

---

# Effect of tax rates on tax compliance of Micro Small and Medium Enterprises (MSMEs) in Nigeria

---

\*Abdulhamid Ellawule, Yusuf Maiwada Bashir,  
<sup>3</sup>Bala Suleiman Dalhat, and <sup>4</sup>Naziru Suleiman

<sup>1-4</sup>Department of Accounting and Finance  
Abubakar Tafawa Balewa University, Bauchi, Nigeria

\*Corresponding Author: [ellawule@yahoo.com](mailto:ellawule@yahoo.com)



## ABSTRACT

The study examined the effect of tax rates on tax compliance of Micro, Small and Medium Enterprises (MSMEs) in Nigeria. The study employed both stratified and proportional techniques to select the sample size. The study adopted MSMEs as the population and adopting the Taro Yamane formula, 500 sample sizes were selected. The five hundred (500) sets of questionnaires were administered to the respondents and 325 were returned. The analysed 304 respondents due to data cleaning from outliers. The study was guided by the deterrence theory and the regression tool was employed for the analysis and found that tax rates do have a significant effect on tax compliance of MSMEs in Nigeria. Also, the study found that progressive, proportional and minimum tax rates have a significant effect on the tax compliance of MSMEs in Nigeria. The taxes collected from the MSMEs are mostly collected by untrained agents of the local government by imposing taxes not based on income earned and the collection method not based on known legal processes. The government is, therefore, advised to train its tax collectors and levy taxes that will not stunt the growth of these businesses.

**Keywords:** Tax rates, Tax compliance, MSMEs.

## 1. INTRODUCTION

The importance of tax cannot be overemphasized because it helps improve the public financial management of any country. Tax helps to improve a country's income to fund its projects, control consumption, and inflation and promote investment and wealth distribution (Nightingale, 2002; Nguyen, 2022). Tax is a compulsory levy by

the government on the income and profits of businesses to generate revenue to fund government projects and fiscal policies (Simwa, 2022).

Before the colonial rule, the traditional rulers in Nigeria always had a way of imposing taxes on their subjects and equally knew the rates to contribute either financially or through labour for the upkeep of the traditional rulers or for the benefit of the community (Enigbokan *et al.*, 2014; Taiwo *et al.*, 2019). However, in the modern tax system, taxpayers have a way of avoiding and evading tax payments. The non-remittance of tax and failure to file tax returns to the relevant tax authorities contribute to tax compliance issues in Nigeria and these cause a lot of revenue loss to the government. Consequently, non-tax compliance causes the government to lose \$15 billion annually (Okwe, 2019). Tax compliance is ensuring that businesses register for tax purposes, file their tax returns promptly, ensure accurate calculation of tax liabilities and pay the right amount at the right time (Batrancea *et al.*, 2012). Unfortunately, most businesses fail to honestly declare their income and pay their taxes to relevant tax authorities.

It is a result of the failure of taxpayers to comply with tax laws that the Nigerian government came up with programmes such as tax amnesty to help convince tax defaulters to declare their assets and incomes to expand the tax base and improve the country's tax-to-GDP ratio. The Nigerian Government 2017 introduced an amnesty scheme called the Voluntary Assets and Income Declaration Scheme (VAIDS) to enable it to expand the tax base of the country (The Guardian Editorial Board, 2018).

Tax compliance is influenced by the determinants of tax compliance. Fischer's Model shows that the determinants of taxpayers' compliance behaviour are demographic variables; attitudes and perceptions; non-compliance opportunity; and tax system/structure (Chau & Leung, 2009).

Further, high tax rates have made MSMEs avoid and evade paying taxes. Some of the SMEs that pay high taxes collapse in their first year of operation because the high tax rates affect SMEs' investments in Nigeria (Confidence *et al.*, 2021). The focus of this study is on MSMEs in Nigeria. The MSMEs are chosen because they are important in the economic development of countries especially developing economies because they represent about 90 per cent of businesses, about 50 per cent of employment and contribute up to 40 per cent of the GDP of emerging economies (The World Bank, 2023). Despite the importance of MSMEs, tax compliance issues are prevalent (Tijjani *et al.*, 2023).

