
INVESTIGATING THE EFFECTS OF TAX POLICIES ON CORPORATE BEHAVIOR AND ECONOMIC GROWTH AMONG THE RESIDENT OF KATSINA STATE

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ABSTRACT

This study investigates the effects of tax policies on corporate behavior and economic growth among residents of Katsina State, Nigeria. Taxation remains a critical fiscal tool through which governments mobilize revenue, influence business decisions, and stimulate economic development. However, inappropriate tax structures and enforcement mechanisms may discourage corporate investment, reduce compliance, and slow economic growth. The study adopted a descriptive survey research design, using structured questionnaires to collect primary data from corporate organizations, tax officials, and relevant stakeholders within Katsina State. Secondary data were obtained from government reports, journals, and official publications. Data collected were analyzed using descriptive statistics, while inferential analysis was employed to test the study hypotheses. The findings reveal that tax policies significantly influence corporate investment decisions, compliance behavior, and overall economic activities in Katsina State. The study further shows that excessive tax burdens and complex tax administration negatively affect business growth, while fair and transparent tax policies encourage compliance and economic expansion. The study concludes that effective tax reforms and improved administration are essential for enhancing corporate performance

and sustaining economic growth. Recommendations were made for policymakers to simplify tax systems, strengthen enforcement mechanisms, and promote taxpayer education.

KEYWORDS: Tax policies, corporate behavior, economic growth.

1. INTRODUCTION

The socio-political and economic development of any nation fundamentally depends on the revenues generated through taxation, which are crucial for providing infrastructure essential for economic growth. Conceptually, tax is a compulsory levy imposed on citizens and their property by the government to fund infrastructure development and economic growth. According to Anyanfo (1996), Anyanwu (1997), Appah and Oyandonghan (2011), and Ogbonna and Appah (2012), tax is a compulsory levy imposed on individuals or their property by the government to provide security, social amenities, and foster economic well-being. Taxes are typically imposed to regulate the production of certain goods and services, protect infant industries, control business practices, curtail inflation, and reduce income inequalities, among other objectives. Operationally, taxes are the most essential instruments of fiscal policy used to manage the economy. As an instrument of fiscal policy, Tosun and Abizadeh (2005) outlined five mechanisms by which taxes can affect economic growth. Firstly, taxes can inhibit the investment rate through corporate, personal income, and capital gain taxes. Secondly, taxes can reduce the growth in labor supply by influencing the labor-leisure choice in favor of leisure. Thirdly, tax policy can impact productivity growth by discouraging research and development expenditures. Fourthly, taxes can lead to a reallocation of resources to other sectors with potentially lower productivity. Fifthly, high taxes on labor can distort the efficient use of human capital. For taxes to effectively contribute to economic development, Nzotta (2007) outlined four key issues that must be understood. Firstly, a tax is a compulsory contribution made by citizens for the common benefit. Secondly, a tax imposes a general obligation on taxpayers. Thirdly, the contribution made by taxpayers may not be equivalent to the benefits received. Fourthly, a tax is not imposed because the government has provided specific services to the taxpayer or their family.

Thus, these perspectives on taxation suggest that a well-designed tax system plays multiple roles in economic development. It provides the government with additional revenue to fulfill its obligations and ensures the efficient mobilization of the nation's economic resources towards promoting growth and development. In the Nigerian context, fiscal operations are

divided into a three-tier tax structure involving the Federal, State, and Local governments, each with separate tax jurisdictions. Unfortunately, Nigeria's tax system has been dominated by oil revenues, accounting for at least 70 percent of total federally collected revenues for about four decades. Consequently, the traditional tax system and tax revenue in the country have not played a significant role in fiscal policy management.

