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TAX MULTIPLICITY DIMENSION AND GROWTH OF SMALL AND MEDIUM ENTERPRISES IN SOUTH EASTERN NIGERIA

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ABSTRACT:

This study examine tax multiplicity on earnings and investment decisions of small and Medium Enterprises in Nigeria. Guided by three research questions and hypotheses, descriptive survey design was used. The population of the study consists of 3144 registered SMEs in South Eastern Nigeria while 336 registered SMEs were sampled as determined using simple random sampling method. Primary data were collected using structured questionnaire and analysed using simple percentage, Z-test and Pearson Product Moment correlation with the aid of Statistical package for social science version 20. The findings revealed that tax multiplicity has significant negative effect on earnings and investment decisions of small and medium scale enterprise and that there is significant relationship between excess tax charges and survival of small and medium scale enterprises. The researcher concluded that tax multiplicity has significant negative effect on growth of small and medium scale enterprises. The researcher recommends that Government should create simple, favourable policy covering only the operators of SMEs, considering the volatility of their businesses as well as unifying the various taxes into one. Owners of SMEs should enlighten themselves appropriately on the form of business they want to embark upon before venturing into it to make them better equipped by going for entrepreneurial training programs this will go a long way to reduce the early folding up of SMEs in Nigeria. There is also a great need for the government to put the size and age of SMEs into consideration in tax levying as well as employ tax holiday as a major tax incentives for newly established small and medium enterprises because it stimulates their investing power thereby exempting them from other tax liabilities.

Key words: *Earnings, Excess Tax changes, Investment decision, SMEs survival, Tax multiplicity,*

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1. INTRODUCTION

The world economy has developed tremendously and this has been traced to activities of Small and Medium Scale Enterprises (SMEs) globally, especially in developing countries. A Study carried out by the Federal Office of Statistics shows that in Nigeria, Small and Medium Scale Enterprises make up 97% of productive units of the economy (Ariyo, 2005). Small and medium scale enterprises (SMEs) are those non-subsidiary, independent firms which employ a maximum of 50-500 employees with an annual turnover / total assets no more than 500 million naira. The financial needs of small businesses are diverse and context specific and, as such, microfinance banks were made available for the provision of financial services adapted to the needs of low income people such as micro-entrepreneurs, especially the provision of small loans, acceptance of small savings deposits, and simple payments services needed by micro-entrepreneurs (Iliemena & Okoye, 2019). In Nigeria, SMEs have not performed commendably well as they have not adequately played the expected significant role in the economic growth of the nation (Taiwo & Falohun, 2016; Iliemena, Iheduru, Goodluck & Ndah, 2021). This may be due to external factors that tend to drop-down their performance, including the peculiar case of multiple taxation. In order words, SMEs face difficulties when dealing with the government in general and the tax administration in particular. These enterprises have progressively been recognized as adding considerably to the creation of jobs, economic growth and eradication of poverty in Africa in general (Iliemena, Iheduru, Goodluck & Ndah, 2021). However, a report by the Small and Medium Scale Enterprises Development Agency of Nigeria {SMEDAN} (2015), showed that 80% of SMEs fold up before their 5th anniversary.

Several factors have been considered as the cause of SMEs early fold and impediments slowing the growth of SMEs in Nigeria .Key among these factors according to Udofot and Etim (2019), include; insufficient capital, irregular power supply, infrastructural inadequacies (water, roads etc.), tax multiplicity, capital shortage, and regulations, product liability patent and franchising abuses. As noted by Egbesola (2018), SMEs are suffocating under tax multiplicity regimes observed across the various tiers of government. Egbesola (2018) opined further that small and medium enterprises must be given enough tax incentives and improved access to financing to become significant contributors to economic growth. Upon this background, it becomes pertinent to study the effect of these identified external factors on SMEs, given their current poor financing and the unfavorable economic situation of Nigeria. Different past related studies were reviewed, but to the best of the researchers' knowledge, none of the studies focused on tax multiplicity dimension and growth of SMEs in Nigeria with respect to their earnings, survival and investment decision. While some past studies focused on a particular state or selected particular sectors and industries (Abiola, 2012; Adebisi & Gbegi, 2013; Okpalaojiego & Okolo, 2016; Yamoah, Arthur, & Issaka, 2014). Thus, their outcome cannot be generalized across other sectors and industries. This study intends to fill this gap by covering a wider scope, the South East States of Nigeria which comprises Abia, Anambra, Ebonyi, Enugu and Imo states focusing on tax multiplicity with respect to earnings, survival and investment decision. The main