Government expenditure has increased tremendously, therefore, policies ought to be in place to improve revenue to fund the infrastructure (Tilahun, 2019). Taxes,

whether direct or indirect can serve as incentives or disincentives for investment which can affect MSMEs (Confidence *et al.*, 2021). Also, the direct consequence of the tax compliance problem is the loss of revenue to the government (Dularif *et al.*, 2019). The tax compliance problem in Nigeria is evident from the revenue generation of the government. For example, in a report, only 17% of the Nigerian workforce paid taxes (VAIDS Manual, 2017). Further, one of the causes of tax compliance issues is that only 41 million Nigerians pay taxes as of 2021 causing tax compliance problems (Abdullahi, 2021). Consequently, the tax compliance problem causes the government to lose \$15 billion annually (Okwe, 2019). This leads to the government's inability to implement its policies.

Tax rates affect the pricing of goods produced which could result in distribution and marketing problems. Also, the financial performance of MSMEs in Nigeria is affected by tax as such high tax rates are a problem to the growth of MSMEs in Nigeria (Taiwo & Oyedokun, 2022). Further, high tax rates affect the tax compliance of MSMEs (Sani & Ezekiel, 2022).

In continuation, many studies have been conducted on how tax rates affect tax compliance in Nigeria but there is little evidence to show where these studies specify what type of tax rates because different types of tax rates apply to individuals and businesses in Nigeria. The tax rates that apply to the personal income of individuals and businesses are the rates as stated in the sixth schedule of the Personal Income Tax Act 2004 as amended. There are three tax rates; progressive; proportional and minimum tax rates which are important in MSMEs' decision to obey tax laws or not. They are important; however, they are ignored by researchers creating knowledge gaps which this study has filled.

## **2. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT**

### **Conceptual Review**

The concepts reviewed in this section are tax compliance, tax rates and MSMEs. Tax compliance is obeying all tax laws without any enforcement (Atawodi & Ojeka, 2012). Tax compliance is when one obeys tax laws by declaring all incomes, ensuring accurate calculation of tax liabilities, paying the liabilities as at when they are due and timely filing of tax returns (James & Alley, 2009). Also, there are four basic rules of tax compliance which are to report the actual tax base to the tax authorities; the tax liabilities should be correctly computed; file tax returns at the right time; and ensure paying the liabilities when due (Batrancea *et al.*, 2012).

Furthermore, tax rates are percentages of income or profits of individuals and businesses paid as tax. The following are tax rates that apply to MSMEs in Nigeria. The Nigerian Personal Income Tax Act (PITA) rate is progressive as stated in the sixth schedule of PITA (2004) The rate of capital gains tax shall be for every ₦1, 10 Kobo paid as tax (Section 2(1) CGT, 2004 as amended).

### Theoretical Framework

The study is guided by the deterrence theory. The deterrence theory is a theory of tax compliance. This is so because the theory was based on the economic crime model (Mas'ud *et al.*, 2014) and it is believed penalty promotes compliance (Doran, 2009). In developing the concept, some premises are drawn from theories. The deterrence theory believes that tax rates, tax audits and tax penalties have a positive relationship with tax compliance. The theory believes taxpayers only comply with tax laws because of the tax rates, tax audits and tax penalties.

### Empirical Review

To investigate the effect of tax rates on tax compliance, Mas'ud *et al.* (2014) focused on Africa and stated that tax rates are significantly and negatively correlated to tax compliance. The study is, however, limited in sample size, and therefore, recommended an increase in sample size in future studies. In contrast to earlier studies, Yunus *et al.* (2017) employed correlation and regression techniques for the study and found that the relationship that exists between tax rates and tax compliance is moderate and positive. Similarly, Jayawardane and Low (2017) employed the same tool of analysis, regression technique for their analysis and found that tax rates have a significant influence on tax compliance.