1.1 Taxation Policy and Economic Growth in Nigeria

Taxation policy remains a fundamental component of fiscal policy in Nigeria and plays a significant role in fostering economic growth and national development. The Nigerian government depends largely on tax revenue to finance public expenditure, while the tax system is structured to redistribute income, reduce inequality, and stimulate economic growth (Adegbe & Fakile, 2016). Over time, government responsibilities have expanded considerably, particularly in developing countries such as Nigeria, due to rapid population growth and deteriorating infrastructure. However, government revenue has not grown proportionately with public expenditure, thereby limiting the capacity for capital formation and long-term economic development. Taxation is widely recognized as a critical element of a nation's investment and growth framework (Appah, 2004). It refers to a compulsory levy imposed by the government on individuals or their property to provide security, social amenities, and conditions that support societal economic well-being (Okafor, 2012). Revenue generated from taxation is utilized to finance essential public services, including education, healthcare, pension schemes, unemployment benefits, and transportation infrastructure. As such, an efficient tax system serves as one of the most effective tools for mobilizing domestic resources and creating an enabling environment for sustainable economic growth.

Supporting this view, Nzotta (2007) asserts that taxation constitutes a major source of revenue distributed through the federation account among the federal, state, and local governments. Consequently, tax policy plays a vital role in determining how resources are allocated between the public and private sectors. Anyanfo (1996) and Anyanwu (1997) further argue that taxation is used as a regulatory instrument to control the production of certain goods and services, protect emerging industries, stabilize businesses, curb inflation, and reduce income disparities. Empirical evidence also suggests that taxation significantly influences economic growth through multiple channels. Tosun and Abizadeh (2005) describe taxes as an important proxy for fiscal policy and identify several mechanisms through which tax policies affect growth. Taxes on corporate income, personal income, and capital gains may discourage investment, while labor income taxes can reduce labor supply by altering work-leisure choices. In addition, tax policies may hinder productivity growth by

discouraging investment in research and development, redirect resources toward less productive sectors, and distort the efficient utilization of human capital when labor taxes are excessively high (Jhingan, 2005). Overall, taxation constitutes a central pillar of Nigeria's regulatory framework for investment and economic growth.

1.2 Reducing the Tax Handicaps of Small Businesses

Most of the tax handicaps faced by small businesses could be mitigated if substantial tax reductions were feasible. The high tax rates currently in place put small businesses at a disadvantage compared to larger firms. If all businesses were taxed less heavily, small firms would be financially stronger as they would retain a larger percentage of their profits. Additionally, lower tax rates would lessen the impact of the Revenue Code provisions that tend to discriminate against small businesses. Unfortunately, Congress has not yet been able to implement the scheduled five-point reduction in the corporate income tax. Consequently, relief measures for small businesses have been limited to those with minimal revenue effects. This approach is a relatively recent development. In the early postwar years, when prospects for lower tax rates were more promising, proposals to create special tax privileges for small businesses were not widely supported. For instance, the Committee for Economic Development recognized that certain tax system provisions disproportionately affected small businesses. However, it did not believe that invoking discriminatory taxation in favor of small businesses was in the public interest. Instead, the Committee recommended tax reductions and reforms beneficial to all enterprises, particularly those that would alleviate the burdens most heavily borne by small businesses (Research and Policy Committee of the Committee on Economic Development, 1947). By adopting broad-based tax reductions and reforms, the financial strain on small businesses can be alleviated, allowing them to compete more effectively and thrive in the marketplace.

1.3 Objectives of the Study

The aim of this research is to investigate the effects of tax policies on corporate behavior and economic growth among the residents of Katsina State, with the goal of providing recommendations for tax policy reforms that can foster a more conducive environment for business operations and economic development.

The specific Objectives are:

1. To assess the current tax policies in Katsina State and their implementation.
2. To Investigate how tax policies influence business decisions regarding investment, expansion and operational efficiency.

3. To analyze economic indicators such as GDP growth, employment rates and income levels in relation to tax policies.
4. To identify the perceptions of residents and business owners on the effectiveness of current tax policies.

