

## **FACTORS THAT AFFECT TAX COMPLIANCE AMONG SMALL AND MEDIUM ENTERPRISES (SMES) IN ENUGU, SOUTH-EASTERN NIGERIA**

**AWA FELIX N & IKPOR ISAAC M**

Research Scholar, Department of Accountancy, Ebonyi State University, Abakaliki Ebonyi State, Nigeria

### **ABSTRACT**

Tax is an important source of revenue for governmental project developments. However, tax compliance among small and medium scale industries (SMEs) in Enugu South-East Nigeria is poor. Therefore, this study is aimed and conducted using SMEs in South-East Nigeria to evaluate and rank the factors that encourage non-compliance with tax obligation by SMEs. A survey and descriptive design was used in the study. It was found that high tax rates and complex filing procedures are the most crucial factors causing non-compliance of SMEs. Other factors such as multiple taxation and lack of proper enlightenment campaign affects tax compliance among the SMEs surveyed only affects tax compliance to a lesser extent. Therefore, it is recommended that SMEs should be levied lower percentage of taxes to allow enough funds for business development and better chances of survival in a competitive market. Tax incentives should also be increased by government to those potential viable tax payers.

**KEYWORDS:** Taxation, Developing Economy, Tax Compliance, Tax Compliance Costs, SMES Informal Economy

### **INTRODUCTION**

Some of our large companies today grew up from small and medium enterprises suggesting that the future large corporations are the SMEs of today that must be nurtured to ensure their growth. Thus, SMEs are generally perceived to be the nursing for indigenous entrepreneurship which will result into growth of small investments, which would otherwise not have taken place (Aryeetey & Ahene, 2004). Therefore, developing economies such as Nigeria needs to further the development of its private sector by creating an enabling environment favorable to the growth of small and medium (SMEs), scale industries thereby strengthening the factors that lead to business success, and addressing the problems threatening the existence and advancement of small and medium enterprises (Chu, Kara & Benzing, 2008), so that they can adequately play the role expected of them in economic transformation. It is a well known fact that the revenue generated from the taxation of individuals and businesses is an important source of income for government. In an economy such as ours, that is struggling to remain afloat, it is even more important. Tax revenue is the source of funds used for developmental projects such as provision of infrastructural facilities such as good roads, stable power supply, stable water supply etc. All of which combine to create an enabling environment for businesses to thrive - and in turn the economy at large- to grow. Small and Medium Enterprises being profit generating establishments are also expected to pay their dues. The important question however is "how much tax should they pay? Small and medium scale enterprises are volatile establishments that need special treatment. Putting their nature into consideration, every little resource at their disposal can make a world of difference. For this reason, a number of Nigerian SMEs choose to remain in the informal sector because they feel the cost of compliance is too high. And a considerable number of those who pay, only do so because they are

coerced by the relevant authorities.

The above brings to bear reasons why the issue of taxation of SMEs is really important in our economy. First, tax provides revenue for the government to create an environment that will ease the running of all businesses SMEs inclusive.

At the same time if an SME is faced with high compliance costs, it has a very high tendency to avoid paying taxes hence; the revenue that would have been generated and used to create this environment is lost thereby reducing the SME's chances of survival.

This work therefore is aimed at evaluating the variables that encourage non-compliance with tax obligation by SMEs in Nigeria and consequently determine if high tax rates tops these factors. In doing so, this study was conducted using SMEs in Enugu, South-East Nigeria.