To measure the perception of tax rates and tax compliance, Sinnasamy and Bidin (2017) found that tax perception of tax rates has a significant and positive effect on tax non-compliance. The study focused only on excise duties which is one of the variables of this study. Similarly, Adimasu and Daare (2017) found that tax rates have a significant impact on tax compliance. The study used both primary and secondary data for the analysis. Further, in contrast to an earlier study by Sinnasamy and Bidin (2017), Inasius (2018) tested the factors influencing SMEs' tax compliance and revealed that perception of tax rate does affect tax compliance. The study employed a descriptive technique to analyse data generated through a survey. Similar factors influencing MSMEs were used for this study, however, the difference is in an area of tax jurisdiction. Similarly, Remali *et al.* (2018) found that tax rate has a significant relationship with tax compliance.

Further, in their study, Okpeyo *et al.* (2019) adopted a regression technique for their analysis and revealed that tax rate has a significant impact on tax compliance. The authors employed the economic theory to guide the study. Tilahun (2019) also concluded that compliance is affected by tax rates. In their study, Tessema (2020) concluded that tax rates have a significant effect on tax compliance. The study employed both survey and interview techniques to collect data. The study used descriptive and explanatory techniques for the analysis. This study also adopted the quantitative design, however, there was no analysis of the interview conducted.

In a study, Dewi *et al.* (2021) showed that tax compliance is partially affected by tax rates. The study was guided by responsive regulatory theory. The theory is about taxpayers who are motivated by different factors. The tools of analysis adopted were also employed by this study but guided by different theories and tax jurisdictions. In the same vein but different scope, Nam and Minh (2021) employed Correlation and Regression techniques for their analysis and found that tax rates have a significant and negative effect on tax compliance which is a confirmation of a study by Mas'ud *et al.* (2014). Similarly, Chindengwike and Kira (2022) in their study employed both qualitative and quantitative designs and concluded that tax rates have a negative effect on voluntary taxpayers' compliance. The authors stated that good tax rates motivate taxpayers to comply with tax laws. To investigate the tax compliance behaviour of firms in industrial clusters in Nigeria, Nwokoye *et al.* (2023) found that tax rates have a significant effect on tax compliance. The focus of the study is on industry which is different from this study.

From the literature reviewed, Sinnasamy and Bidin (2017); Yunus *et al.* (2017); Adimasu and Daare (2017); Inasius (2018); Okpeyo *et al.* (2019) revealed that tax rates have a significant effect on tax compliance while Chindengwike and Kira (2022) and Mas'ud *et al.* (2014) believed tax rates are negatively correlated to tax compliance and Nam and Minh (2021) found that tax rates have a significant effect on tax compliance though negatively. This shows that the findings are inconsistent and conflicting.

## Hypotheses Development

Having developed the concept, it is important to test the model. To do this, primary hypotheses with three sub-hypotheses were developed. The hypotheses are developed based on previous findings from the literature reviewed and some conflicting findings. The hypotheses are developed to test the effect of tax rates on the tax compliance of MSMEs in Nigeria. Studies have been conducted on this topic, however, some gaps need to be investigated. This study, therefore, tested the

hypothesis that states that tax rates do not have a significant effect on tax compliance of MSMEs in Nigeria.

*H<sub>01</sub>: Tax rates do not have a significant effect on tax compliance of MSMEs in Nigeria.*

*H<sub>01a</sub>: Progressive tax rates do not have a significant effect on tax compliance of MSMEs in Nigeria.*

*H<sub>01b</sub>: Proportional tax rates do not have a significant effect on tax compliance of MSMEs in Nigeria.*

*H<sub>01c</sub>: Minimum tax rate does not have a significant effect on tax compliance of MSMEs in Nigeria.*

### 3. METHODOLOGY

The study adopted a quantitative design. Quantitative design involves the ways social phenomena are investigated using numerical data (Watson, 2015). The author further expatiates that adopting a quantitative design shows that the study can be measured and can equally be verified. The study also used primary data and this was generated through a survey by administering a questionnaire to the participants.

