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ECONOMIC CRISIS MANAGEMENT THROUGH TAXATION ADJUSTMENTS IN NIGERIAN CONSTRUCTION PROJECTS

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ABSTRACT
In Nigeria, taxation serves as a mandatory financial instrument for national interests, wealth redistribution, and economic stability. This study investigates the impact of tax adjustments on mitigating economic crises in the construction sector from 2020 to 2024. The research examines project viability, job creation, and continuity, evaluating amendable levy arrangements, identifying profitable financial approaches, and discussing challenges in implementing these strategies to enhance sectoral resilience. The study employs thematic analysis, comparative regional policy evaluation, and case studies to highlight issues such as construction costs, investment trends, government revenue fluctuations, project viability, employment, compliance, and macroeconomic effects. Tax revenues in the construction industry steadily increased from ₦10 billion in 2020 to a peak of over ₦50 billion in 2023, driven by aggressive tax adjustments, improved compliance, and economic recovery. A slight decline to ₦42.5 billion in 2024 suggests the introduction of tax relief measures or reduced construction activity. The construction indicator showed consistent improvement, reaching baseline efficiency (100%) in 2024, reflecting recovery from inefficiencies observed in 2020 (123%) and 2021 (118%). Nigeria's GDP growth fluctuated, with a significant contraction in 2021 (-1.79%) during the post-pandemic recovery, followed by stabilization at 2.86% in 2024. Inflation rates, however, rose steadily, from 11.40% in 2020 to 24.66% in 2024, imposing macroeconomic challenges. Key reforms, such as the 2020 Finance Act, which increased VAT to 7.5%, contributed significantly to higher revenues, with VAT collection peaking at 45.02% in 2023 before stabilizing at 19.10% in 2024. These findings underline the necessity of balanced tax policies to sustain economic stability, emphasizing their role in mitigating crises and ensuring the viability of construction projects. The insights aim to guide Quantity Surveyors in incorporating tax adjustments into cost estimates, enabling adaptive strategies during economic downturns while fostering sectoral and national resilience.

Keywords: *Cost Estimating, Inflation, Taxation, Economic Crisis, Construction Projects*

1. INTRODUCTION

According to the International Monetary Fund (IMF, 2009), taxation can serve as an automatic stabilizer, and discretionary tax policies can help dampen the negative effects of economic downturns. In this state, compliance with tax obligations by firms should be high, and ensuring that taxing policies possess the right mechanism for collection is essential. Taxes are legal fees collected by governments to support economic and infrastructural growth. Economic crises are periods of economic tension resulting from factors such as cash crunches, inflation, recessions, financial crises, conflicts, and monetary difficulties. These crises are characterized by a slowness in economic activities and downturns in fiscal and monetary policies (IMF, 2009). Managing an economic crisis requires understanding its cause and type. It involves a sequential method that includes preparation, monitoring, prevention, recovery, and identification. Each approach follows a systematic method designed to yield effective and efficient results. In economic crisis management, banks, financial institutions, stock markets, government financial institutions, and financial analysts must devise approaches that identify problems, implement resolution frameworks, and provide mitigation measures to ensure effective and rapid solutions.

Construction projects involve organized processes of constructing, renovating, remodeling, refurbishing, and modernizing buildings or structures to fulfill primary objectives. The summary procedure of a construction project includes briefing, feasibility studies, design, financing, and construction, each performed systematically. Construction projects are broadly categorized into private and public projects, based on the nature of the project and the type of client. They may involve building, tunneling, dams, railways, bridges, roads, or other structures requiring buildability (Ajakaiye, 2021). Taxation adjustment, often referred to as reassessment, is a formal audit conducted by tax auditors or authorities to streamline taxing policies, taxable organizations or individuals, taxable amounts, and modalities of tax collection within a defined period. Taxes are often collected based on declarations made by taxpayers, which are receipted and documented as evidence and analyzed and approved by charging authorities. It is important to differentiate between tax adjustments and tax audits. Tax adjustments rectify errors and omissions in taxpayer returns, whereas tax audits are carried out to identify and address such errors (Ajakaiye, 2021).