## **LITERATURE REVIEW**

### **Definition of SMEs**

The Monetary Policy Circular No. 22 of 1988 of the Central Bank of Nigeria defined small-scale enterprises as enterprises whose annual turnover was not more than N500, 000. Also in the 1990 budget, the Federal Government of Nigeria defined small-scale enterprises for purposes of commercial bank loans as those with an annual turnover

not exceeding N500, 000, and for Merchant Bank Loans, those enterprises with capital investments not exceeding 2 million naira (excluding cost of land) or a maximum of N5 million. The National Economic Reconstruction Fund (NERFUND) put the ceiling for small-scale industries at N10 million. The Small and Medium Enterprise Equity Investment Scheme (SMEEIS) sees the SME as "any enterprise with a maximum asset base of N500 million (excluding land and working capital), and with no lower or upper limit of staff

### **Qualities of Small and Medium Enterprises**

The concept of SMEs is relative and dynamic (Olorunshola, 2003). SMEs are characterized by uncertainty, innovation and evolution. A good understanding of SMEs would require a firm knowledge of its features. Aderemi (2003), noted that SMEs in Nigeria are usually small, owned by and managed families. They offer basic goods and services, which tend to lack organizational and management structures; with the urban ones tending to be more structural than their rural counterparts. This is one of the most generic features of SMEs in Nigeria.

Udechukwu (2003) goes on to state that they are mostly sole proprietorships or partnerships although on the surface, they may be registered as Limited Liability Companies as such they are usually not separate legal entities.. Since there is no legal personality between the small and medium enterprise and its ownership, which means that the lifespan of the enterprise is dependent on the lifespan of its owners i.e. there is no perpetual continuity or entity concept.

Hanefah, Ariff, & Kasipillai (2002), opined that, the production processes of SMEs are usually labour intensive and they usually serve as suppliers of input materials for the larger manufacturing companies, with their operations being highly dependent on raw materials sourced locally. They also require a lower startup capital than the larger companies (Akinsulire, 2010). The decisions of the managers have a higher tendency to be subjective given that they are managed and controlled by the same individual. The employee-employer relationship found in most SMEs is predominantly informal.

Another key feature of the SME sector in our country is that it is heterogeneous, varying in size from small retail outlets to highly paid professionals, and substantial manufacturing enterprises. SMEs are also likely to vary in organizational structure from sole proprietorships (with or without employees), small corporations (public or private), professionals and partnerships. This feature usually results in different obligations for record keeping for the enterprise.

In addition, the contributions SMEs usually make to tax revenue are lower than its contributions to output and employment (International Tax Dialogue, 2007). SMEs are thought to be engine-room of innovation, this is because entrepreneurial activities such as innovation, risk bearing, employment creation, finding new opportunities and the commercialization of their inventions have contributed to the prosperity in all the geo-political zones of the regions of the world therefore, such that any country wishing to remain innovative will support SME growth because they also enhance competition and entrepreneurship and hence have external benefits on economy-wide efficiency, and aggregate productivity growth. Furthermore, SME proponents frequently claim that SMEs are more productive than large firms but financial market and other institutional failures impede on SME development. Thus, pending financial and institutional improvements, direct government financial support to SMEs can boost economic growth and development (Avolio, Beck, Demirguc-Kunt & Levine, 2005; Chu, Kara & Benzing, 2008).

Honlglang & Jiaozben (2010) agree with the fact that SMEs foster economic growth through innovation by stating that during the economic globalization period and under fierce competition conditions, the research and development activities of small and medium-sized enterprises play an irreplaceable role in promoting technology innovation and national economic development because of their adaptive ability in market, flexible operation mechanism as well as innovation spirit. As a result of this, they can adapt to new situations more easily than large corporations.

Kilby (1969) as cited in Ekpenyong & Nyong (1992) sees SMEs as a quasi alternative for urban employment and a provider of inexpensive consumer goods with little or no import content, serving an important pressure-releasing and welfare-augmenting function. SMEs also contribute to long-run industrial growth by producing an increasing number of firms that grow up and out of the small-scale sector. The emergence of wholly modern small/medium-scale in Nigerian industries is likely to be a prerequisite for any enduring industrialization.

Other contributions made by SMEs to the economy according to Hendy (2003) include being able to remain profitable even in turbulent conditions because they are accustomed to operating in highly fragmented and heterogeneous markets, Also, they often serve a special role in creating social capital (that is, they are often 'entrenched' in local communities) another advantage is that because they are fast and flexible, and close to their customers, they can be a competitive spur to large firms. Output growth; they perform important sub-contract functions; they can perform an important import substitution role, while others are exporters.

