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Evaluating the Impact of Tax Incentives on Revenue Generation: Evidence from the Nigeria Revenue Service

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Abstract
This study examines the effect of tax incentives on revenue generation of Nigeria Revenue Service (NRS), utilizing annual dataset from 1990 to 2023 and applying a Vector Error Correction Model (VECM) for analysis. The findings reveal a distinct dynamic between tax incentives, inflation, and foreign direct investment across different time horizons. In the long run, the tax incentive annual allowance does not have a significant impact on revenue, while the tax incentive investment allowance presents a significant negative impact, suggesting it detracts from revenue generation. Conversely, inflation positively influences revenue, highlighting its role in enhancing government income. In the short run, the tax incentive annual allowance significantly reduces revenue, whereas the investment allowance shows no notable impact. Both inflation and foreign direct investment do not significantly impact revenue in the short term. To optimize NRS revenue generation, this study recommends reevaluating the structure of tax incentives, particularly the investment allowance, and implementing more targeted, performance-based incentives. Additionally, maintaining a stable inflation environment and improving regulatory frameworks to attract foreign direct investment are essential for long-term revenue enhancement.

Keywords: Tax incentives, revenue generation, revenue service, foreign direct investment.

1. Introduction

Tax revenue remains fundamental to Nigeria's fiscal sustainability, with the Federal Inland Revenue Service (FIRS), now Nigeria Revenue Service (NRS), playing a pivotal role in tax policy formulation and implementation. In response to the volatility of oil revenues, NRS has expanded the use of tax incentives, including exemptions, reduced rates, and investment schemes, to foster economic diversification and attract private investment (FIRS Annual Report, 2022). However, the

effectiveness of these incentives is questioned due to challenges such as tax evasion, inefficient administration, and weak compliance (Obafemi et al., 2021). Despite reforms like the Tax Incentives Monitoring and Evaluation Framework (TIMEF), critics argue that poorly designed incentives threaten the tax base, as seen with the Manufacturing-In-Export Incentive (MIE), which reduced tax liabilities but yielded limited growth (Oguejiofor et al., 2024; Okoukoni & Sulaiman, 2024). Given Nigeria's projected fiscal deficit, this raises concerns about the cost-effectiveness of such measures.

Tax incentives, ranging from exemptions and deductions to tax holidays, are commonly used to stimulate investment in key sectors such as agriculture, manufacturing, and oil and gas (Bird & Zolt, 2008). Advocates suggest these incentives drive economic activity, job creation, and higher long-term revenue (Klemm et al., 2012). Nevertheless, research highlights significant revenue losses and limited achievement of economic objectives, especially in the short term (Feyitimi et al.,

2016; Akanbi, 2020; Obafemi et al., 2021). In the context of persistent fiscal deficits and rising public debt, the debate about the effectiveness of tax incentives in Nigeria's economic landscape remains critical.

Given Nigeria's dependence on oil and the imperative for revenue diversification due to fluctuating global oil prices (Central Bank of Nigeria [CBN], 2020), non-oil tax revenue has grown in importance. Yet, empirical evidence is lacking on whether tax incentives have enhanced revenue generation or weakened the tax base. Most Nigerian studies have focused on the links between tax incentives, economic growth (Obafemi et al., 2021; Olabisi, 2009; Akanbi, 2020; Nnubia & Obiora, 2018), firm performance (Olayemi & Folajimi, 2021; Feyitimi et al., 2016), or foreign direct investment (Peters & Kiabel, 2015; Olaniyi et al., 2019; Tapang et al., 2018), but have not directly addressed the impact on NRS revenue generation. Consequently, this study seeks to fill this gap by examining the effect of tax incentives on NRS revenue generation, aiming to inform policy reforms for sustainable economic growth and improved public service delivery.

2. Literature Review

2.1 Theoretical Framework

The theoretical framework guiding this study is underpinned by Tax Effort Theory and Investment Incentive Theory, both of which elucidate the dynamics between tax incentives, revenue generation, and economic growth. Tax Effort Theory, introduced by Bahl (1971), contends that a nation's tax revenue is determined by its economic capacity and the level of effort exerted by tax authorities. Economic capacity, or taxable capacity, reflects the potential revenue a country can generate based on its economic structure, income distribution, and resources. Tax effort measures how effectively this potential is harnessed through robust policies, administration, and compliance (Bahl, 1971). In Nigeria's context, this theory provides insight into persistent low revenue generation despite considerable economic potential. Tax incentives, while intended to spur activity, may initially reduce taxable capacity through lower liabilities. However, if such incentives stimulate investment and growth, the tax base may expand, enabling greater long-term revenue (Bird & Zolt, 2008). Thus, Tax Effort Theory is instrumental in analysing the trade-offs inherent in Nigeria's fiscal policy.