2. Literature Review

2.1 Theoretical Framework

Understanding the impact of taxation on economic growth can be viewed from two major schools of thought: the traditional economic school and the modern school. Slemrod (2003) summarized the traditional view by stating that, holding other growth determinants constant, low tax rates and low government spending are associated with higher growth. This implies that higher marginal tax rates increase the likelihood of high-income taxpayers diverting extra time from productive operations to leisure activities. Conversely, the modern school suggests that higher marginal tax rates lead to greater economic development in the long run because the government secures more revenue, which, when invested in education and infrastructure, boosts the economy. From an economic theory perspective, marginal tax rates are particularly significant because they affect individuals' incentives to earn more income. As marginal tax rates increase, individuals retain less of their additional earnings. While economic theory predicts a negative relationship between marginal tax rates and economic growth, it also identifies several factors complicating this linkage. According to Gwartney and Lawson (2006), these factors include the following: Firstly, there is a difference between the short-run and long-run responses to changes in marginal rates. An increase in marginal tax rates initially reduces the supply of labor and capital, which tends to slow the growth of real gross domestic product (RGDP). This response takes time, meaning short-run indicators may not accurately reflect long-run outcomes. The labor supply response is generally smaller in the short run than in the long run. As Kiabel and Nwokah (2009) argued, the increasing cost of running the government, combined with declining revenues, has compelled all tiers of government in Nigeria to formulate strategies to enhance the revenue base. Given the dynamic nature of taxation, Ola (2001) contended that tax reforms are necessary to bring about the required changes in the national economy.

Secondly, the linkage between marginal tax rates and GDP growth may be weakened because GDP figures often fail to capture the negative impact of price distortions associated with high marginal tax rates. GDP registers the expenditures and costs of goods and services produced, even if these costs exceed the value derived by consumers. Thirdly, the linkage may be

further weakened by the pattern of government expenditures. In many countries, high marginal tax rates are used to fund social safety nets such as child care services, retirement benefits, and unemployment payments. The impact of tax policies is greater in the highest tax brackets, where changes in tax rates exert the largest effects on both labor supply and tax-avoidance activities. Furthermore, as the Laffer curve analysis indicates, marginal tax rates can be pushed so high that they actually reduce the revenues derived from the tax. Marginal tax rates above the revenue-maximizing level are inefficient and counterproductive, as they reduce both aggregate output and government revenue. Tax rates near the revenue-maximizing level are also inefficient because the additional revenue generated is costly in terms of lost output. The most severe side effects of taxes are exerted by higher marginal tax rates. The empirical findings of this study will confirm these theoretical predictions. High taxes do not appear to significantly contribute to small business failures, which are more commonly attributed to personal factors such as incompetence, inexperience, and lack of judgment. However, some writers argue that a fundamental reason for the high turnover in new businesses is undercapitalization (Kaplan & Banner). New businesses that fail within a year or two of their formation typically have not earned any profit or incurred tax liability, so high taxes cannot be directly blamed for their inability to accumulate capital from earnings. Nonetheless, high taxes on the personal savings of the business owners could have contributed to the initial undercapitalization of the firm. The current federal tax structure has had a considerable influence on the extent and nature of merger activity in the United States since 1940. An intensive study conducted at the Harvard Business School a few years ago found that certain features of the tax structure exerted strong pressures on the owners of closely-held businesses to sell or merge with other companies (Keith et al., 1951). Decisions to sell closely-held businesses were primarily driven by anticipated liquidity problems under the estate tax in the event of the owner's death, and were further reinforced by the desire of successful business owners to extract their profits without being taxed at ordinary income tax rates. At that time, it appeared that liquidity problems were likely to arise under the estate tax whenever a substantial block of stock in a closely-held company was owned by a wealthy individual and constituted a major portion of their investment portfolio.

2. 2 Income Distribution, Taxation, and Investment Dynamics in Economic Growth

Income distribution plays a crucial role in determining levels of investment and overall economic performance. Higher income distribution often reflects increased investment activity, while taxation policies tend to reduce individuals' disposable income. According to AlMarzoqi (2023), purchasing power and economic capacity are closely linked to both

taxation and investment levels, which are fundamental drivers of national growth and development (Loang, 2023). Investment outcomes are further influenced by policy decisions, as policymakers and researchers continue to design strategies aimed at promoting economic growth and improving societal welfare. Poeschl (2023) highlights that personal tax systems significantly affect economic conditions and can be assessed through various macroeconomic indicators. When effectively structured, tax policies have the potential to stimulate economic growth and enhance national productivity (Loang & Ahmad, 2023).