### **Taxation of SMEs**

Fiscal policy is one of the main components of macroeconomic policy and its roles have been considered in a double context form: first, the core of fiscal policy, and second, the consistency with the monetary policy (Holban, 2007). In general terms, the choice of tax policy to employ depends on the use of one or both two groups of instruments; the first one being the use of special tax preferences and the other, the incentives to support start-up and growth of small-scale enterprises. The incentives include the lowering of corporate income tax rates, special tax exemptions and relieves for small businesses.

The fundamental purpose of taxation is to raise revenue effectively, through measures that suit each country's circumstances and administrative capacity. In fulfilling the revenue function, a well designed tax system should be efficient in minimizing the distortion impact on resource allocation, and equitable in its effect on different groups in the society (Bolnick, 2004). It is important that the country's situation is properly analyzed before employing any tax policy in order to have a properly working tax system.

The difficulties facing tax authorities in Nigeria are predicated on how she conceived tax policies and a lack of certainty regarding future policy changes. The objective of a tax policy should be to achieve collection-cost savings while minimizing the revenue loss, disruption to the economy, and the inequity and capriciousness of the tax burden.

For an economy such as Nigeria's, which is still in the throes of a recession, the tax regime must be versatile enough to encourage savings, stimulate investment and reward social responsibility and research funding. To widen the tax base/net, policy makers must never forget the urgency to provide infrastructures; create jobs and reduce unemployment; expand the productive sectors of the economy; stimulate exports, and substantially raise public revenues from non-oil sources (Punch, 2010). Hence, tax policies should aim at bringing all taxable adults into the tax net with a graduated rate that should ensure that the well-off pay their own share while the low income earners are given savings-enhancing incentives.

An effective and efficient tax administration system is integral to any country's well being, it is as a result of this that Baurer (2005) believes that the tax administration must provide a level playing ground for businesses by ensuring that all taxpayers meet their tax filing and paying requirements The tax administration must balance its educational and assistance role with its enforcement role.

The rationale behind the whole system of tax is consistent with two of the three major theories of tax namely; the Ability-to-Pay Principle and the Equal Distribution Principle. These two principles stress equality and fairness.

While the Ability-to-Pay principles, states that individuals should be levied taxes based on their ability to pay, the Equal distribution Principle suggests that income, wealth, and transaction should be taxed at a fixed percentage; that is, people who earn more and buy more should pay more taxes, but will not pay a higher rate of taxes (Gabay, Remotin, & Uy, 2007)

### **Tax Compliance and SMEs**

Marti (2010) states that tax compliance is a complex term to define. Simply put, tax compliance refers to fulfilling all tax obligations as specified by the law freely, willingly and completely. He also believes that high compliance costs can result in tax avoidance, tax fraud, and inhibit investment by way of diminishing competitiveness of the country in terms of taxation attractiveness.

Tax non-compliance may be in one of many forms; it could either be failure to submit a tax return within the stipulated period or non submission, understatement of income, overstatement of deductions, failure to pay assessed taxes by due date. (Kasipillai & Abdul Jabbar, 2006) and in some cases non-compliance may mean an outright failure to pay levied taxes.

Studies have shown that the problem of tax evasion is a widespread one (Kasipillai & Abdul Jabbar, 2006). Furthermore, Fagbemi, Uadile & Noah (2010) found that it is prevalent in developing countries and it hinders development

thereby leading to economic stagnation and other socio-economic problems. Chipeta (2002) identified tax rates as one of the causes of tax evasion. He pointed out that a higher tax rate increases taxpayers' burden and reduces their disposable income therefore, the probability of evading tax is higher.