Investment Incentive Theory, originating from Keynes (1936) and later developed by Musgrave (1959), centres on the role of fiscal policy in shaping investment behaviour and fostering economic growth. This theory posits that tax incentives, including exemptions, deductions, and holidays—reduce capital costs and enhance after-tax returns, thereby encouraging both domestic and foreign investment in strategic sectors (James & Nobi, 2018). In Nigeria, where economic diversification is a key objective, tax incentives are frequently deployed to attract resources into agriculture, manufacturing, and infrastructure. However, the effectiveness of such incentives is contingent on their design, implementation, and alignment with overarching development goals. Investment Incentive Theory, therefore, offers a critical lens for assessing how tax incentives drive investment decisions and, ultimately, their impact on revenue generation and sustainable economic growth.

2.2 Review of Related Empirical Studies

From the empirical perspective, several studies have examined the impact of tax incentives on economic growth in different countries. These studies provide robust findings into the effectiveness of tax incentives and their implications for fiscal policy. For instance, Megersa (2019) analyzed the existing evidence on tax incentives and their consequences and the results indicate that tax incentives throughout Asia have varying degrees of success in attracting investment, depending on

both domestic and foreign factors. Although certain incentives have the potential to draw in investment, they frequently result in large income losses, which raise questions about their long-term viability. Furthermore, these incentives have the potential to confuse the tax code and skew resource allocation, making compliance difficult. The scope of research on their costs and benefits is frequently limited, which makes cross-national generalizations challenging. Accurate evaluations are further hampered by methodological issues and the political economics of poor countries. In the end, the review highlights the complexity of tax incentives in promoting investment by concentrating on a few nations based on the research that is currently accessible.

Also, Alegana (2014) investigated the effect of tax incentives on economic growth in Kenya using a secondary dataset. The results demonstrated that the Gross Domestic Product (GDP) growth rate and tax incentives and the GDP growth rate and development stage were inversely related, whereas the GDP growth rate and investment levels, productive population levels, and literacy levels were all positively correlated. Additionally, it was discovered that there was no statistically significant correlation between the GDP growth rate and the global competitiveness index, the GDP growth rate and the number of investments, the GDP growth rate and the proportion of the population that is productive, or the GDP growth rate and literacy levels.

Obafemi et al, (2021) investigated the impact of tax incentives on the growth of small and medium scale enterprises in kwara state Nigeria, using primary data. The authors applied stratified and simple random sampling technique and OLS to estimate the parameters and the results of the study discovered a strong link between taxes and the expansion of SMEs. Similarly, Olabisi (2009) conducted research on tax incentive as a catalyst for economic development in Nigeria using a primary dataset. The findings show that If tax incentives are properly targeted and given to all worthy businesses in Nigeria, they have been shown to improve economic growth and development in the nation.

Akanbi (2020) analyzed the impact of tax collection and incentives on economic growth in Nigeria using annual data. The researcher applied multiple regression model and study found out that there is a negative but insignificant relationship between tax revenue and economic growth. The findings also revealed that there is negative but insignificant relationship between and foreign direct investment equity and economic growth. While empirical results confirm that there is a negative and significant relationship between foreign direct investment other capital and economic growth. In addition, Nnubia and Obiora (2018) investigated the effect of tax incentives on economic growth in Nigeria using secondary data from 2007 to 2016. The researchers applied OLS method and the results of the study indicate that the annual allowance positively influences economic growth in Nigeria and has a significant impact, while the investment allowance negatively affects economic growth in Nigeria and is also significant.