Taxes in the construction industry are often significant and include payroll taxes, excise taxes, construction sales taxes, use taxes, personal income taxes, and permit or licensing taxes. Specific taxes in the construction sector include construction professional taxes, construction worker taxes, and construction industry taxes. Construction site taxes typically include withholding taxes, value-added taxes (VAT), and income taxes on profits. Taxes applied to the construction industry more broadly include pay-as-you-earn (PAYE) tax, withholding tax, VAT, personal income tax, company income tax, education tax, and stamp duties (Ajakaiye, 2021). Taxes for construction professionals and workers include those related to expenses and actual expenditures. Economic crisis management through taxation can be achieved by analysing and applying principles such as tax cuts for households, business tax cuts, capital gains tax cuts, corporate tax rate reductions, and tax rebates. While this process of tax adjustments has both merits and demerits, appropriate measures must be applied to ensure workability and control. Construction projects, being significant tax generators, require adequate tax rebates to help manage economic crises effectively (IMF, 2009; Ajakaiye, 2021).

2. LITERATURE REVIEW

According to Marthinus (2020), taxation had been a major source of revenue in Nigeria before British colonization but has not been adequately utilized to address the country's economic challenges. Legit News (2017) reported that the word "tax" originates from the Latin *taxo*, meaning a mandatory financial charge regulated by the state, created to fund various institutions. Taxes can be direct or indirect; historically, they could be paid in money or labor. Most countries have a tax system to sustain and maintain economic balance. Interestingly, some countries, such as Macau (known as the Chinese Las Vegas), provide financial benefits to their citizens instead of levying taxes.

In Nigeria, formal tax policies were absent until 1930. Before then, traditional rulers were the sole authorities for tax collection, often creating their own systems. In Northern Nigeria, the emirs implemented taxes based on Islamic practices, such as Zakat (for educational, religious, and spiritual purposes), Kudin Kasa (land utilization tax), Shuka Shuka (for cattle rearers), Owo Ori (service taxes), Isha Kole (community leadership taxes), and community taxes for adults (Marthinus, 2020). The British Empire introduced its tax system in 1861 when Lagos became a crown colony. Lord Lugard centralized Nigeria's tax system in 1903, specifying when, where, what, and whom to pay. The present tax framework emerged in 1914 with the amalgamation of Northern and Southern Nigeria, leading to several ordinances: the Tax Ordinance Proclamation Law of 1914, the Native Ordinance of 1917, the Non-Native Protectorate Tax

Ordinance of 1931, and the Raisman Commission of 1958. These reforms culminated in the Income Management Act and the Companies Income Act of 1961, with further updates like the Personal Income Tax Act of 2004 and the Companies Income Tax Act of 2004 (Marthinus, 2020).
Economic crises in Nigeria can be attributed to factors like corruption, overreliance on oil revenues, political transitions, inadequate economic planning, Niger Delta unrest, oil theft, the COVID-19 pandemic, economic recessions, inflation, foreign exchange instability, and revenue shortages. Onyekpe (2022) highlights that these crises often lead to poverty, unemployment, inflation, and poor infrastructure development. The World Bank Group (2022) emphasizes that managing economic crises requires fiscal discipline, strategic resource allocation, consistency, equity, judiciousness, and efficiency. Effective responses include monetary policy adjustments, fiscal measures, financial regulation, and capital account management (IMF, 2012).
Tax adjustments can be vital tools for economic crisis management. For instance, **value-added taxes (VAT)** should be optimized to reduce burdens on businesses, while corporate taxes should be moderated to attract investors. Financial activity taxes ensure all transactions are appropriately taxed, boosting revenue. Cash flow taxes, as practiced in the UK, could address potential tax liabilities on bank cash transactions. Adjusting expense taxes to cover both financial and economic transactions that generate revenue could also prove beneficial (IMF, 2012). In economic crisis management, the expertise of economists, researchers, financial analysts, accountants, and legal practitioners is crucial. These professionals can ensure that tax policies are appropriately structured, equitable, and aligned with established laws. Legal experts can clarify the extent to which individuals or corporations are liable under tax laws, providing a framework for fair tax collection (Onyekpe, 2022).
The construction industry plays a significant role in revenue generation, undertaking private and public projects that contribute taxes to the government. Taxes levied on construction projects include income taxes, VAT, and withholding taxes, regulated by statutory requirements and subject to periodic reforms. Additionally, non-tax deductions, such as industrial training funds, pension funds, housing funds, social insurance trust funds, health insurance, and real estate association funds, also impact construction firms (Ajakaiye, 2021). Given the industry's importance, tax policies should ensure that burdens on construction firms are reasonable to maintain productivity and encourage compliance.