Expansionary economic policies also influence the supply side of the economy and can be evaluated through changes in gross domestic product (GDP). Such policies may increase annual growth rates; however, evidence suggests that one-time increases in expansionary measures do not necessarily sustain long-term growth. Kalm (2023) emphasizes that temporary policy enhancements have limited effects on future growth trajectories. Investor behavior and risk appetite are additional critical factors shaping investment decisions. As noted by Maestas (2023), the risk tolerance of investors determines the likelihood of investment in specific sectors or regions. Understanding investor characteristics helps identify suitable investment opportunities and strategies (Loang & Ahmad, 2022). Investments are commonly classified into short-term and long-term categories, including strategic investments and new venture financing. Kumari et al. (2023) argue that effective investment decision-making involves clear objective formulation, risk profiling, performance monitoring, and asset allocation. Access to appropriate financial resources and the identification of viable opportunities are essential components of sound investment decisions. Investment choices are generally guided by two primary considerations: risk and return. Investment managers dedicate substantial effort to enhancing investment growth and long-term value creation (Liu & Loang, 2023). Raut (2023) notes that such decisions have lasting implications for both investors and businesses. Consequently, corporate and individual investors must evaluate a range of investment options, including debentures, bonds, financial assets, real assets, and securities. According to Ouyang1a (2023), adequate knowledge of investment-related issues is essential for individuals to make sound and informed financial decisions. Access to investment opportunities varies markedly between high-income and low-income individuals, as wealthier individuals typically have greater financial capacity to invest. This difference stems from higher disposable incomes and larger asset holdings, which enable affluent individuals to participate more actively in investment activities. Jones (2023) further notes that high-income individuals generally possess a broader range of assets that can be deployed within investment strategies. In a similar vein, Loang (2023) emphasizes

that wealthier individuals are better positioned to save and invest larger proportions of their income and assets. However, increases in taxation can constrain savings, thereby reducing investment capacity. Such declines in investment levels may, in turn, have adverse implications for economic activity and overall national economic growth.

2.3 The Influence of Tax Policy on Investment Behavior and Business Growth

Tax policy changes significantly affect both individuals' labor supply and investment decisions. Sharif et al. (2023) contend that taxation influences choices regarding post-retirement employment and additional work efforts intended to increase income for investment purposes. Favorable tax policies may, in certain instances, encourage entrepreneurial engagement in business ventures, thereby fostering business development and contributing to global economic growth. Chen et al. (2023) further highlight that tax policies shape the behavior of both individuals and businesses, guiding how entrepreneurs undertake investment activities while adhering to professional financial advice. Different nations adopt diverse tax policies to stimulate investment, making tax reforms a critical element of economic strategy. Traore and Loang (2023) emphasize that tax reform legislation plays a vital role in restructuring tax systems to enhance investment outcomes. Government-led reforms aimed at improving tax frameworks can generate significant benefits for investment growth. Qu (2023) underscores the close link between taxation and investment, noting that policymakers carefully consider the implications of both lower and higher tax rates for investment decisions. Taxation operates at multiple levels, each with distinct economic significance (Xi & Loang, 2023), aligning with economic growth models that stress the interplay between investment and tax policies. Empirical evidence from the United Kingdom demonstrates that changes in tax policy have a direct impact on business investment, subsequently influencing firm growth and national economic performance. Chugunov et al. (2021) assert that organizational income and profitability are heavily reliant on investment activities, through which firms generate revenue. Sudden shifts in taxation can create uncertainty, discouraging investors from allocating resources to new products and services. Consequently, the economic growth of business organizations is closely linked to government taxation policies, particularly when high tax rates on goods and services exacerbate operational losses. Firm-level economic growth also depends on strategic financial decision-making, as Fernandes et al. (2021) argue. Organizational development is shaped by investment planning and cost management decisions. For example, IHH Healthcare adopted enhanced financial management practices to better understand service-related costs and patient expenditures. Investment decisions within firms are thus influenced by evaluations of

taxation policies and regulatory changes. Shabbir et al. (2021) observe that conventional costing systems often have limitations, prompting IHH Healthcare to implement Activity-Based Costing (ABC) to manage financial investments more efficiently while adapting to tax changes. Overall, there exists a strong relationship between taxation and corporate investment decisions, as firms consider prevailing tax rates on goods and services before committing resources. Consequently, corporate revenue and losses are significantly affected by government taxation policies. Magdalena and Suhatman (2020) conclude that firms rely on appropriate tax structures when making investment choices.