On the nexus between tax incentives and the Performance of SMEs, Feyitimi et al, (2016) investigated the relationship between tax Incentives and the growth of small and medium scale enterprises in developing economy using primary data and the authors applied an explanatory research design supported by the quantitative research approach. The multiple regression results showed that tax administration contributes a statistically significant but weak positive variance to the growth of SMEs, whereas tax incentives contribute a statistically significant and moderate positive variance. Additionally, firm size moderates the relationship between tax administration and SMEs' growth, with medium enterprises demonstrating a greater tendency for tax compliance compared to small enterprises.

Obafemi et al, (2021) investigated the impact of various governmental tax incentives on the growth and development of small and medium-sized enterprises (SMEs) in a developing economy, specifically focusing on SMEs in Kwara State, Nigeria. Utilizing a descriptive research design, the study gathered primary data on factors influencing taxation and their effects on SME growth. A sample of 260 respondents, representing a portion of the target population of enterprises in Kwara State's production sector, was selected using stratified and simple random sampling techniques. Data were collected through questionnaires, interviews, and observations as needed, and were analyzed using an ordinary least squares regression model to determine the contribution of each variable to SME growth. The findings revealed a significant correlation between taxation and the growth of SMEs.

Olayemi and Folajimi (2021) explored the impact of tax incentives on the sales revenue growth of small and medium enterprises (SMEs) in Ondo and Ekiti States, Nigeria. The researchers employed a survey design, targeting SMEs registered with the Small and Medium Enterprise Development Agency of Nigeria, which totaled 2,708 businesses. Using the Taro Yamane formula, they determined a sample size of 386. The study participants included owners, managers, employees, accountants, and auditors of these SMEs, selected through a multi-stage sampling technique that incorporated stratified, proportionate, and simple random sampling methods. The data were analyzed using both descriptive and inferential statistics. The findings indicated that tax incentives, specifically investment allowance, tax holiday, tax credit, and tax deferment—had a significant positive effect on the growth of SMEs' sales revenue.

On link between tax incentives and foreign direct investment, Gumo (2013) analyzed the effect of tax incentives on foreign direct investments in Kenya using a secondary data and applied a descriptive research design. The study reveals that Kenya offers various tax incentives, such as the Industrial Building Allowance, investment deductions for manufacturing, farm works deductions, Shipping Investment Deduction, and mining allowances. These incentives have differing impacts on foreign direct investment (FDI): investment deductions and mining operation deductions positively influence FDI, while the industrial allowance has a negative effect.

Additionally, trade-related incentives like export processing zones and tax remissions for export offices also positively impact FDI, whereas the manufacture under bond incentive is associated with a negative effect. Overall, the findings suggest that tax incentives generally enhance FDI, prompting the recommendation for the government to reassess its tax incentives policy to better stimulate investment and reduce tax evasion.

Peters and Kiabel (2015) investigated the impact of tax incentives on investors' decisions to locate foreign direct investment (FDI) in Nigeria. The study utilized data from the annual statistical bulletin of the Central Bank of Nigeria and the World Bank's World Development Indicators Database. Employing a multiple regression model with static Error Correction Modelling (ECM), the researchers analyzed the time series properties of tax incentives, which were represented by annual tax revenue as a percentage of GDP and FDI. The findings revealed a negative and significant relationship, indicating that an increase in tax incentives does not result in a corresponding increase in FDI. Finally, Etim et al, (2019) studied the effect of tax incentives on foreign direct investment (FDI) in Nigeria from 1999 to 2017. Utilizing multiple regression techniques, their findings indicated that both cost-based and profit-based tax policy incentives had no significant impact on FDI in the country.

3. Methods and Materials

The analysis was conducted using the annual data from 1990 to 2023 and the data was sourced from the Central Bank and Planning, Research and Statistic Department of Nigeria Revenue Services. However, the dependent variable used in this study is revenue generation measured as the total actual revenue generated by NRS. However, the independent variables used in the analysis are the tax incentive in form of annual allowance (measured as 10% of investments) and tax incentive in form of investment allowance (measured as a percentage of investments to GDP). These variables are used as a measurement (proxy) of the tax incentives. Furthermore, other control variables such as inflation (measured by the consumer price index) and foreign direct Thus, the model is specified as:

$$rev_t = \lambda_0 + \lambda_1 aa_t + \lambda_2 ia_t + \lambda_3 \inf_t + \lambda_4 fdi_t + \mu_t \quad \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots 1$$