Construction Projects: Categories and Processes
Construction projects are often grouped based on purpose, use, and occupied land mass. Their adoption and execution typically follow a unified, established set of stages and procedures that enable control and efficiency. These stages include pre-design, design, procurement, construction, monitoring, and post-construction. Each stage is further subdivided into smaller tasks to ensure proper planning and budgeting (Belmont, 2023).
Residential construction involves building, renovating, or expanding homes for residential use by clients. These projects can range from simple to complex designs and are typically completed within a specified time frame. Objectives such as scope, time, quality, and cost are critical. Examples include single-family homes, condominiums, townhouses, and hotels. Materials used in residential construction often include wood, masonry, and steel. Key considerations include location, budget, design, zoning permits, and timelines (Belmont, 2023). Commercial Construction Projects involve constructing buildings and other structures for commercial purposes. Examples include office buildings, retail stores, warehouses, factories, restaurants, medical facilities, grocery stores, hotels, and sports facilities. Commercial construction typically requires significant investment and stakeholder involvement in the design and planning phases. The scale can vary from small to mid-scale and large-scale constructions (Belmont, 2023).

Institutional projects are designed for public use, such as educational institutions, hospitals, government buildings, and other public facilities. These projects involve multiple stakeholders and are often owned by public agencies. Clear briefs and effective coordination are essential to prevent variations and fluctuations during execution (Belmont, 2023).
Mixed-Use Construction on the other hand combines residential, commercial, institutional, and cultural elements to provide efficient, multifunctional spaces. Mixed-use projects are often undertaken by developers to optimize space and resources. The process integrates various construction professionals to ensure effective collaboration (Belmont, 2023). Heavy engineering projects involve extensive earthworks, concrete placement, and advanced technical designs. Examples include dams, reservoirs, retaining walls, airports, industrial facilities, wastewater treatment plants, and environmental remediation. Civil and structural engineers play key roles, in preparing designs, calculations, specifications, and procurement notes (Belmont, 2023).

Taxes in Construction Projects in Nigeria
Taxes in the construction industry include those levied on construction firms, professionals, workers, and specific projects. These taxes significantly contribute to government revenue and are categorized as construction industry taxes, professional/workers' taxes, and project-specific taxes (Ojo & Oladipo, 2017).
Withholding Tax - A withholding tax ranging from 2.5% to 5% is deducted from employee wages and remitted directly to the government.
Company Income Tax (CIT) - Companies operational in Nigeria pay CIT at rates based on turnover: 30% for turnovers exceeding ₦100 million, 20% for turnovers between ₦25 million and ₦100 million, and 0% for small companies with turnovers below ₦25 million annually.
Value-Added Tax (VAT) - Increased from 5% to 7.5% under the Finance Act 2020, VAT applies to all goods and services, including construction projects and consultants.
Personal Income Tax (PIT) - PIT is a progressive tax deducted via the Pay-As-You-Earn (PAYE) system, with higher earners paying more. This tax is state-administered.
Stamp Charges - Stamp duties are imposed on all corporate transactions by construction companies and are levied ad valorem based on transaction types.

Construction Industry Professional/Workers' Taxes
Pay-As-You-Earn (PAYE) - PAYE taxes range from 7% to 24% and are deducted from workers' salaries. Non-remittance can lead to penalties.
National Housing Fund Contribution - A 2.5% deduction from salaries is allocated to the government for mass housing projects targeting underprivileged citizens.
Pension Fund - Both employers and employees contribute 4% each to a pension fund, totaling 8%. These funds are managed through designated pension accounts.
National Health Insurance Scheme (NHIS) - Employers and employees contribute 5% each (totaling 10%) to NHIS, granting employees access to healthcare through preferred providers.

Importance of Construction Taxes
Construction projects generate substantial revenue through various taxes and deductions. While construction firms bear industry-specific taxes, workers and professionals contribute through PAYE, housing, pension, and health insurance schemes. These taxes underscore the sector's vital role in national economic development and infrastructure growth (Ojo & Oladipo, 2017).

Economic Crisis: Implications on Construction Projects

An economic crisis destabilizes a nation's economic activity, leading to cracks in the economic system. It manifests through challenges such as inflation, recession, hunger, unemployment, and stress, thereby creating difficulties in operational growth. The impact of economic crises on construction projects can be categorized as follows: Tender prices form the basis of project budgets. During an economic crisis, inflation and recession disrupt tender pricing for construction projects. Material costs experience significant fluctuations and variations, introducing uncertainty in project budgeting and procurement (Smith & Johnson, 2020). Economic crises often lead to **force majeure** events and heightened economic tensions, necessitating scope changes to align projects with revised budget and cost constraints. Intense material cost variations may require changes in project scope to control time extensions, mitigate losses, and prevent project abandonment (Brown, 2021).