MSMEs in Nigeria were used as the population of the study. The NBS/SMEDAN 2021 report shows that there are 39,654,385 MSMEs in Nigeria and this represents the population of the study. MSMEs are important to national development yet the tax compliance problem of the country is more prevalent with them (Aladejebi, 2018). Also, the group has the most prevalence of evading tax income (Kirchler *et al.*, 2007). The Taro Yamane 1967 formula was employed in selecting the sample size for this study.

$$\begin{aligned} \text{The formula is: } S_s &= N\{1+N(e)^2\} \\ &= \frac{39,654,385}{\{1+39,654,385 (0.05)^2\}} \\ &= 400. \end{aligned}$$

The sample size of the study is 400 MSMEs in Nigeria. As recommended by Israel (1992), to make provision for response bias, the sample size can be increased by 30 per cent. Therefore, the sample size of this study was increased by 25 per cent, that is, the sample size has increased from 400 to 500. From the questionnaire administered 325 were properly filled and collected. In cleaning the data, 21

respondents had both univariate and multivariate outliers, hence were deleted as suggested by Tabachnick and Fidell (2007). This, therefore, has made the analysed data to be 304. This study adopted stratified and proportional sampling techniques in the sample selection. It is advantageous to group the MSMEs based in strata, micro, small and medium; and in proportion to the number of MSMEs in the States based on the NBS report.

#### 4. RESULT AND DISCUSSION

The data is presented and analysed in this section. Before the regression analysis, the data is cleansed to avoid data noise and is checked to ensure the regression assumptions are not violated. Before the regression analysis, the demographics analysis of the respondents is carried out.

##### Missing Value

Five items from three respondents are missing from the data collected representing 0.057 per cent. The missing items are replaced through the mean of the near-by-point method as recommended by Hair *et al.* (2010).

##### Outliers

To reduce the data noise to avoid skewed analysis, the data was checked for outliers. Using the threshold of  $\pm 3.29$  Zscore, it was discovered that 21 respondents (16, 23, 24, 43, 84, 89, 94, 119, 171, 201, 239, 280, 286, 287, 292, 298, 299, 300, 305, 306 and 312) had high scores and were deleted as recommended by Tabachnick and Fidell (2007)

##### Normality

Testing to know if the data is normally distributed, a normality plot showed the distribution line ran diagonally and this confirmed that the data is normally distributed. Having confirmed the normality of the data for this study, it is clear the residuals are not affected, thus, the measure of central tendency is not affected.

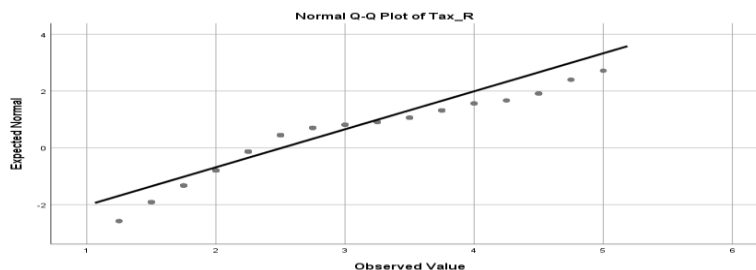




Figure 1: Normality test

Source: Author Analysis (2023)

## Linearity

The distribution of the scores is concentrated in the centre of the scatterplot in a rectangular format which shows that the dependent and independent variables are linear. When there is no linearity between the variables the analysis should be discontinued (Tabachnick & Fidell, 2007). Since the independent variable and the dependent are linear, it means the regression can be computed and analysed.

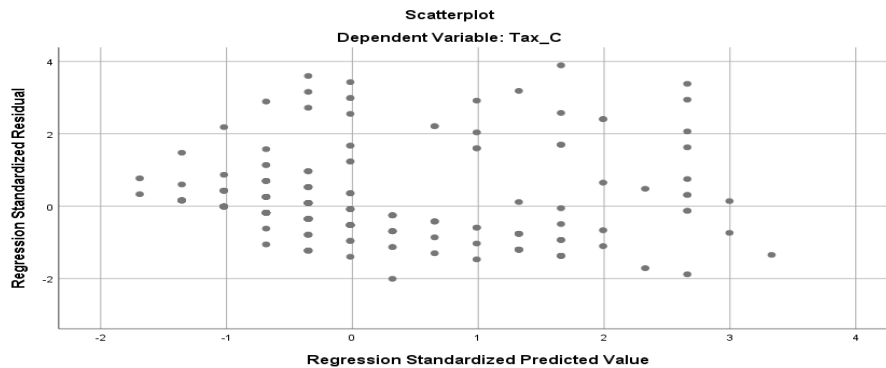


Figure 2: Linearity Test

Source: Researcher Analysis (2023)

## Reliability

For consistency of the instrument, it is recommended to use Cronbach Alpha to test the reliability of the study. The coefficients in the Table below show that the reliability requirement is met and this means the analysis and the report of the regression cannot be affected and can be replicated.