1.1 Objectives of the Study

The main objective of this study is to investigate the effect of tax multiplicity on growth of SMEs in Nigeria as a case study of Southern states of Nigeria. Specifically the study sought to:

1. examine the significant effect of tax multiplicity on earnings of small and medium enterprises.
2. investigate the extent of relationship between tax multiplicity and survival of small and medium enterprises.
3. ascertain the magnitude of effect of tax multiplicity on investment decision of small and medium enterprises.

1.2 Hypotheses

H_o:Tax multiplicity has no significant effect on earnings of small and medium enterprises
H_o: There is no significant relationship between tax multiplicity and survival of SMEs.
H_o:Tax multiplicity has no significant effect on the investment decision of SMEs in Nigeria.

2. LITERATURE REVIEW

2.1 Conceptual review

2.1.1 Multiplicity of Tax

Tax is a compulsory contribution to government revenue, levied by the government on workers' income and business profits, or added to the cost of some goods, services, and transactions. According to Njoku (2009), Tax is compulsory contributions or payments of money or occasionally of goods and services from private individuals, institutions or groups to the governments for the defraying of expenditures incurred by the government in the common interest of all without reference to any special benefit conferred on any of the person or impersonal unit that made the compulsory contributions or payments. Taxes may be levied by different levels of government, and the inclusion of "compulsory" serves to remind that evasion is punishable by law. It is also a payment exacted by legislative authority. Bhatia (2009) defined tax as a compulsory levy payable by an economic unit to the government without any corresponding entitlement to receive a definite direct quid pro quo from the government.

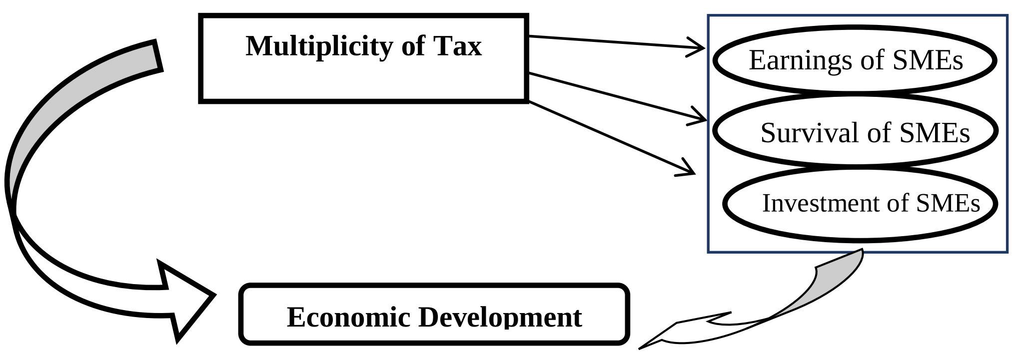
Tax Multiplicity connotes paying similar taxes on the same or substantially similar tax base. Oseni (2019) opined that tax multiplicity is a phenomenon which describes an income that is subjected to tax more than once, often by two or more different authorities in a way that may be unfair or illegal. Illegality and unfairness distinguish tax multiplicity from double taxation. Multiplicity of taxes connotes the imposition of different types of taxes that could have come under one major tax form on the people by the government (Taiwo & Falohun, 2016). Adebisi and Gbegi (2013) opined that tax multiplicity, in relation to either a company or individual is a situation where the same profit or income which is liable for tax in Nigeria has been respectively subjected to tax by another tax authority in Nigeria or another country outside Nigeria.