The quality of construction projects is directly linked to funding availability. During economic downturns, stringent regulations on construction financing hinder access to loans for developers and investors. This results in compromised project quality and limited infrastructural growth, especially in economies lacking strategic planning for crisis management (Williams, 2019). Project schedules, dependent on pre-construction preparation and well-aligned execution, are vulnerable to economic crises. For instance, the COVID-19 pandemic disrupted construction timelines globally (Jones et al., 2021). Recovery from such crises necessitates robust monetary and fiscal policies to mitigate delays and realign objectives (Anderson & Lee, 2020). Tax adjustments address errors or omissions in tax calculations, ensuring compliance and rectification of irregularities. The process includes the following components: Tax adjustments require documented evidence of tax payments and calculations. Professional tax auditors analyze discrepancies, enabling refunds for overpayments or additional receipts for underpayments (Nguyen & Taylor, 2018). Adjustments must be formally approved to maintain credibility. Deficiencies in tax calculations must be supported by evidence, along with clear explanations of errors or omissions. Statements should include verified signatures, dates, and traceable references to prevent repetition and ensure transparency (Ahmed, 2020).

Taxpayers respond to tax authorities, either accepting, refusing, or negotiating the proposed adjustment procedures (Garcia, 2017). If adjustments are refused, tax authorities modify recommendations, address concerns, and seek mutual agreement through joint reconciliation (Olu, 2022).

Management Procedure of Economic Crisis in Nigeria Construction Projects

The management of an economic crisis involves the modalities, processes, procedures, and concepts that help an economy recover, strategize, or sustain itself until the measures deployed yield the necessary results. These efforts are essential for ensuring that the economy performs optimally. Key elements of economic crisis management include the following:

Financial risk management - This is the process of identifying risks, analyzing them to ensure efficient results, and making investor-based decisions while incorporating necessary mitigation measures. Risks can be categorized as either quantitative or qualitative, depending on their nature and the extent of the risks identified (Brown & Miller, 2021). Financial instruments are often deployed to manage identified risks, helping to mitigate the impact of a crisis. Common types of risks in an economy include foreign exchange risk, foreign reserve risk, operational risk, borrowing risk, debt risk, revenue risk, and Gross Domestic Product (GDP) risk (Smith et al., 2019).

Economic forecasting - This involves using historical data and information to make descriptive estimates and predictive assumptions about future economic trends. This process typically includes analyzing quarterly and annual GDP growth patterns, combined with macroeconomic and microeconomic variables,

to predict growth and monitor key economic parameters (Jones & Peterson, 2020). Effective forecasting helps policymakers understand potential future outcomes and better prepare for economic changes.
An effective economic response during a crisis requires using established economic policies to address challenges. This involves taking proactive measures to streamline, stabilize, strategize, and maintain growth. The implementation of economic policies should follow a holistic approach that is based on sound patterns and procedures, deploying tools that enable growth through these policies (Davis, 2021). Successful policy implementation can help mitigate the impact of crises and promote recovery. Thus, The Central Bank plays a key role in analyzing and setting interest rates, ensuring they align with both domestic and international economic objectives. A special monetary and fiscal policy must be adopted to ensure that the interest rate stabilizes the economy without discouraging investor confidence (Nguyen & Taylor, 2018). When properly implemented, interest rate policies can stabilize a dwindling economy by providing consistent and predictable economic signals, thereby supporting both domestic and international revenue streams (Ahmed, 2020).

3. METHODOLOGY

This research explores the management of economic crises in Nigerian construction projects through taxation adjustments. It uses a structured methodology, based on a thorough review of existing theories and studies on taxation, construction project economics, and crisis management. Secondary data collection from previous reports, tax records, and industry analyses is used to establish historical and contextual insights. Case studies from the Nigerian construction industry provide real-world insights into the impact of taxation adjustments on project outcomes during economic crises. Surveys of stakeholders, including tax authorities, construction firms, and economists, collect qualitative and quantitative data on the effectiveness of tax adjustments. The study develops a theoretical framework addressing the interplay between taxation and economic stability in the construction sector, focusing on historical tax policies, inflation rates, tax reforms, and past tax adjustments. The framework will be validated through peer review by experts in taxation, economics, and construction management, and documented in a comprehensive report with actionable recommendations for policymakers and industry stakeholders.