**Table 1**  
**Reliability**

Variables	No of Items	Cronbach's Alpha
Tax Compliance (TC)	4	0.817
Tax Rates (TR)	4	0.786

Source: Author Analysis (2023)



## Correlation

**Table 2**  
**Correlation Table**

		TR	TC
TR	Pearson Correlation	1	.454**
	Sig.(2-tailed)		.000
	N	304	304
TC	Pearson Correlation	.454	
	Sig.(2-tailed)	.000	
	N	.304	304

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Source: Author Analysis (2024)

Tax rates and tax compliance have a moderate association at .454. This is also important to determine the construct validity of the data. With a p-value < 0.05 and Pearson correlation coefficient,  $.454 > r$  critical at 0.098, it shows that the data is valid for analysis.

## Test of Hypothesis

**H<sub>01</sub>:** Tax rates do not have a significant effect on tax compliance of MSMEs in Nigeria.

The objective is to investigate the effect of tax rates on tax compliance of MSMEs in Nigeria.

The hypothesis tested if tax rates have a significant effect on taxpayers' compliance. From the regression analysis, tax rates do have a significant effect on taxpayers' compliance,  $F(1, 302) = 78.489$ ,  $p < 0.05$  meaning tax rates can play a significant role in taxpayers' decision either to comply or not with tax laws in Nigeria. This shows that 21 per cent of the variability in the taxpayers' compliance is accounted for by the model.

Also, a t-value of  $8.859 > 1.96$  and this indicates that tax rates are statistically significant. Also, from the coefficient table, the unstandardized coefficient B is 0.388 which means for every unit of increase in tax rates, there is a 38.8 per cent change in tax compliance of MSMEs in Nigeria. This study, therefore, does not confirm the studies by Mas'ud *et al.* (2014), Adimasu and Daare (2017), and Inasius (2018).

However, the study could confirm one of the variables of the deterrence theory which states that tax rates make taxpayers comply with tax laws.

**Table 3**  
**Influence of TR on TC**

Variable	Standardized Coefficient Beta	t-value	p-value
TR	0.454	8.859	0.000
R <sup>2</sup>			0.206
Adjusted R <sup>2</sup>			0.204
F-value			78.489

Source: Author Analysis (2023)

**Table 4**  
**Summary of Regression Results**

Hypothesis	Results
H1 Tax rates do not have a significant effect on the tax compliance of MSMEs in Nigeria.	Not supported

Source: Author Analysis (2023)

Having analysed the constructs, each sub-hypothesis is equally tested. The first construct which is the tax rates tested three sub-hypotheses.

H<sub>0</sub>1a: Progressive tax rates do not have a significant effect on tax compliance of MSMEs in Nigeria. The objective is to investigate the effect of graduated tax rates on tax compliance of MSMEs in Nigeria. The hypothesis tested if graduated tax rates have a significant effect on taxpayers' compliance with MSMEs in Nigeria. From the regression analysis, progressive tax rates do have a significant effect on taxpayers' compliance,  $F(1, 302) = 88.084$ ,  $p < 0.05$  meaning graduated tax rates can play a significant role in taxpayers' decision either to comply or not with tax laws in Nigeria. Also, a t-value of  $9.385 > 1.96$  indicates that graduated tax rates are statistically significant. Also, the coefficient table, shows that for every increase in progressive tax rates, there is a 31.8 per cent change in tax compliance of MSMEs in Nigeria. This shows that 22.6 per cent of the variability in the taxpayers' compliance is accounted for by the model.