3. Research Method

3.1 Study Area

Katsina State is located in the northwestern region of Nigeria, sharing boundaries with Kaduna, Kano, Jigawa, and Zamfara States, as well as an international border with the Republic of Niger to the north. With a predominantly agrarian economy, the state hosts a mixture of small, medium, and large-scale businesses across sectors such as agriculture, trade, manufacturing, and services. Taxation in Katsina State is a crucial aspect of government revenue generation and economic regulation, influencing both corporate behavior and overall economic growth. Understanding the dynamics of tax policies in this region provides a unique opportunity to assess their effects on business investment decisions, compliance behavior, and economic development within the local context.

3.2 Statistical Analysis

The data collected for this study were analyzed using both descriptive and inferential statistical techniques. Descriptive statistics such as frequencies, percentages, mean scores, and tables were used to summarize respondents' demographic characteristics and responses to questionnaire items. These methods helped in presenting the data in a clear and understandable manner.

Inferential statistics were employed to test the formulated hypotheses and examine the relationship between tax policies, corporate behavior, and economic growth. The Statistical Package for Social Sciences (SPSS) was used to ensure accuracy and reliability of the analysis. Decision rules were based on the level of significance (usually 0.05), where hypotheses were accepted or rejected accordingly. The combined use of descriptive and inferential statistics provided a robust basis for drawing valid conclusions from the study.

4. RESULT AND DISCUSSION

4.1 Result and Discussion

Table 4.1: Gender Distribution of Respondents.

Gender	Frequency	Percent (%)
Male	213	55.3
Female	172	44.7
Total	385	100.0

Table 4.1 presents the gender distribution of respondents involved in the study on the effects of tax policies on corporate behaviour and economic growth in Katsina State. The table shows that 213 respondents (55.3%) were male, while 172 respondents (44.7%) were female, out of a total of 385 participants. This indicates a relatively balanced gender representation, although males constitute a slightly higher proportion of the sample. Such a distribution suggests that the data reflect views from both genders, thereby enhancing the reliability and generalizability of the study’s findings. In terms of research implications, the near gender balance implies that perceptions of tax policies and their effects on corporate behaviour and economic growth are not overly influenced by one gender group. Since both men and women participate in economic activities such as employment, entrepreneurship, and taxation, their inclusion strengthens the study’s ability to capture diverse experiences and opinions. This balance allows the findings to be more representative of the resident population of Katsina State, supporting informed policy recommendations that consider the perspectives of both male and female taxpayers.

Table 4.2: Awareness of Tax Policies.

Awareness	Frequency	Percent (%)
Yes	248	64.4
No	137	35.6
Total	385	100.0

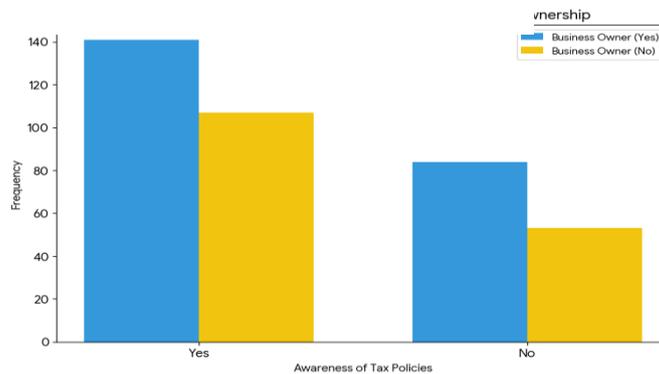


Figure 4.1: Awareness of tax policies among the respondents in Katsina State.

Table 4.2 shows the level of awareness of tax policies among the respondents in Katsina State. The results indicate that 248 respondents (64.4%) are aware of existing tax policies, while 137 respondents (35.6%) reported that they are not aware. This suggests that a majority of residents have some knowledge or understanding of tax policies, which may be attributed to exposure through business activities, employment, or interactions with tax authorities. However, the proportion of respondents who lack awareness remains substantial.