4.0 FINDINGS

Tax Revenue Trends in the Nigerian Construction Sector (2020–2024)

Figure 1 illustrates the tax revenues collected from the construction sector over the period 2020–2024. Here's the breakdown:
2020 and 2021: Tax revenue remained relatively low and stable during these years, at approximately ₦10 billion. This is likely attributable to the global economic slowdown caused by the COVID-19 pandemic, which disrupted construction activities and reduced taxable income.
2022: A noticeable increase in tax revenue occurred, reaching approximately ₦30 billion. This suggests an economic recovery and the resumption of construction activities, potentially bolstered by adjustments in tax policies or improved compliance measures.
2023: Tax revenue peaked at over ₦50 billion, the highest value on the chart. This indicates aggressive tax adjustments, improved enforcement, or significant economic recovery driving increased taxable activities in the construction sector.
2024: A slight decline is observed, with tax revenue dropping below ₦50 billion. This may reflect the introduction of tax relief measures, regulatory adjustments, or a slowdown in construction activity.

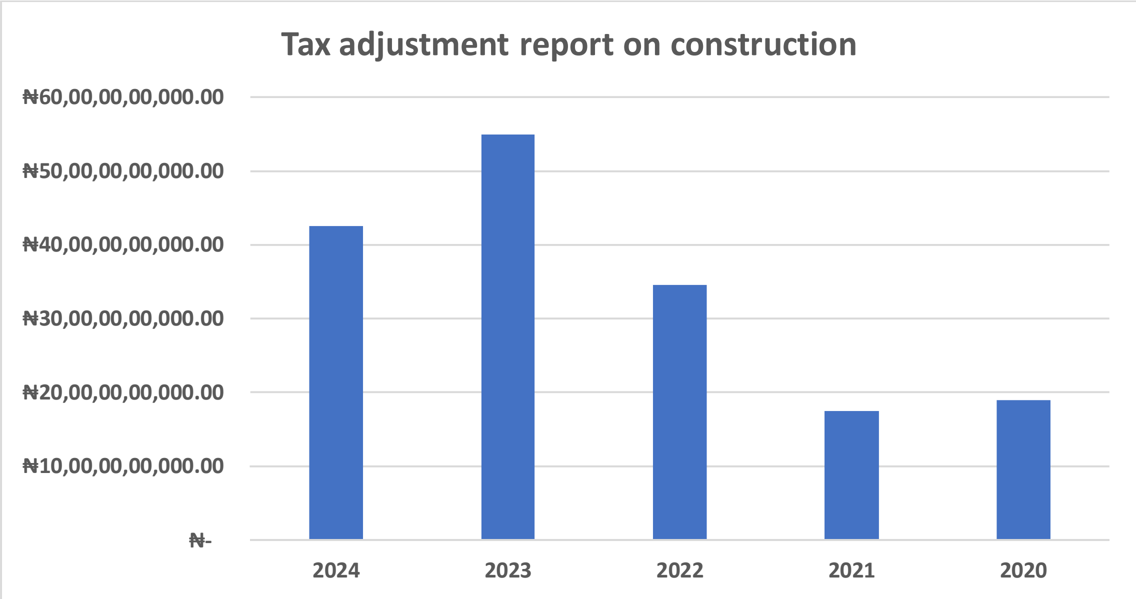

Figure 1: Tax adjustment on construction

The overall trend shows a steady increase in tax revenue from 2020 to 2023, peaking in 2023, and the slight decline in 2024, while still above pre-2023 levels, highlights potential economic or policy shifts affecting the sector. The table highlights the interplay between construction indicators, Nigeria's GDP growth rate, and inflation rates for the years 2020–2024. Here's a detailed explanation:

Construction Indicator: This represents the relative performance of the construction sector compared to a baseline (likely pre-2020 levels). Higher percentages indicate declining performance.
Nigeria GDP Growth (%): Measures the overall economic growth of Nigeria in percentage terms for each year.
Inflation Rate (%): Reflects the annual increase in consumer prices, indicating the cost of goods and services.