H<sub>0</sub>1b: Proportional tax rates do not have a significant effect on tax compliance of MSMEs in Nigeria. The objective is to investigate how a flat tax percentage affects

tax compliance of MSMEs in Nigeria. The hypothesis tested if the proportional tax rates applied have a significant effect on taxpayers' compliance. From the regression analysis, proportional tax rates do have a significant effect on taxpayers' compliance,  $F(1, 302) = 66.318$ ,  $p < 0.05$  meaning proportional tax rates can play a significant role in taxpayers' decision either to comply or not with tax laws in Nigeria. Also, a t-value of  $8.144 > 1.96$  indicates that proportional tax rates are statistically significant. Further, the coefficient table, shows that for every unit of increase in proportional tax rates, there is a 29.8 per cent change in tax compliance of MSMEs in Nigeria. This shows that 18 per cent of the variability in the taxpayers' compliance is accounted for by the model.

**H<sub>01c</sub>:** Minimum tax paid does not have a significant effect on tax compliance of MSMEs in Nigeria. The objective is to investigate how business satisfaction or dissatisfaction with the minimum tax payment affects tax compliance of MSMEs in Nigeria. The hypothesis tested if the business satisfaction of the minimum tax rate has a significant effect on taxpayers' compliance. From the regression analysis, the minimum tax rate does have a significant effect on taxpayers' compliance,  $F(1, 302) = 21.021$ ,  $p < 0.05$  meaning minimum tax rate can play a significant role in taxpayers' decision either to comply or not with tax laws in Nigeria. Also, a t-value of  $4.585 > 1.96$  indicates that tax rates are statistically significant. Further, the coefficient table, shows that for every unit of increase in tax rates, there is a 19.1 per cent change in tax compliance of MSMEs in Nigeria. This shows that 6.5 per cent of the variability in the taxpayers' compliance is accounted for by the model.

The study has shown that moderate tax rates encourage taxpayers to comply with tax laws more than high tax rates. For example, the significance of the progressive and proportional tax rates has supported the theory of tax compliance where it is believed that taxpayers' compliance is dependent on tax rates. Further, for the businesses that pay minimum tax, this has confirmed the theory of ability to pay. This has also shown that when tax rates are varied for businesses according to their ability to pay, there is better tax compliance. Furthermore, this tax rate adjustment can improve revenue generation. The non-compliance is a result of excuses by taxpayers who feel their tax rates are high. This study, therefore, does not confirm the studies by Mas'ud *et al.* (2014), Adimasu and Daare (2017), and Inasius (2018).

Relevant tax authorities like the Federal Inland Revenue Service (FIRS), State Internal Revenue Services (SIRSs) and Local Government Revenue Committees can use this study for policymaking in the area of tax compliance in Nigeria. This study has added to the existing body of knowledge and can equally serve as a reference to other researchers.

## 5. CONCLUSION AND RECOMMENDATIONS

The study investigated the effect of tax rates on MSMEs' tax compliance in Nigeria. stratified and proportional sampling techniques were adopted to select 500 samples from the MSMEs in Nigeria. However, 304 questionnaires were analysed because of data cleaning. The regression tool was employed for the analysis. The study found that tax rates have a significant effect on the tax compliance of MSMEs in Nigeria. Also, the study found that progressive, proportional and minimum tax rates all have a significant effect on the tax compliance of MSMEs in Nigeria.

Most of the tax authorities that administer personal income are tax authorities of the sub-national. They, therefore, employ the services of agents that are not qualified. It is, therefore, important for the government to ensure their agents are well-trained to avoid crude ways of tax collection and ensure that business owners file their tax returns as required by law. For further research, the study recommends the effect of religiosity on tax revenue generation.