In terms of research implications, awareness of tax policies is crucial in shaping corporate behaviour and influencing economic growth. The findings imply that although awareness is relatively high, the significant number of uninformed residents may limit effective tax compliance and reduce the intended impact of tax policies on investment and economic development. This highlights the need for improved tax education, sensitization programmes, and transparent communication by tax authorities to enhance public understanding, encourage voluntary compliance, and ultimately support sustainable economic growth in Katsina State.

Table 4.3: Perceived Fairness of Tax Policies.

Rating	Frequency	Percent (%)
1 (Very Unfair)	77	20.0
2 (Unfair)	74	19.2
3 (Neutral)	76	19.7
4 (Fair)	79	20.5
5 (Very Fair)	79	20.5
Total	385	100.0

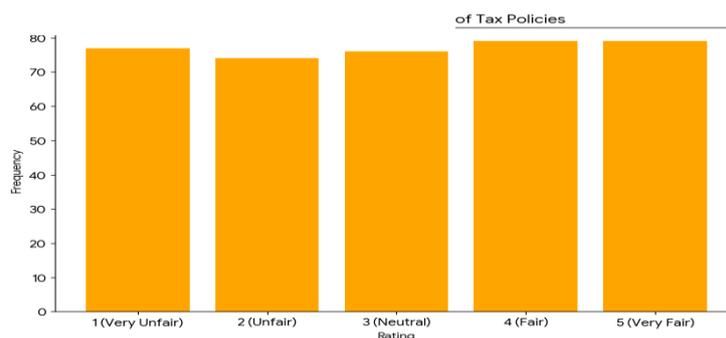


Figure 4.2: perceptions of the fairness of tax policies in Katsina State.

Table 4.3 shows that perceptions of tax policy fairness in Katsina State are evenly distributed among respondents. Out of 385 participants, 20.0% rated the policies as very unfair, 19.2% as unfair, 20.5% as fair, and another 20.5% as very fair. Additionally, 19.7% remained neutral. This distribution indicates no dominant perception, with varying experiences influenced by

factors such as income levels, types of taxes, business size, and transparency in administration. The neutral opinions suggest potential uncertainty regarding the design and implementation of tax policies.

Perceived fairness significantly influences corporate behavior, tax compliance, and economic performance. Dissatisfaction with tax fairness may lead to reduced voluntary compliance and lower investment, hindering economic growth. However, views of fairness in tax policies suggest that improving fairness could enhance compliance. Policymakers should review tax structures and enhance transparency to rebuild public trust and promote economic growth in Katsina State.

Table 4.4: Effect of Tax Policies on Investment Decisions.

Response Level	Frequency	Percent (%)
1 (Very Negative)	73	19.0
2 (Negative)	79	20.5
3 (Neutral)	71	18.4
4 (Positive)	78	20.3
5 (Very Positive)	84	21.8
Total	385	100.0

Table 4.4 presents respondents' views on the effect of tax policies on investment decisions in Katsina State. The results indicate that 73 respondents (19.0%) perceived the effect as very negative, while 79 respondents (20.5%) viewed it as negative, showing that a combined 39.5% of respondents believe tax policies discourage investment. Conversely, 78 respondents (20.3%) perceived a positive effect, and 84 respondents (21.8%) perceived a very positive effect, giving a combined 42.1% who believe tax policies encourage investment. In addition, 71 respondents (18.4%) remained neutral.

The distribution of responses indicates a divided perception of tax policies on investment decisions, with some seeing a positive impact while others view them as a deterrent. This divergence may stem from factors like access to tax incentives, complexity of procedures, and varying tax burdens. Neutral responses suggest some investors have not felt a direct influence. The research implications suggest tax policies significantly affect corporate behavior and economic growth. The findings highlight a need for reforms to simplify administration, lower compliance costs, and provide targeted incentives, fostering increased business activity and sustained economic growth in Katsina State.