Small and Medium Enterprises (SMEs),describes group of business organisations that are especially heterogeneous as they embrace a broad varied forms ranging from hotels, manufacturing industries, agriculture, restaurants, computer software firms and small machine shops among many others (Asaolu, Oladoyin & Oladele, 2015). According to Nnanna (2012), the sole aim of the introduction of the concept small and medium enterprises into development scenery was to perk up trade and industrialization in the today developed nations. The small and medium enterprise definitions are drawn from each country based on the policies, agencies, programs and institutions, and the role of SMEs in the economy (Abdullah, 2000; Etuk, Etuk&Baghebo, 2014). According to existing studies, the characterization of SMEs varies in different economies although the core concept is similar (Iliemena, Iheduru, Goodluck & Ndah, 2021; Adeyemi, 2011; Ajayi, 2000; Ogechukwu, Oboreh, Umokoro & Uche, 2013). According to Okonkwo and Obidike (2016), the meaning given to small and medium enterprises differs in accordance with country, schools, context, scholars and author. In some countries, SMEs are defined in relation to their yearly turnover and number of staff. In other countries, SMEs are defined in terms of the industry and nature of businesses (Ibrahim, 2015). Obafemi Awolowo University, Ile- Ife, Centre for Industrial Research and Development (CIRD) classified small scale business as an enterprise which has a working capital base not below and not higher than N250,000 and employing not more than 50 workers on full-time basis. In 2005, the credit guiding principle to the commercial banks by the Central Bank of Nigeria (CBN) classified small scale enterprises as business whose annual turnover is below and not higher than N500, 000, while the Merchant banks were to consider businesses with capital investment less than N2, 000,000 (the cost of land not included) or turnover up to but not higher than 5million Naira as small scale businesses (Solomon, 2011). The Federal Ministry of Commerce and Industries cited in Olabisi, Olagbemi, and Atere (2011), classified SMEs as a firm whose total investment (with the exclusion of the cost of land, however with capital included) is close to N750, 000 and the maximum number of 50 persons as employees.

The survival of SMEs is seriously threatened by the challenges of high tax rates, multiple taxations, intricate tax regulations and deficiency in proper enlightenment about tax related issues (Ocheni & Gemade, 2015). If a large proportion of SMEs costs are devoted to paying tax, they will be forced to transfer the tax burden onto the consumers, and as a result, this will ultimately make their goods and services uncompetitive, which tends to have a negative impact on their performance, survival and growth (Isaac, 2015). The mortality rate of the SMEs in Nigeria is very high (Iliemena, Iheduru, Goodluck & Ndah, 2021; Ariyo, 2005). According to Aremu and Adeyemi (2011), most SMEs in Nigeria die within their first five years old of their existence, a smaller percentage goes into extinction between the sixth and tenth year while only about five to ten percent survive, thrive and grow to maturity. This view was supported by the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) (2015) that 80% of SMEs die before their 5th anniversary. Among the factors responsible for these untimely close-ups are tax related issues, ranging from arbitrary to multiple taxation. Agot and Ugwuoke (2018) concluded that over the years, the incessant death of SMEs is due to high and complex tax system that appears to be more harmful than beneficial to SMEs as it increases running costs and slow down growth of SMEs. They opined that if SMEs are to flourish and survive, an appropriate tax policy which will not be an encumbrance to the growth of SMEs needs to be on ground. According to Egbesola (2018), SMEs are suffocating under multiple tax regimes observed across various tiers of government. It is believed that tax incentives encourage economic growth and industrial development of SMEs (Egbesola, 2018) while Bergner (2017) believed tax incentives reduce the revenue accruable to the government, and as a result does not stimulate the economy.

Below is a schematic representation of the conceptual framework of the study.