## REFERENCES

- Abdullahi, M. (2021, October 8). FIRS: Nigeria now has 41 million taxpayers but revenue generation is still low. *The Cable*. <https://www.thecable.ng/firs-nigeria-now-has-41-million-taxpayers-but-revenue-generation-still-low>
- Adimasu, N.A., & Daare, W.J. (2017). Tax awareness and perception on taxpayers and their voluntary tax compliance decision: Evidence from individual taxpayers in SNNPR, Ethiopia. *International Journal of Scientific and Research Publications*, 7(11): ISSN 2250-3153.
- Aladejebi, O. (2018). Measuring tax compliance among small and medium enterprises in Nigeria. *International Journal of Accounting and Taxation*, 6(2), 29-40.
- Atawodi, O.W., & Ojeka, S.A. (2012). Factors that affect tax compliance among small and medium enterprises in North Central Nigeria. *International Journal of Business and Management*, 7(12).
- Batrancea, L., Nichita, R., Batrancea, I., & Moldovan, B.A. (2012). Tax compliance models: From economic to behavioural approaches. *Transylvanian Review of Administrative Sciences*, 36, 111-161.
- Chau, G., & Leung, P. (2009). A critical review of Fischer tax compliance model: A research synthesis. *Journal of Accounting and Taxation*, 1(2), 034-040.

- Chindengwike, J.D., & Kira, A.R. (2022). The Effect of Tax Rate on Taxpayers' Voluntary Compliance in Tanzania. *Universal Journal of Accounting and Finance*, 10(5), 889-896
- Confidence, I.J., Olusayo, A.T., & Jonny, B.T.N. (2021). Effect of multiple taxation on performance of SMEs in Bayelsa State, Nigeria. *Journal of Accounting and Financial Management*, 7(5), 93-108.
- Dewi, C.R., Petra, A.B., Yamasitha, Y., Agusti, A., & Tungkir, B.A.J. (2021). The effect of taxation socialization, understanding taxation, tax rates, and tax sanction on tax compliance in MSME Padang City. *Journal of Accounting and Finance Management*, 1(6), 330-342.  
<https://doi.org/10.38035/jafm.v1i3.42>
- Doran, M. (2009). Tax penalties and tax compliance. *Harvard Journal of Legislation*, 46, 111-161.
- Dularif, M., & Rustiarini, N.W. (2021). Tax compliance and non-deterrence approach: A system review. *International Journal of Sociology and Social Policy*, 42(11/12), 1080-1108.
- Enigbokan, F., Clever, T. & Kajola S. (2014) *Introduction to taxation*. Lagos: Institute of Chartered Accountants of Nigeria.
- Hair, J.F., Black, W.C., Babin, B.J., & Anderson R.E. (2010). *Multivariate data analysis: A global perspective*. Pearson Education Limited.
- Inasius, F. (2018). Factor influencing SME tax compliance: Evidence from Indonesia. *International Journal of Public Administration*. <https://doi.org/10.1080/01900692.2018.1464578>
- Israel, G.D. (1992). *Determining sample size*. University of Florida Cooperative Extension Service, PEOD-6.
- James, S., & Alley, C. (2009). Tax compliance, self-assessment and tax administration. *Journal of Finance and Management in Public Services*, 2(2)27-42.
- Jayawardane, T.G.D.S, & Low, K. (2017). Exploring key determinants of tax compliance decision among individual taxpayers in Sri Lanka. *European Journal of Business and Management*, 9(3), 125-135.
- Kirchler, E., Muehlbacher, S., Kastlunger, B., & Wahl, I. (2007). *Why pay tax? A review of tax compliance decisions* (International Studies Program Working Paper 07-30) Georgia State University.
- Mas'ud, A., Aliyu, A.A., & Gambo, E.J. (2014). Tax rate and tax compliance in Africa. *European Journal of Accounting, Auditing and Finance Research*, 2(3), 22- 30.