### **Tax Policy and Level of Voluntary Compliance among SMEs**

Small taxpayers under the regular system of taxation are discriminated against, since the compliance requirements, cost of compliance and tax rate are the same for both small and large enterprises. Reducing the compliance costs and tax rate increases the small enterprises profit margin. An overly complex regulatory system and tax regime or one opaque in its administration and enforcement makes tax compliance unduly burdensome and often have a distortion effect on the development of SMEs as they are tempted to morph into forms that offer a lower tax burden or no tax burden at all (Masato, 2009), and this results in a tax system that imposes high expenses on the society. A poorly executed tax system also leads to low efficiency, high collection charges, waste of time for taxpayers and the staff, and the low amounts of received taxes and the deviation of optimum allocation of resources (Farzbod, 2000). Existing empirical evidence clearly indicates that small and medium sized businesses are affected disproportionately by these costs: when scaled by sales or assets, the compliance costs of SMEs are higher than for large businesses

### **Tax Policy that will Encourage Voluntary Compliance by SMEs**

SMEs constitute untapped revenue potential and an uneven playing field in many countries (International Tax Dialogue, 2007) as such they need to be captured by the tax net. However, though legislations are necessary regulator for protection of the business environment and security of the economic agents, for establishment of the necessary social security regulations, they may also hamper compliance and the growth of business through additional expenditures and administrative obstacles. Tax policies can be designed in such a way that they do not only directly affect SMEs but also indirectly push for voluntary compliance and their growth. Yaobin (2007), emphasized and declared that special tax regimes for SMEs may be appropriate policy instruments for minimizing the cost of collection. Because awareness of the dangers of inadequate taxation of SMEs has grown because of the potential of uneven tax enforcement to cause distortions of competition, voluntary compliance by larger enterprises and by wage earners, (International Tax Dialogue, 2007), government intervention should help maintain balance while ensuring that countries exploit the social benefits from greater competition and entrepreneurship. Pro-business (and Pro-SME) Tax regimes and enforcement should be simple, consistent and predictable. Should lower compliance and administrative costs, and hence reduce uncertainty faced by taxpayers as well as improve the levels of voluntary compliance (Kasipillai, 2005).

### **Theories of Tax Compliance**

Various opinions exist about the best ways to improve tax compliance. Given the chance, a lot of businesses will not pay taxes unless there is a motivation to do so. Some believe that the best way is to increase incentives is to increase penalties. Tax compliance theories can be broadly classified into two. They are; economics based theories and psychology based theories.

### **Economic Based Theories**

They are also known as deterrence theory and they place emphasis on incentives. The theory suggests that taxpayers are amoral utility maximizers - they are influenced by economic motives such as profit maximization and

probability of detection. As such they analyze alternative compliance paths for instance whether or not to evade tax, the likelihood of being detected and the resulting repercussions and then select the alternative that maximizes their expected after tax returns after adjusting for risk. This process is referred to as “playing the audit lottery” (Trivedi and Shehata, 2005). Therefore according to the theory, in order to improve compliance, audits and penalties for non-compliance should be increased.

### **Psychology Theories**

Psychology theories states that taxpayers are influenced by psychological factors to comply with their tax obligations. They focus on the taxpayers’ morals and ethics. The theories suggest that a taxpayer may comply even when the probability of detection is low. As opposed to the economic theories that emphasize increased audits and penalties as solutions to compliance issues, psychology theories lay emphasis on changing individual attitudes towards tax systems.

### **Statement of Research Hypothesis**

H<sub>0</sub>: There are other factors more important than high tax rates that influence SMEs’ failure to pay tax in Nigeria.

H<sub>1</sub>: High tax rate is the most crucial factor influencing SMEs’ failure to pay tax in Nigeria.

## **RESEARCH METHODOLOGY**

### **Data Collection**

Data for this research was collected from primary sources. Putting the research objectives into consideration, the survey method was employed using questionnaires, personal interviews with respondents. The questionnaire consisted of properly constructed open and close ended questions in order make it easier to obtain precise answers from the respondents. Expert opinion was sought for in order to validate the content and the structure of the questionnaire during the pilot study. The sample was obtained using a combination of non-probability sampling and probability sampling methods. In an attempt to obtain a fair representation of the population, the selection of small and medium enterprises was done using both judgmental sampling and random sampling.