Figure 1: Source: Researchers' Innovation (2023)



2.2 Theoretical Review

This study is hinged on Ability to Pay Theory

2.2.1 Ability to Pay Theory

The ability to pay theory was initially developed by Wicksell (1858) and Eric Lindahl (1919), who were economists of the Stockholm School. The theory was later extended in the work of Paul Samuelson and Richard Musgrave. According to Anyanfo (1996), this theory asserted that one should be taxed according to the ability to pay. It is simply an attempt to maximize an explicit value judgment about the distributive effects of taxes. Ability to pay theory, as the name imply, says that the taxes should be levied according to an individual's ability to pay. It says that public expenditure should come from "him that hath" instead of "him that hath not" .The payment of taxes is viewed as a deprivation to the taxpayer because the surrendered money to the government which he would have used for his own personal benefit or growth of the business.

2.3 Empirical Review

The extant studies that have been conducted relative to this present study include the work of Iliemena, Iheduru, Goodluck and Ndah (2021) which examined forensic accounting as one of the factors that enhance the survival of SMEs amidst multiple taxation in Nigeria. The study sample was 315 SMEs Owners in Imo state, River state, Enugu State, Anambra State, Delta state and 222 professional Accountants in Nigeria. The study concluded that greater attention should be paid to SMEs high mortality rate as the engine of economic development.

Other studies include; Sani, Sunday, and Godwin (2019) that studied the effects of multiple taxation on the growth of Small and Medium Enterprises in Nigeria using survey research design. It was discovered that there is significant craving of SMEs operators to grow and expand their business but is badly affected by tax multiplicity imposed by different levels of government, a desperate bid to widen their revenue base. Similarly, Agot, and Ugwuoke's (2018) examined taxes and the growth of small and medium scale Enterprises (SMEs) in Nigeria .The study adopted multinomial logistic regression. The findings of the study shows that over the years the incessant death of SMEs is due to high and complex tax systems that appear to be more harmful than beneficial to SMEs as they increase running costs and slow down growth of SMEs. A study by Isaac (2015) examined the effect of government taxation policy on Uasin Gishu County, Kenya, SMEs sales revenue. The study adopted an exploratory research design. The data for the study were generated from secondary and primary sources. The study indicated that government tax policy has a direct significant impact on SMEs sales revenue. Furthermore, the study revealed that the effect of government taxation policy on SMEs sales revenue could either be positive or negative. The study concluded that the SMEs should be levied lower amount of tax in order to allow them to have as much necessary funds for other activities that will lead to growth in their business and yield profitability. Adeniyi and Osazee(2018) studied the effect of multiple tax regimes on sustainable development among small scale enterprises in Lagos state .The objective of the study was to determine the influence of multiplicity of tax burden on business performance of small scale enterprises particularly in Lagos Island. Primary data was sourced from small business owners within Lagos Island Local government. The data were analyzed using simple percentage of inferential statistics. It was revealed that there is significant negative relationship between multiplicities of tax burden on business performance of small scale enterprises. The study recommended that government should establish an active institution to resolve and manage the issue of multiplicity of taxation in Nigeria. On the same trend, the study conducted by Okolo, Okpaloa, and Okolo (2016) revealed that multiple tax have a negative effect on SMEs investment decision. And they also concluded that a noteworthy association exists between the SMEs investment and its capacity to pay tax.

Nwoye (2014) carried out a study on financing small and medium scale enterprises (SMES) as a challenge for entrepreneurial development in Abia State in Nigerian. The study was guided by three research questions and expost facto research design was adopted. The population of the study consisted of 711 registered SMEs operating in Abia state. Purposive and simple random sampling techniques were adopted to draw sample from the population and 170 SMEs were sampled. The study generated primary data collected through structure questionnaire. Out of one hundred and seventy (170) questionnaires distributed, one hundred and Sixty five (165) were returned and analyzed. The findings show that financing small and medium scale enterprises (SMES) has a significant effect on the development of SMEs.

Of these past studies, none focused on the effect of multiplicity of tax on growth of SMEs in Nigeria with respect to earnings, survival and investment decision of small and medium enterprises.

Also, it is evident that results of previous studies are still conflicting with regards to the direction of the relationship and effect of tax multiplicity on growth of SMEs in Nigeria. Furthermore, existing studies which are most related to the current Study are notably out of date. Most of the past studies were focused on a particular state or companies and the outcome of the study of one state or company cannot be generalized. Hence, the needs for this present study.