Year-by-Year Analysis:

2020: Construction Indicator: 123% (high value indicates sector contraction or inefficiency). **GDP Growth**: 2.21% (moderate economic expansion despite challenges). **Inflation**: 11.40% (relatively low compared to subsequent years). **Insight**: The COVID-19 pandemic likely disrupted construction activities, contributing to inefficiencies (high indicator value) despite positive GDP growth and moderate inflation.
2021: Construction Indicator: 118% (slightly better than 2020 but still inefficient). **GDP Growth**: -1.79% (economic contraction during post-pandemic recovery). **Inflation**: 13.25% (rising cost of goods and services). **Insight**: The economic downturn impacted construction, with limited recovery, while inflation began to climb.
2022: Construction Indicator: 110% (continued improvement). **GDP Growth**: 3.65% (strong recovery phase). **Inflation**: 16.95% (further price increases due to economic adjustments). **Insight**: The construction sector showed signs of recovery, supported by strong GDP growth, but rising inflation posed challenges.
2023: Construction Indicator: 104% (approaching efficiency baseline). **GDP Growth**: 3.25% (steady economic performance). **Inflation**: 18.85% (continuing upward trend in prices). **Insight**: The construction sector nearly regained pre-crisis performance levels, but inflation remained a concern for the economy.
2024: Construction Indicator: 100% (fully recovered to baseline efficiency). **GDP Growth**: 2.86% (slightly slower economic growth). **Inflation**: 24.66% (sharp increase in price levels). **Insight**: While the construction sector achieved full recovery, high inflation likely constrained broader economic growth.

Table 1 shows the construction indicator and Nigeria's GDP growth

Year	Construction Indicator	Nigeria GDP Growth (%)	Inflation Rate (%)
2024	100%	2.86%	24.66%
2023	104%	3.25%	18.85%
2022	110%	3.65%	16.95%
2021	118%	-1.79%	13.25%
2020	123%	2.21%	11.40%

The **construction indicator** improved steadily, moving toward baseline efficiency (100%) by 2024 as shown in Table 2. **GDP growth** fluctuated, with a notable dip in 2021 but a recovery trend afterward, albeit slowing slightly in 2024. **Inflation** increased consistently, with the sharpest rise in 2024, reflecting growing economic pressures. The construction sector has shown resilience and recovery post-2020, despite economic challenges. High and rising inflation, especially in 2024, could hinder future growth and investment in construction and other sectors. Policies targeting inflation control and sustained GDP growth will be critical for stabilizing the economy and supporting the construction industry.

Possible Factors Influencing the Trends:

Economic Recovery Post-Pandemic: The rise in values from 2021 to 2023 might reflect increased construction activities as the economy recovered. Policy Changes: Changes like the Finance Act 2020 (VAT adjustment to 7.5%) could have significantly contributed to higher revenues. Sectoral Growth: During this period, the construction industry might have expanded, thereby increasing taxable incomes and revenues.