Equation 1, *rev* represents revenue generation, *aa* donates the annual allowance, *ia* is the investment allowance, inf is the inflation, and *fdi* represents the foreign direct investment. λ_0 to λ_4 are the intercept and coefficients of the dependent variables while μ is the error term in the equation. Furthermore, before the conducting the Vector Error Correction Model (VECM), this study employed the Johansen cointegration test to find evidence of cointegration or otherwise. The Johansen cointegration model is specified as:

$$\Delta y_t = \delta x_t + \lambda y_{t-1} + \sum_{i=1}^{p} \alpha_t \Delta y_{t-i} + \upsilon_t \quad \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots 2$$

Where: y is a vector of random variables x is a vector of deterministic and exogenous variables and υ is a vector of random errors. Furthermore, δ, λ and α are the coefficients of the estimated parameters. However, the hypothesis is tested based on the values of the trace test statistic and maximum eigenvalue test statistic at a 5% level of statistic. Thus, the trace statistic is specified as:

$$-T \sum_{i=r_i+1}^{r} \ln(1-\lambda_i) \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots 3$$

Where λ_i is a trace test statistic. In addition, the maximum eigenvalue is specified as:

$$-T \ln(1-\lambda_{\max}) \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots 4$$

Where, $\lambda_{\max}$ is the large eigenvalue (Turner, 2021). The Vector Error Correction Model (VECM) is used in econometrics to analyze the relationship between multiple time series that are cointegrated. It allows for both short-term dynamics and long-term equilibrium relationships among the variables. The general specification of a VECM equation is given as:

$$\Delta Y_t = \alpha_0 + \lambda_i Y_{t-1} + \sum_{t-1}^{p-1} \eta_i \Delta Y_{t-1} + \mu_i \quad \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots 5$$

Where ΔY_t is the vector of the first differences of the variables at time t, α_0 is the vector of intercepts (constant terms), λ_i is the matrix of cointegration coefficients (long-term relationships), Y_{t-1} is the vector of the levels of the variables at time $t-1$, η_i are the matrices of short-term coefficients for lagged differences of the variables, p is the number of lags included in the model and μ_i is the vector of error terms (white noise). The study conducted pre-estimation tests for unit roots using the Augmented Dickey-Fuller (ADF) and Phillips-Perron (P-P) approaches. Finally,

post-estimation diagnostic tests, including checks for autocorrelation, heteroscedasticity, and normality, were performed to validate the findings.

4. Results and Discussions

The results of descriptive statistics, unit root test, cointegration and results of the Vector Error Correction Model (VECM) are presented in this section. Beginning with a descriptive statistic, the results are summarized in Table 1.

Table 1: Summary statistic of the variables

Statistics	LREV	AA	IA	INF	FDI
Mean	7.429990	1317.851	2.82E-08	18.27805	1.295099
St. Dev.	1.445145	1770.900	1.11E-08	15.90202	0.842950
Skewness	-2.459468	1.841672	0.422183	2.180389	0.168735
Kurtosis	9.238605	5.269004	2.164121	6.855094	1.887254
Jarque-Bera	89.41452	26.51348	1.999834	47.99403	1.915461
Probability	0.000000	0.000002	0.367910	0.000000	0.383763
Observations	34	34	34	34	34

Source: *Author computation from EViews version 12.0*

The results in Table 1 show that all variables have positive means, indicating positive growth rates over the period 1990 to 2023. The tax incentive annual allowance records the highest standard deviation, reflecting it as the most volatile variable, while foreign direct investment (FDI) shows the lowest standard deviation of 0.84, marking it as the least volatile. The annual allowance, investment allowance, inflation, and FDI are positively skewed, suggesting right-sided concentration in their distributions, whereas revenue generation is negatively skewed. The Jarque-Bera test reveals that investment allowance and FDI are normally distributed, with insignificant probability values even at the 10% level, while other variables deviate from normality, as indicated by significance at the 1% level. To further validate variable characteristics, unit root tests using the Augmented Dickey-Fuller (ADF) and Phillips-Perron (P-P) methods were conducted, with results detailed in Table 2.