3. MATERIAL AND METHOD

Descriptive survey research design was adopted in this study. The researchers chose this method because it is a valuable tool for assessing opinions of respondents, more especially in establishing cause and effect relationship in a study of this nature. The study used primary data sourced with structured questionnaires. All registered SMEs operating in the five states in the South East of Nigeria formed the population of study. As published by SMEDAN (2019), there are 3144 registered SMEs in South East States in Nigeria. This figure does not include SMEs that operate in the informal sector.

Table 1: Sample Frame

State	Number	Percentage of Total
Abia	601	19.20
Anambra	943	30.28
Enugu	531	17.05
Imo	592	19.01
Ebonyi	477	15.31
Total	**3144**	**100.00**

Source: SMEDAN, 2019

The sample frame for this study was determined from the population of registered SMEs as shown above, using Taro Yamane's (1967) formula to reduce the number to manageable size as follows:

$$n = \frac{N}{1 + N(e)^2}$$

Where:

n = The sample size
N = Total population
e = Limit of tolerable error
1 = Constant

$$= \frac{3144}{1+3144(0.05)^2}, \qquad n = \frac{3144}{1+3144(0.0025)}, \qquad n = 354.87 \cong 355.$$

Sharing the obtained sample size among the various states in the South East zone, proportional allocation technique was used to ensure that none of these participating units is cheated: The relevant formula goes thus:

$$ns = \frac{N_P \times n}{N}$$

ns = The sample size allocated to each unit
Np = The population size of each unit
n = The total sample size
N = The total population size

The resulting sample allocations are presented in table 2 below;

Table 2: Distribution of Small and Medium Enterprises South-East Nigeria

State	Number	Percentage of Total	Sample of each population
Abia	601	19.20	68
Anambra	943	30.28	106
Enugu	531	17.05	60
Imo	592	19.01	67
Ebonyi	477	15.31	54
Total	3144	100.00	355

Source: Researchers' sample derivation

The respondents were to be selected from the list of the SME operators for the various states at zonal office of SMEDAN, Enugu a process of simple random sampling. The instrument used to collect data for the attainment of the study objectives was the questionnaire which was structured into two sections (A and B). The section A was structured to obtain information on the socioeconomic profiles of the SMEs such as year of establishment, educational attainment of the owner(s), years of registration with SMEDAN and personal data of respondents, While section B was structured to answer the various core research issues. The questionnaire was based on a five point likertscale of Strongly Agree (SA)-5, Agree (A)-4, Undecided (UN).-3, Disagree (D)-2, Strongly Disagree(SD)-1. The researchers used five trained enumerators in collaboration with SMEDAN officers at Enugu and in the other state capitals in the South East for the purpose of data collection. These enumerators were trained on how to administer the instrument, especially on how to guide the respondents who have little or no knowledge on how to fill the questionnaire appropriately. To ensure that the validity of the measuring instrument is maximized, the researchers avoided ambiguous questions. Questions were made short, easy to understand and solicited objective answers from all respondents. In order to test for the reliability of the research instrument, the researcher used the Cronbach Alpha. Therefore, 20 copies of the research instrument were administered to 20 SMEs in Onitsha North LGA. The outcome was subjected to reliability test and the result is presented in the table below:

Table 3: Reliability Statistics Result

Cronbach's Alpha Coefficient	Cronbach's Alpha Based on Standardized Items	Number of Items
.807	.801	12

Source: SPSS version 20.

The above result revealed that, Alpha level of 0.824 is greater than the threshold of 0.6. This indicated high level of internal consistency of the research instrument; as such, the research instrument was declared to be highly reliable to obtain data for decision making. The researchers applied descriptive statistics such as simple percentage; mean and frequency distribution to analyze the specific objectives of the study. The inferential statistics was used to test the formulated hypotheses. Hypotheses 1, and 3, were tested using Z-testwhile hypothesis 2 was tested using Pearson product moment correlation with the aid of Statistical package for social Sciences (SPSS, version 23) The Pearson product-moment correlation coefficient (*r*) assesses the degree that quantitative variables are linearly related in a sample.