Since there is a limited number of partnership businesses and limited liability companies in Enugu as many of these businesses as possible were deliberately selected to be part of the sample and then the sole proprietorships were randomly selected to make up the number to 150 SMEs. Of the questionnaires retrieved, 69.2% were from sole proprietorships, 21.5% were from partnership businesses and the remaining 9.3% of the SMEs sampled were from limited liability companies. The SMEs were at different stages of development with some being older and hence more established than others - 37.4% of them were new businesses with an age range of 0-3 years, 27.1% had an age range of 4-7 years and 35.5% of the SMEs were more established businesses being 8 years old and over.

### **Methodology**

The location of study for this research is Enugu, Enugu State of Nigeria. Of the 150 questionnaires distributed, 107 were returned and 43 were not. A retrieval rate of 71.33% considered reliable enough to base a research on was obtained from the survey. The parametric one sample Z-test was used to test this hypothesis. The one-sample z-test is a test to determine if there is a significant difference between the mean of a sample and the hypothesized mean of the population. It is usually used when the sample size (n) is greater than 30 (n>30) hence it is an appropriate test since sample size is 150

(n=150). This hypothesis was tested with Microsoft Office Excel 2007 using the one sample z-test computed from the figures obtained in the summary statistics table.

The z-measure is calculated using the following formula:

$$Z = \frac{\bar{X} - \Delta}{\frac{\sigma}{\sqrt{n}}}$$

Where

x = sample mean

Δ = specified value to be tested i.e. the hypothesized mean,

σ = the population standard deviation,

n= the size of the sample.

The function in excel used to obtain the Z (obtained) is as follows:

“=Mean-Hypothesized Mean/Standard Error”

Whereas, the ZTEST function was used obtain the p-value.

## ANALYSIS, FINDINGS AND DISCUSSIONS OF RESULTS

### Analysis of Taxes Paid by SMEs

**Table 1: Analysis of Percentage of Profits Paid as Tax**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0%	33	30.8	36.0	36.3
	1-10%	30	28.0	33.0	69.2
	11-20%	10	9.3	11.0	80.2
	21-30%	7	6.5	7.7	87.2
	31-40%	3	2.8	3.3	91.2
	41-50%	6	5.6	6.6	97.8
	51-60%	1	.9	1.1	98.9
	61-70%	1	.9	1.1	100.0
	Total	91	85.0	100.0	
Missing	System	16	15.0		
<b>Total</b>		<b>107</b>	<b>100.0</b>		

Source: Field Survey 2014

Table 1 shows the distribution of respondents according to how much tax they pay. It shows that 33 SMEs (30.8%) pay no taxes at all, 30(28.0%) pay tax of between 1-10% of their profit, 10(9.3%) pay between 11-20% of their profit as tax, 7 SMEs pay a tax which falls within a range of 21-30% of their profit, 3 SMEs (2.8%) pay between 31-40% of their profit as tax, 6(5.6%) pay a tax of between 41-50% of profit as tax, finally, 1 SME

(0.9%) each pay between 51-60% and 61-70% of their profit as tax. However, 16 SMEs did not disclose the amount of tax they pay and left the question blank. From the table, it can be observed that a significant proportion of SMEs

in Enugu, Enugu State do not pay taxes and are such in the informal economy.

### Analysis of the Causes of Non-Compliance

**Table 2: Analysis of Causes of SME Non-Compliance**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Tax rates are too high	58		48.7	48.7
The procedures for tax filing are too complicated	28	23.5	23.5	72.3
Never been requested to pay taxes by the government	33	27.7	27.7	100.0
<b>Total</b>	<b>119</b>	<b>100.0</b>	<b>100.0</b>	

Source: Field Survey 2014

This question has three options namely: Tax rates are too high; The procedures for tax filing are too complicated and SMEs have never been requested to pay taxes by the government. Option “a” was selected 58(48.7%) times, option “b” was selected 28(23.5%) times and option “c” occurred 33(27.7%) times. A total of 72.3% of all the respondents attributed SMEs non-compliance to high tax rates and complicated filing procedures. From the above, it could also be seen that the major cause of tax non-compliance is high tax rates.