Table 4.5: Perceived Impact of Tax Policies on Economic Growth. (GDP)

Response Level	Frequency	Percent (%)
1 (Very Low)	69	17.9
2 (Low)	76	19.7
3 (Moderate)	77	20.0
4 (High)	79	20.5
5 (Very High)	84	21.8
Total	385	100.0

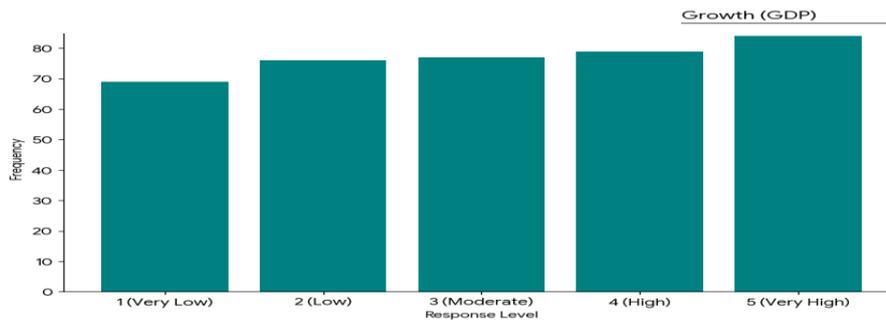


Figure 4.3: Respondents’ perceptions of the impact of tax policies on economic growth. (GDP)

Table 4.5 presents respondents’ perceptions of the impact of tax policies on economic growth (GDP) in Katsina State. The results show that 69 respondents (17.9%) rated the impact as very low, while 76 respondents (19.7%) perceived it as low, indicating that 37.6% of respondents believe tax policies contribute minimally to economic growth. In contrast, 79 respondents (20.5%) rated the impact as high, and 84 respondents (21.8%) rated it as very high, giving a combined 42.3% who believe tax policies significantly promote economic growth. Additionally, 77 respondents (20.0%) perceived the impact as moderate.

The findings indicate mixed perceptions among residents regarding the economic impact of tax policies. While many recognize their role in economic growth, some are skeptical about the benefits, likely due to how tax revenues are utilized in public services and infrastructure. This highlights the importance of transparency and efficient use of tax revenues to enhance public confidence and compliance, thereby reinforcing the positive contribution of tax policies to sustainable economic growth in Katsina State.

Table 4.6: Crosstabulation of Awareness of Tax Policies and Business Ownership.

Awareness of Tax Policies	Business Owner (Yes)	Business Owner (No)	Total
Yes	141	107	248
No	84	53	137
Total	225	160	385

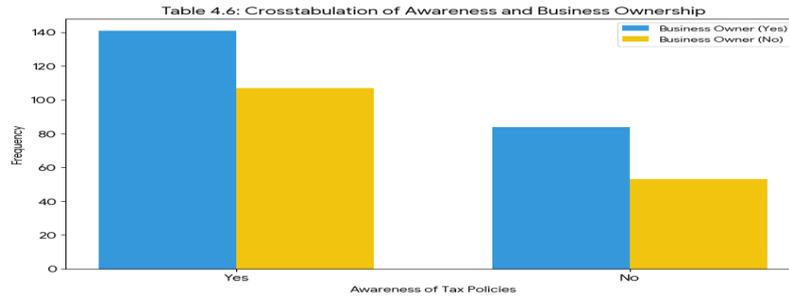


Figure 4.4: Awareness of tax policies and business ownership among respondents in Katsina State.

Table 4.6 illustrates the correlation between tax policy awareness and business ownership in Katsina State. Among 248 respondents aware of tax policies, 141 are business owners compared to 107 non-owners. Conversely, of 137 unaware respondents, 84 are business owners. This demonstrates that business owners are more prevalent among those informed about tax policies, suggesting that engagement in business activities facilitates exposure to tax information. However, the notable number of business owners who lack awareness indicates significant gaps in tax education. The research highlights that tax policy awareness is essential for compliance and leveraging tax incentives, with implications for poor compliance and decision-making among unaware business owners. Consequently, there is a pressing need for targeted tax awareness programs to enhance understanding and support corporate growth in Katsina State.