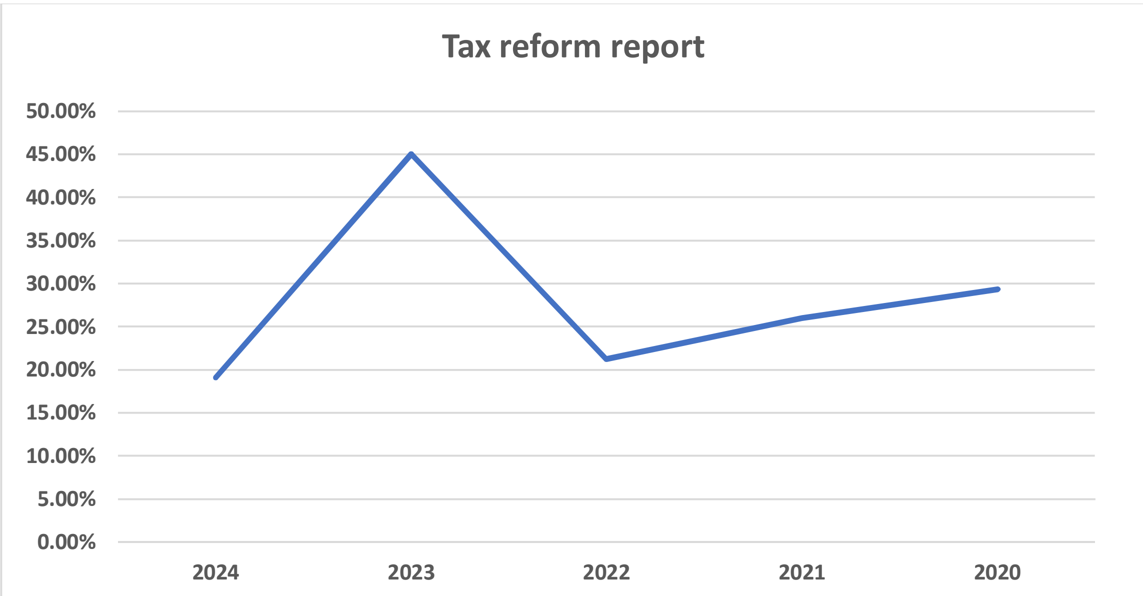

Figure 2 showing the tax reform made

Sharp Increase in 2023: The graph shows a peak in the year 2023, reaching almost 50%. This could be indicative of some major tax reform, perhaps one-time policy adjustment, rate increase, or the enforcement of stricter compliance measures. Steep Decline After 2023: After the peak, there is a steep fall in 2022, where the percentage comes down to about 20%. This might suggest that the reform was temporary, scaled back, or adjusted due to unforeseen challenges. Gradual Growth 2020–2021: In 2020–2021, the share increases gradually, which reflects either the adoption of more minor tax changes or gradual reform adoption. Post-2022 Stabilization: After the dip in 2022, there is a moderate upward trend in 2021 and 2020, indicating the recovery phase or the introduction of more sustainable policies. Major Reforms in 2023: The sudden increase could be consistent with the implementation of a new tax policy, like the Finance Act or a particular increase in VAT or corporate tax. This period may also indicate increased enforcement or compliance efforts.

Economic Factors: The decrease in 2022 may be related to economic factors, such as relief measures during the COVID-19 pandemic or changes to ease the burden on the industry. Policy Evolution: The consistent growth in 2020 and 2021 may indicate that there is a gradual release of tax reforms before the big change in 2023.

Table 2: Showing report of how VAT increased on construction

Year	Tax adjustment report on construction	VAT
2024	42,522,760,000.00	19.10%
2023	54,931,115,876.00	45.02%
2022	34,591,781,011.00	21.20%
2021	17,476,604,214.00	26.00%

Conclusion

The analysis of tax revenue trends in Nigeria's construction sector from 2020 to 2024 reveals key insights into the impact of tax adjustments and reforms during economic crises. Tax revenue remained stable at ₦10 billion in 2020 and 2021, impacted by the COVID-19 pandemic. In 2022, revenue rose to ₦30 billion, signalling recovery. The peak of over ₦50 billion occurred in 2023, driven by aggressive tax adjustments, while 2024 saw a slight decline to ₦42.5 billion due to potential tax relief measures or a slowdown in construction.

The construction sector's performance improved, with the construction indicator declining from 123% in 2020 to 100% by 2024, signaling a return to baseline efficiency. GDP growth fluctuated, with a dip in 2021 (-1.79%) but recovery in 2022 and 2023. Inflation increased from 11.40% in 2020 to 24.66% in 2024, presenting challenges.

VAT adjustments varied: from 26% in 2021 to 45.02% in 2023, before dropping to 19.10% in 2024. Despite the 2023 peak, the slight decline in 2024 suggests challenges such as policy fatigue or economic headwinds. Overall, tax reforms contributed to economic stabilization, but balancing tax policies with growth is essential for long-term recovery.

Figures:
2024 tax revenue: ₦42.5 billion, VAT: 19.10%.
2023 tax revenue: ₦54.93 billion, VAT: 45.02%.
2022 tax revenue: ₦34.59 billion, VAT: 21.20%.
2021 tax revenue: ₦17.47 billion, VAT: 26%.

Recommendation

To sustain economic stability and support growth in Nigeria's construction sector, it is recommended that the government implement balanced tax reforms. These should focus on maintaining tax compliance while avoiding excessive burdens on the sector. VAT rates should be adjusted gradually to prevent economic shocks, and relief measures should be considered during downturns. Additionally, improving enforcement mechanisms and promoting transparency will encourage compliance and increase revenue generation

Contribution to knowledge

This study contributes to knowledge by highlighting the impact of tax adjustments and reforms on Nigeria's construction sector during economic crises. It emphasizes the importance of strategic tax policies, VAT adjustments, and compliance improvements in supporting sectoral recovery, economic stability, and revenue generation, particularly in post-pandemic periods.

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