### Analysis of Small Business Owners Opinion on Tax-Related Government Assistance

**Table 3: Analysis of Tax-Related Government Assistance**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Reducing tax rates	70	58.3	58.3	58.3
Granting tax holidays	8 6	6.7	6.7	65.0
Granting tax exemptions	11	9.2	9.2	74.2
Strengthening the services of tax authorities towards SMEs	31	25.8	25.8	100.0
<b>Total</b>	<b>120</b>	<b>100</b>	<b>100</b>	

Source: Field Survey 2014

Small Business owners were asked how they thought the government could assist them in making their business grow and the four answer options were; by reducing tax rates, granting tax holidays, by granting tax exemptions, by strengthening the services of tax authorities towards SMEs. The highest appearing option is option “a” which occurs 70 times (58.3%), followed by option d which has been selected 31 times (25.8%) and then option “c” occurring 11 times (9.2%) and finally option “b” which occurs 8 times (6.7%). It can be seen that the business owners are of the opinion that getting better services from the government tax agencies are more important than getting tax holidays. However, reduced tax rates are considered most important. From this data, it can be said that most SMEs do not mind paying taxes provided the tax rates are lower and they can file their taxes in a simple manner.



**Test of Hypothesis**

**Table 4: Test of Hypothesis: One-Sample Z-Test**

Summary Statistics	
Mean	1.789915966
Standard Error	0.078144292
Median	2
Mode	1
Standard Deviation	0.852453583
Sample Variance	0.726677112
Kurtosis	-1.500781986
Skewness	0.419468258
Range	2
Minimum	1
Maximum	3
Sum	213
Count	119
Largest (1)	3
Smallest (1)	1
Confidence Level (95.0%)	0.154746971
Z-Test	
Z-Value	10.10842824
P-Value	0

The Z (obtained) for this test is 10.10842824 and at a 5% two-tailed level of significance, it is greater than the Z (critical) which is 1.96. In addition, the p-value obtained is 0 hence, and this implies that the sample mean is not different from the hypothesized mean. Hence, the null hypothesis (H0) will be rejected and the alternative hypothesis (H1) will be accepted. Therefore, high tax rates are the most crucial factors influencing SMEs’ failure to pay tax in Nigeria.

The Z value obtained shows that the sample was taken from a population whose mean is 1 and 1 represents the option that high tax rates are the primary reason most SMEs do not pay tax. Since the p-value obtained is less than the level of significance, it can be said that the probability of rejecting the hypothesis that the population and sample means are the same. This can be supported by the works of Ačevska (2002), who from a study of

Macedonian SMEs found out that the most serious institutional barriers for Macedonian SMEs are the high taxes. In line with this finding, is also the work of Lavinia & Alexandrina (2006) carried out in Romania which reports that taxation is the most significant difficulty faced by entrepreneurs.

**CONCLUSIONS AND RECOMMENDATIONS**

Based on the findings above, it can be concluded that when it comes to taxation of SMEs, high tax rates are the primary problem of entrepreneurs. Despite the fact that they face other tax related issues, it is the problem of high tax rate that mostly promotes non-compliance and pushes most SMEs to remain in the informal sector.

**RECOMMENDATIONS**

- Small and Medium Enterprises should be levied lower amounts of taxes so that they will have enough funds for other activities that will lead to business growth. Furthermore it will help SMEs get better equipped to survive in a competitive market.

- The government should consider increasing tax incentives and exemptions as this will not only attract investors who are potential tax payers, it will also encourage voluntary compliance.