Table 2: Unit Root Test (Augmented Dickey-Fuller and Phillips-Perron)

Variables	Augmented Dickey-Fuller		Phillips-Perron	
	Level I(0)	First Diff. I (1)	Level I(0)	First Diff. I(1)
LREV	-1.5639	-7.4778***	-1.5639	-7.4639***
AA	-3.6891	-4.5380***	-0.3794	-2.8818*
IA	-1.2815	-3.5329*	-1.3841	-3.7926**
INF	-2.4800	-9.7978***	-2.7711	-4.5440***
FDI	-2.1399	-6.9075***	-2.6245	-7.0586***

Source: *Authors computation from EViews Version 12.0.*

Note *, **, *** indicating significance at 1%, 5%, 10% respectively.

The results in Table 2 from the unit root tests conducted using the ADF and Phillips-Perron methods indicate that revenue generation, annual allowance, investment allowance, inflation, and foreign direct investment are all stationary after taking the first difference. Given that the unit root tests confirm that these variables become stationary after the first difference, it is concluded that the Vector Error Correction Model (VECM) is the most effective technique for analyzing such results. As a result, this study proceeds to examine the cointegration test using the Johansen cointegration approach, with the findings presented in Table 3.

Table 3: Johansen cointegration test

Trace statistic				
Cointegrating vectors	Eigenvalue	Trace statistic	5% critical value	Prob.
None *	0.7270	90.697	69.818	0.0005
At most 1 *	0.6145	49.147	47.856	0.0376
At most 2	0.3911	18.639	29.797	0.5190
At most 3	0.0598	2.7642	15.494	0.9765
At most 4	0.0244	0.7906	3.8414	0.3739
At most 5	0.7270	90.697	69.818	0.0005
Maximum Eigenvalue				
Cointegrating vectors	Eigenvalue	Max- Eigen. Value	5% critical value	Prob.
None *	0.7270	41.549	33.876	0.0050
At most 1*	0.6145	30.508	27.584	0.0205
At most 2	0.3911	15.875	21.131	0.2322
At most 3	0.0598	1.9735	14.264	0.9913
At most 4	0.0244	0.7906	3.8414	0.3739
At most 5	0.7270	41.549	33.876	0.0050

Source: *Authors' computation using EViews version 12.0.*

The findings presented in Table 3 indicate that the trace statistic provides evidence of cointegration at the 5% level of significance.

This suggests that there is a long-term relationship among the variables under study, supported by the identification of two cointegrating vectors. In addition, the maximum eigenvalue statistic reveals the presence of one cointegrating vector, which further strengthens the argument for a long-term equilibrium relationship among the variables. Building on the cointegration results, this study proceeds to present the findings of the parsimonious Vector Error Correction Model (VECM) in Table 4. The VECM is particularly useful in this context as it allows for the analysis of both short-term dynamics and long-term equilibrium relationships among the variables.

Table 4: The Long Run Results

Dependent Variable: Revenue Generation			
Variables	Coefficient	Standard Error	t-statistics
AA	-0.000699	0.00041	-1.69841
IA	-1.32E+08	3.0E+07	-4.42812
INF	0.128104	0.01734	7.38780
FDI	0.271671	0.34923	0.77791

Source: *Authors' computation using EViews version 12.0.*

The results presented in Table 4 display the long-run influence of tax incentives on revenue generation in Nigeria, revealing a negative and statistically insignificant relationship between the tax incentives annual allowance and NRS revenue generation. An increase of 1% in the tax incentive annual allowance is associated with a marginal decline in revenue generation of approximately -0.00069%. However, this effect is not statistically significant, as evidenced by a t-statistic of 1.69, which falls below the critical value of 1.96 at the 5% significance level. This suggests that the annual allowance, intended to stimulate business investment, has not translated

into meaningful revenue growth, likely due to low tax compliance, administrative complexities, and limited transparency. This finding stands in contrast to Nnubia and Obiora (2018), who reported a significant positive impact on economic growth and implied revenue generation.

Conversely, the tax incentive investment allowance is associated with a substantial negative coefficient of -1.32E+08, coupled with a standard error of 3.0E+07 and a significant t-statistic of -4.43. This result underscores a strong inverse relationship between investment allowance and NRS revenue generation, indicating that increases in investment allowance are likely to reduce government revenues considerably. This can be attributed to the reduction of the overall tax base as businesses deduct investment costs from taxable income, prioritising tax minimisation over actual economic expansion. Over time, this can result in persistent revenue losses, with fiscal resources potentially better allocated to direct revenue-enhancing initiatives. This result supports the findings of Nnubia and Obiora (2018), who also noted the negative impact of such allowances on economic growth and, by extension, revenue generation.