The correlation formula is given below:

$$r^2 = \frac{n\sum xy - \sum x \sum y}{(n\sum x^2 - \sum(x)^2)(n\sum y^2 - \sum(y)^2)}$$

$$0 < r^2 < 1$$

In this study, r^2 is used to determine the relationship between the sub-variables.
The Z-test formula is

$$Z = \frac{x^{-} - \mu}{s/\sqrt{u}}$$

Where

$\bar{x}$ = Sample mean
μ = Population mean
n = Sample size
n- 1 = Degree of freedom

3.1 Decision Rule: Accept the alternative hypothesis when the probability value is less than alpha otherwise reject. All the analysis will be tested at alpha level of 0.05.

4. RESULT AND DISCUSSIONS

4.1 Data Analysis

4.1.1 Descriptive statistics

Table 4: Analysis of Distributed Questionnaire

Questionnaire	**Number of Respondent**	**Percentages**
Distributed Questionnaire	355	-
Returned Questionnaire	336	95
Unreturned/uncompleted Questionnaire	19	5
Total	355	100

Source: Field Survey, 2023

From Table 4 above, it shows that 95 percent of the distributed copies of questionnaire were completed and returned while 5 percent of the distributed copies of questionnaire were not returned. This shows that the percentage of returned questionnaire was very high.

Table 5: Responses on the evaluation of multiple taxation on growth of SMEs inNigeria

S/N	**Tax multiplicity and earnings**	S A	A	D	S D	U	Total
1	Tax multiplicity significantly affect the earnings of SMEs	200(60%)	99(29%)	10(3%)	15(5%)	5(2%)	336(100%)
2	Tax Collectors Consider Size of Business	186(55%)	108(32%)	22(7%)	16(5%)	4(1%)	336(100%)
3	There is a relationship between SMEs sizes and ability to pay taxes	160(48%)	137(41%)	28(8%)	7(2%)	4(1%)	336(100%)
4	Tax multiplicity affects the ability of SMEs to break even	99(29%)	200(60%)	5(2%)	28(8%)	5(2%)	336(100%)
	Tax multiplicity and SME's survival						
5	Excess taxation reduce survival of small and medium scale enterprise	155(46%)	127(38%)	42(13%)	12(4%)		336(100%)
6	Tax multiplicity affect the Growth and Survival of SMEs negatively in Nigeria	167(50%)	138(41%)	23(7%)	8(2%)		336(100%)
7	Tax multiplicity of affect the liquidity level of SMEs	123(37%)	119(35%)	23(7%)	55(16%)	16(5%)	336(100%)
8	Tax multiplicity encourages tax	166(50%)	110(32%)	33(10%)	12(4%)	15(4%)	336(100%)

	payers to evade tax						
	Tax multiplicity and Investment Decision						
9	Tax multiplicity significantly affect the investment decision of SMEs.	156(46%)	133(40%)	18(5%)	21(6%)	8(2%)	336(100%)
10	Tax multiplicity frustrates investment decision of SMEs	134(40%)	116(49%)	33(10%)	19(6%)	34(10%)	336(100%)
11	High rate of tax discourage employment	200(60%)	99(29%)	10(3%)	15(5%)	5(2%)	336(100%)
12	Tax multiplicity slows down the growth projections of SMEs	186(55%)	108(32%)	22(7%)	16(5%)	4(1%)	336(100%)

Source: Field Survey, 2023.

