: HDI
Method: Least Squares
Sample: 2007 2020
Included observations: 14

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>LOGFGIR</td>
<td>0.037005</td>
<td>0.016394</td>
<td>2.257209</td>
<td>0.0476***</td>
</tr>
<tr>
<td>LOGSGIR</td>
<td>0.062857</td>
<td>0.041183</td>
<td>1.526285</td>
<td>0.1579</td>
</tr>
<tr>
<td>LOGLGIR</td>
<td>0.096555</td>
<td>0.061850</td>
<td>1.561104</td>
<td>0.1496</td>
</tr>
<tr>
<td>C</td>
<td>0.094823</td>
<td>0.080094</td>
<td>1.183906</td>
<td>0.2638</td>
</tr>
</tbody>
</table>

R-squared       0.747483   Mean dependent var 0.510000
Adjusted R-squared 0.671728   S.D. dependent var 0.022188
S.E. of regression 0.012713   Akaike info criterion -5.657485
Sum squared resid 43.60239   Schwarz criterion -5.474897
Log likelihood 9.867087   Hannan-Quinn criter. -5.674387
F-statistic 9.867087   Durbin-Watson stat 1.922746
Prob(F-statistic) 0.002469

Source: Author’s calculation, 2021
*** Significant @ 5% - robustness check

Figure 2 Recursive estimates of the CUSUM test. CUSUM = Cumulative Sum Control Chart
Source: Author’s calculation, 2021
Table 5 shows the connection between the predictor variables (FGIR, SGIR, and LGIR) and the response variable (HDI). The square root of 74.7 percent R-squared is 86.4 percent, indicating a significant positive connection. As a result of this finding, it is possible to conclude that social welfare has a substantial relationship with municipal income if correctly applied. The determination coefficient is 74.7 percent, indicating the degree to which FGIR, SGIR, and LGIR determine HDI changes. Because the Durbin-Watson is close to 2, no autocorrelation is seen. The F-statistics p-value is less than 5%, indicating that the model is acceptable. The standard error of the regression is 0.01 and is smaller than the value of one. As a result, the study’s predictions are error-free. FGIR has a t-statistic of 2.25 and a p-value of 0.04-0.05. This finding suggests that the federal government's tax collection has a substantial influence on Nigeria’s socio-economic progress. The federal government is Nigeria's first tier of government, and it has tax autonomy to the degree permitted under the second schedule part II of the 1999 constitution. Furthermore, the SGIR t-statistic is 1.53 and the p-value is 0.15, both of which are larger than the 5% level of significance. As a result, the outcomes show that state government revenue collection has little impact on the country's socio-economic growth. Finally, the LGIR t-statistic is 1.56 > 0.05 in terms of materiality. The result demonstrates that the third tier of government lacks adequate tax money to affect social development in the country. This finding agrees with the previous study by Omodero and Adeyemo (2020) which confirmed that local government independent revenue did not significantly impact on the capital expenditure on developmental public projects.

5. Concluding Remarks
The influence of revenue fiscal decentralization on social development has significant policy implications. As a result, the findings of this study would help in the re-evaluation of Nigeria's economic system, if greater social welfare goals are to be met. The aim of fiscal federalism is to encourage economic growth by ensuring healthy tax competition among subnational governments (Oates, 1993). According to the findings of this study, the lower level governments lacked the taxing ability needed to promote social development in the country. In order to achieve fiscal liberalization, Bente (2020) stressed economic sovereignty and unfettered democratization. In addition, mismanagement of scarce resources and corruption among government officials may have an impact on taxpayers' loyalty to the government. Human capital development entails enhancing an individual's knowledge, skills, and experiences (Orji, Ogbuabor, Anthony-Orji, Okoro & Osondu, 2020). The reality is that without appropriate social assistance for the poor, Nigeria would stay undeveloped. Therefore, this research suggests a fair distribution of taxing powers across Nigeria's three levels of government. To strike a balance in
social development initiatives, policymakers should evaluate the constitution and adopt modifications that provide state and local governments greater taxation opportunities than are now available.

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Author Contributions
COO conceived the study and was responsible for the design and development of the data analysis. She did the literature review section and was responsible for data collection and analysis and also for data interpretation.

Disclosure Statement
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References
Fiscal federalism, tax independence and social enhancement