## REFERENCES

1. Ačevska, B. (2002). Entrepreneurship under difficult circumstances: factors hindering SME growth in the Republic of Macedonia. *South-East Europe Review for Labour and Social Affairs*, 1, 109-122.
2. Aderemi, A. (2003, June). Small and medium scale enterprises: The Nigerian situation. [Power Point Slides]Capital Partners Limited. Retrieved from [www.capitalpartnersltd.com/Small%20Medium%20Scale.ppt](http://www.capitalpartnersltd.com/Small%20Medium%20Scale.ppt)
3. Akinsulire, O. (2010). Financial management. Lagos: Ceemol.
3. Aryeetey, E., & Ahene, A. (2004). Changing regulatory environment for small-medium size enterprises and their performance in Ghana. CRC Working Paper No. 30594, Centre on Regulation and Competition (CRC). Retrieved from <http://ageconsearch.umn.edu/bitstream/30594/1/cr050103.pdf>
4. Avolio, C. (n. d.). Policies for business in the Mediterranean Countries Slovenia. Retrieved from <http://unpan1.un.org/intradoc/groups/public/documents/caimed/unpan018702.pdf>
5. Baurer, L. I. (2005) Tax administrations and small and medium enterprises (SMEs) in Developing Countries. Retrieved from [http://www.ifc.org/ifcext/sme.nsf/AttachmentsByTitle/BEE+SME+Taxation/\\$FILE/SME+Taxation+Toolkit.pdf](http://www.ifc.org/ifcext/sme.nsf/AttachmentsByTitle/BEE+SME+Taxation/$FILE/SME+Taxation+Toolkit.pdf)
6. Beck, T., Demirguc-Kunt, A., & Levine R. (2005). SMEs, growth, and poverty: cross country evidence. NBER Working Paper 11224, National Bureau of Economic Research. Retrieved from <http://www.nber.org/papers/w11224.pdf>
7. Bolnick, B. (2004). Effectiveness and Economic Impact of Tax Incentives in the SADC Region. Arlington, Virginia: Nathan Associates Inc.
8. Chu, H. M., Kara, O., & Benzing, C. (2008). An empirical study of Nigerian entrepreneurs: success, motivations, problems, and stress. *International Journal of Business Research*, 8(2), 102-116.
9. Ekpenyong, D. B., & Nyong M. O. (1992). Small and medium-scale enterprises in Nigeria: their characteristics, problems and sources of finance. (ResearchPaper16). Retrieved from <http://idl-bnc.idrc.ca/dspace/bitstream/10625/9982/1/95971.pdf>
10. Fagbemi, O. T., Uadile, O. M., & Noah, A. O. (2010). The ethics of tax evasion: perpetual evidence from Nigeria. *European Journal of Social Sciences*, 17(3), 360-371.
11. Farzbod, J. (2000). Investigation of the effective factors in the tax efficiency. Unpublished master's thesis, Governmental Management Training Center, Tehran.
12. Feld, L. P., & Frey, B. S. (2007). Tax compliance as the result of a psychological tax contract: the role of incentives and responsive regulation. *Law and Policy*, 29(1), 102-120. <http://dx.doi.org/10.1111/j.1467->

[9930.2007.00248.x](#)