- Nam, K.D., & Minh, N.T.B. (2021). Determinants affecting tax compliance: A case of business households in Ho Chi Minh City, Vietnam. *Ho Chi City Open University Journal of Science*, 11(1), 136-152.
- Nguyen, H.T. (2022). Factors affecting tax compliance of small and medium enterprises in Hung Yen Province, Vietnam. *Accounting*, 8, 111-122.
- Nightingale, K. (2002). *Taxation theory and practices* (4th ed.). England Pearson Education Ltd.
- Nwokoye, E.S., Igbanugo, C.I., Ekesiobi, C., & Dimnwobi, S.K. (2023). Fiscal incentives and tax compliance behaviour in industrial clusters: A survey of clusters in South-East Nigeria. *Journal of African Business*, 24(1), 147-166, DOI: [10.1080/15228916.2022.2031827](https://doi.org/10.1080/15228916.2022.2031827)
- Okpeyo, E.T., Musah, A., & Gakpetor, E.D. (2019). Determinants of tax compliance in Ghana: The case of small and medium taxpayers in Greater Accra Region. *Journal of Applied Accounting and Taxation*, 4(1), 1-4.
- Okwe, M. (2019, October 24). Nigeria loses \$15 billion annually to tax evasion, says FIRS. *The Guardian*. <https://guardian.ng/business-services/nigeria-loses-15-billion-annually-to-tax-evasion-says-firs/>
- PITA (2004). Personal Income Tax Act CAP P8 LFN 2004 as amended.
- Remali, A.M., AbdulSatar, A.N.S., Mamad, F.N.A., Abidin, N.F.Z., & Zainuddin, S.Z. (2018). Tax knowledge, tax penalty and tax rate on tax compliance among small medium enterprise in Selangor. *Global Business and Management Research*, 10(3), 12-23
- Sandmo, A. (2005). *The theory of tax: A retrospective view* (Norwegian School of Economics and Business Administration Discussion Paper 31/04) Doi:10.17310/ntj.2005.4.02
- Sani, A.B., & Ezekiel, A.O. (2022). Multiple taxation, high tax rate and tax compliance: Implications for SMEs' growth in Zamfara State, Nigeria. *Journal of Economics and Allied Research*, 7(3), 180-192.
- Sinnasamy, P., & Bidin, Z. (2017). The relationship between tax rate, penalty rate, tax fairness and excise duty non-compliance. DOI: 10.1051/shsconf/20173411001.
- Simwa, A. (2022). The history of taxation in Nigeria. <https://www.legit.ng/1119115-history-taxation-nigeria.html>
- SMEDAN (2021). 2021 Survey Report. [https://smedan.gov.ng/wp-content/uploads/2022/03/2021-MSME-Survey-Report\\_1.pdf](https://smedan.gov.ng/wp-content/uploads/2022/03/2021-MSME-Survey-Report_1.pdf)
- Tabachnick, B.G., & Fidell, L.S. (2007). *Using multivariate statistics* (5<sup>th</sup> ed.). Pearson Education Limited.

- 
- Taiwo, A., Ilori, A., & Emenike, E. (2019). Historical perspective of tax laws in Nigeria: From the inception of colonial rule to 2019. *European Journal of Scientific Research*, 154(3), 312-327.
- Taiwo, A.O., & Oyedokun, G.E. (2022). Corporate taxes and financial performance of small and medium enterprises in Nigeria. *Journal of Accounting and Taxation*, 2(3), 107-121.
- Tessema, M.M. (2020). Determinant of tax compliance of micro and small business enterprises (MSE) category 'C' taxpayers, the case of Gurage Zone, Ethiopia. *Journal of Economics, Management and Trade*, 26(3), 67-80
- The Guardian Editorial Board (2018, July 3). VAIDS and the trust deficit in taxation *The Guardian*. <https://guardian.ng/opinion/vaids-and-the-trust-deficit-in-taxation/>
- The World Bank (2023). Small and medium enterprises (SMEs) Finance. <https://www.worldbank.org/en/topic/smefinance>
- Tilahun, M. (2019). Determinants of tax compliance: a systematic review. *Economics*. 8(1), 1-7. doi: 10.11648/j.eco.20190801.11
- VAIDS Manual (2017). Training for community tax liaison officers: A federal ministry of finance project.
- Watson, R. (2015). Quantitative research. *Nursing Standard*, 29(3), 44-48. <https://doi.org/10.7748/ns.29.31.44.e8681>
- Yunus, N., Ramli, R., & AbuHassan, R.S. (2017). Tax penalties and tax compliance of small and medium enterprises (SMEs) in Malaysia. *International Journal of Business, Economics and Law*, 12(1), 81-91.