The analysis further demonstrates that inflation exerts a significant positive effect on revenue generation in Nigeria, as indicated by a robust t-statistic of 7.39. This suggests that higher inflationary environments are associated with increased FIRS revenue collection, possibly due to the expansion of nominal incomes and transaction volumes, which broadens the taxable base. Rising prices may stimulate more economic activity, leading to higher taxable income for both businesses and individuals, thus enhancing government revenue. However, the study finds that foreign direct investment (FDI) does not have a significant influence on FIRS revenue generation. This can be explained by FDI's concentration in sectors that contribute less to tax revenues and the outflow of profits and royalties, which offset any gains. Furthermore, Nigeria's tax policies and regulatory framework may not be sufficiently structured to channel FDI towards revenue-generating activities.

Table 5: The Parsimonious VECM (Short-run) Results

Dependent Variable: Revenue Generation				
Variables	Coefficients	std. Error	t-Statistics	P-value
AA	-0.0031	0.0007	-4.1112	0.0004
IA	1.30E+08	881276	1.4782	0.1518
INF	3.53E-05	0.0169	0.0020	0.9984
FDI	-0.0074	0.2717	-0.0274	0.9783
Error Correction Model (-1)	-0.4695	0.1861	-2.5224	0.0184
$R^2 = 0.59$, Adj. $R^2 = 0.49$, DW = 1.82, Corr. = 1.16 (0.3287), Het. = 11.51 (0.3672), Norm. = 2.60 (0.2717)				

Note: *Corr. Stands for autocorrelation test, Het. stands for heteroscedasticity test and Norm. is the normality test.* ***Source:*** *Authors' computation Using EViews Version 12.0.*

The results in Table 5 reveal that the tax incentive annual allowance exerts a significant negative effect on NRS revenue generation in Nigeria, with a 1% increase in the allowance corresponding to a 0.003% decline in revenue in the short run. This suggests that, contrary to policy intentions, heightened tax incentives may reduce government income by encouraging businesses to prioritise tax benefits over genuine economic activity. Firms may engage in strategic tax planning to maximise deductions rather than foster growth, further undermining taxable revenues. These findings highlight that the immediate impact of tax incentives may not be supportive of short-term revenue objectives, raising questions about their effectiveness as revenue-generating tools.

The study further shows that investment allowance, inflation, and foreign direct investment do not significantly influence NRS revenue generation in the short run. This may be due to investment allowances not being directed at key revenue-contributing sectors, while inflation, as a broader macroeconomic variable, may not directly affect sectoral revenue streams. Similarly, FDI may be channelled into areas with limited tax contributions. The Error Correction Model (ECM) term reflects an annual adjustment rate of 46.9% towards long-run equilibrium, implying that short-term revenue fluctuations are corrected relatively swiftly. This adjustment capacity indicates revenue stability for the NRS, supporting long-term fiscal planning and contributing to broader economic predictability.

5. Conclusions and Recommendations

From the results this study concludes a distinct dynamic between tax incentives, inflation, and foreign direct investment in relation to revenue generation in Nigeria by NRS across different time horizons. In the long run, the tax incentive annual allowance does not significantly affect revenue, while the tax incentive investment allowance has a significant negative impact, suggesting that it may detract from revenue generation. Conversely, inflation shows a significant positive effect on revenue, indicating its role in enhancing government income. In the short run, the tax incentive annual allowance significantly reduces revenue, whereas the tax incentive investment allowance does not have a notable effect. Inflation and foreign direct investment do not significantly influence revenue in the short term.

To enhance NRS revenue generation in Nigeria, policymakers should consider reevaluating the structure of tax incentive allowances, particularly the investment allowance, to mitigate its significant negative impact on revenue. Implementing more targeted and performance-based incentives could encourage genuine economic activity without compromising revenue. Additionally, fostering a stable inflation environment may bolster revenue, so measures to control inflation should be prioritized. Finally, while foreign direct investment currently shows no significant impact, efforts to attract and retain foreign investors through improved regulatory frameworks and infrastructure development could yield long-term benefits for revenue generation.

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