13. Gabay, B. K. G., Remotin, Jr. R. M., & Uy, E. A. M. (2007). Economics: its concepts and principles. Retrieved from [http://www.slideshare.net/gar\\_dev/concepts-of-taxation](http://www.slideshare.net/gar_dev/concepts-of-taxation).
14. Göndör, M. (2011). SME's Fiscal Compliance Costs as a Matter of Common Concern. In
15. G. Thomas, C. Fleaurant, T. Panagopoulos, E. Chevaussus-Loza, & J. Strouhal. (Eds.), Recent Researches in Economics and Management Transformation. Proceedings of the 6th IASME/WSEAS International Conference on Economy and Management Transformation held in Angers, France 17-19 November, 2011 (pp. 163-167). WSEAS press.
16. Hanefah, M., Ariff, M., & Kasipillai, J. (2002). Compliance costs of Small and Medium Enterprises. *Journal of Australian Taxation*, 4(1), 73-97.
17. Hendy, P. (2003, August). Threats to Small and Medium sized Enterprises from Tax and other Regulations. Paper presented at the Australian Taxation Studies Program Small Business Tax Symposium, Developing Good Tax Policies for SMEs, Sydney.
18. Holban, O. I. (2007). The taxation of small and medium-sized enterprises-a hindering factor influencing the European Economic Growth. Doctoral dissertation, Alexandru Ioan Cuza University of Iasi and Academy of Economies Studies from Bucharest Romania.
19. Honglang, L., & Jiaozhen, H. (2010). Research on R&D financing support for small and medium-sized enterprises. *Orient Academic Forum*. Retrieved from <http://www.seiofbluemountain.com/upload/product/201009/2010cwjrhy04a1.pdf>
- International Tax Dialogue. (2007). Taxation of Small and Medium Enterprises. Background paper for the International Tax Dialogue Conference, Buenos Aires.
20. Iwuji, G. I. (2009). Creating awareness on tax matters for small and medium units. [PowerPoint Slides]. Retrieved from <http://www.docstoc.com/docs/19747636/Creating-Small-and-Medium-Enterprises-Tax-Matters-Awareness>.
21. Lavinia, R., & Alexandrina, D. (2006). Romanian small and medium sized enterprises- challenges upon accession into the European Union.
22. Marti, L. O. (2010). Taxpayers' attitudes and tax compliance behaviour in Kenya. *African Journal of Business & Management*, 1, 112-122.
23. Olorunshola, J. A. (2003). Problems and prospects of small and medium scale industries in Nigeria. Paper presented at the Central Bank of Nigeria seminar on small and medium industries equity investment scheme (SMIEIS). Retrieved from [www.cenbank.org/out/Publications/guidelines/dfd/2004/smieis.pdf](http://www.cenbank.org/out/Publications/guidelines/dfd/2004/smieis.pdf)
24. Pope, J., & Abdul-Jabbar, H. (2008). Tax Compliance Costs of Small and Medium Enterprises in Malaysia: Policy Implications.
25. Reviewing Nigeria's tax Policy(2010, January28). *Punch*. Retrieved from <http://www.punchng.com/Maincat.aspx?thecat=BUSINESS>

26. Shahrodi, S. M. M. (2010). Investigation of the effective factors in the efficiency of tax system. *Journal of Accounting and Taxation*, 2(3), 42-45. Slemrod, J. (n. d). Taxation of SMEs and sustainable economic development. Retrieved From <http://www.itdweb.org/smeconference/documents/plenary/PI%20Slemrod%20ENG.pdf> Smatrakalev, G. (2006). Tax policy for small and medium enterprises. Paper delivered at the 6TH Global conference on business and economics. U.S.A: Gut man conference center.
27. Udechukwu, F. N. (2003). Survey of small and medium scale industries and their potentials in Nigeria. Paper presented at the Central Bank of Nigeria seminar on small and medium industries equity investment scheme (SMIEIS). Retrieved from [www.cenbank.org/out/Publications/guidelines/dfd/2004/smieis.pdf](http://www.cenbank.org/out/Publications/guidelines/dfd/2004/smieis.pdf)
28. Vasak, S. (2008). Small, medium, and large enterprises. USAID Business Climate Reform. Retrieved from [http://pdf.usaid.gov/pdf\\_docs/PNADQ675.pdf](http://pdf.usaid.gov/pdf_docs/PNADQ675.pdf)
29. Weichenrieder, A. J. (2007). Survey on the taxation of small and medium-sized enterprises: draft report on responses to the questionnaire. Retrieved from <http://www.oecd.org/dataoecd/52/25/39597756.pdf>
30. Yaobin, S. (2007, October). Tax, small business, growth: effect of taxation on investment and cross-border trade. Paper presented at the ITD Conference on Taxatio SMEs.