Table 4.7: Chi-Square Test Statistics

Test	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	0.551	1	0.458

Table 4.7 presents the Chi-square test results examining the relationship between awareness of tax policies and business ownership among respondents in Katsina State. The Pearson Chi-square value of 0.551 with 1 degree of freedom indicates a weak association between the two variables. The Asymptotic Significance (p-value) of 0.458 provides the statistical basis for determining whether the observed relationship is significant. Since the p-value (0.458) is greater than the 0.05 level of significance, the result shows that there is no statistically significant relationship between awareness of tax policies and business ownership. This implies that being a business owner does not significantly influence whether an individual is aware of tax policies. Awareness of tax policies in Katsina State is not influenced by business ownership status, indicating that simply participating in business does not enhance tax

awareness. This has significant implications for corporate behavior and economic growth, as it suggests that lack of awareness amongst both business and non-business owners may hinder tax compliance. Therefore, there is a need for comprehensive tax education targeting all residents to boost understanding and effectiveness of tax policies in fostering economic growth.

4.2 Discussion of the Findings

The study finds that tax policies significantly influence corporate behavior and economic growth in Katsina State. The balanced gender representation among respondents enhances the findings' credibility, indicating that perceptions of tax policies are shared among both male and female residents involved in economic activities. This gender neutrality suggests broad concerns regarding tax awareness, fairness, and economic impact, framing taxation as a universal economic issue rather than being limited to specific demographic groups.

The level of awareness of tax policies among respondents was found to be moderately high, with a majority indicating awareness, yet a substantial proportion remained uninformed. This gap in awareness is critical, as understanding tax policies is essential for informed economic and investment decisions. The mixed perception of tax fairness further underscores this challenge. While some respondents perceive tax policies as fair and supportive, an almost equal number view them as unfair or burdensome. This division suggests inconsistencies in tax administration, enforcement, or communication, which may influence corporate attitudes toward compliance. When taxpayers perceive tax systems as inequitable, resistance and avoidance behaviours may emerge, potentially undermining revenue generation and economic stability.

The findings related to investment decisions indicate that tax policies exert both positive and negative influences on corporate behaviour. Although a slightly higher proportion of respondents believe tax policies encourage investment, a significant number perceive them as discouraging investment. This suggests that while existing tax incentives and structures may benefit some businesses, others may face constraints due to high tax rates, multiple taxation, or complex compliance procedures. Such mixed reactions imply that the effectiveness of tax policies in promoting investment depends largely on how well they are designed and implemented. Investment-friendly tax environments are essential for stimulating business expansion, job creation, and economic diversification in Katsina State.

Perceptions regarding the impact of tax policies on economic growth reflect cautious optimism, with many acknowledging their significance. However, some respondents see limited impact, possibly due to unseen tax-funded developments or inefficient revenue use.

The lack of a significant link between tax awareness and business ownership indicates that awareness does not guarantee better corporate behavior or economic results. For tax policies to foster corporate growth and economic development, improved transparency, accountability, and public engagement are crucial. Enhancing tax education and ensuring visible outcomes from tax revenues are vital for building trust and promoting sustainable growth in Katsina State.

5. CONCLUSION

Based on the findings of the study, it is concluded that tax policies play a critical role in shaping corporate behavior and influencing economic growth in Katsina State. The study established that excessive tax burdens and inefficient tax administration negatively affect business performance and economic activities. Conversely, well-structured tax policies promote compliance, enhance corporate productivity, and contribute to sustainable economic growth. Therefore, effective tax reforms and efficient administration are essential for improving the business environment and strengthening the state's economic base.

6. Recommendation

In light of the findings and conclusions of this study, the following recommendations are made:

- Government should simplify tax policies and procedures to reduce complexity and improve compliance among corporate organizations.
- Tax authorities should strengthen transparency and accountability in tax administration to build trust between taxpayers and the government.
- Regular taxpayer education and awareness programs should be conducted to enhance understanding of tax obligations and benefits.
- Multiple taxation should be discouraged to prevent excessive financial burdens on businesses.
- Policy makers should consider tax incentives and reliefs to encourage corporate investment and stimulate economic growth in Katsina State.

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