From the analysis in Table 5 above, it shows that 60 percent of the respondents strongly agree that tax multiplicity significantly affect the earnings of SMEs, 29 percent agree, 3 percent disagree, 5 percent strongly disagree while 2 percent of the respondent were undecided. The analysis shows that 55 percent of the respondents strongly agree that tax collectors consider size of business, 32 percent agree, 7 percent disagree, 5 percent strongly disagree while 1 percent of the respondent were undecided that tax collectors consider size of business .Also the analysis shows that 48 percent of the respondents strongly agree that there is a relationship between SMEs sizes and ability to pay tax, 41 percent agree, 8 percent disagree, 2 percent strongly disagree while 1 percent of the respondent were undecided. The analysis shows that 29 percent of the respondents strongly agree that tax multiplicity affect the ability of SMEs to break even, 60 percent agree, 2 percent disagree, 2 percent were undecided while 8 percent of the respondents strongly disagree that tax multiplicity affect the ability of SMEs to break even. The analysis shows that 46 percent of the respondents strongly agree that Excess taxation reduce survival of SMEs, 38 percent agree, 13 percent disagree, while 4 percent of the respondents strongly disagree that excess taxation reduce survival of SMEs. The analysis shows that 50 percent of the respondents strongly agree that tax multiplicity affect the growth and survival of SMEs negatively in Nigeria, 41 percent agree, 7 percent disagree, while 2 percent of the respondents strongly disagree that tax multiplicity affect the growth and survival of SMEs negatively in Nigeria.

Furthermore, the analysis shows that 37 percent of the respondents strongly agree that tax multiplicity affect the liquidity level of SMEs, 35 percent agree, 7 percent disagree, 5 percent were undecided while 16 percent of the respondents strongly disagree that tax multiplicity affect the liquidity level of SMEs. Also the analysis shows that 50 percent of the respondents strongly agree that tax multiplicity encourages tax payers to evade tax, 32 percent agree, 10 percent disagree, 4 percent were undecided while 4 percent of the respondents strongly disagree that tax multiplicity encourages tax payers to evade tax .Also the analysis shows that 46 percent of the respondents strongly agree that tax multiplicity significantly affect the investment decision ofSMEs, 40 percent agree, 5 percent disagree, 2 percent were undecided while 6 percent of the respondents strongly disagree that multiplicity of tax significantly affect the investment decision of SMES. Also the analysis shows that 40 percent of the respondents strongly agree that multiplicity of tax frustrate investment decision of SMEs, 49 percent agree, 10 percent disagree, 10, were undecided while 6 percent of the respondents strongly disagree that multiplicity of tax frustrate investment of SMEs. From the analysis in Table 4.2 above, it shows that 60 percent of the respondents strongly agree that high rate of tax discourages employment, 29 percent agree, 3 percent disagree, 5 percent strongly disagree while 2 percent of the respondent were undecided. The analysis shows that 55 percent of the respondents strongly agree that multiplicity of tax slow down the growth projections of SMEs, 32 percent agree, 7 percent disagree, 5 percent strongly disagree while 1 percent of the respondent were undecided that multiplicity of tax slow down the growth projections of SMEs.

4.2 Test of Hypotheses

4.2.1 Hypotheses I

H_0:Tax multiplicity has no significant effect on earnings of small and medium enterprises

Table 6: Descriptive Statistics

	N	Mean	Std. Deviation	Minimum	Maximum
Tax Multiplicity and SMEs earnings	5	73.200	64.7700	8.00	222.00

Table 7: One-Sample Kolmogorov-Smirnov (Z-Test)

		Tax multiplicity and SMEs earnings
N		5
Normal Parameters[a,,b]	Mean	73.200
	Std. Deviation	64.7700
Most Extreme Differences	Absolute	.129
	Positive	.129
	Negative	-.0889
Kolmogorov-Smirnov Z		.971
Asymp. Sig. (2-tailed)		.002

Source: SPSS V 20

a. Test distribution is Normal.

b. Calculated from data.

4.2.1.1 Decision: The analysis above shows that the probability value (0.002) is less than the alpha value (0.05), the researchers therefore rejects the null hypothesis and conclude that tax multiplicity has a significant effect on earnings of SMEs in Nigeria. This was in line with the study carried out by Bello (2015) that Multiple taxation has significant effect on the development of small and medium enterprises. This outcome is also in line with the studies of Adebisi and Gbegi (2013), Isaac (2015), and Yamoah, Arthur, and Isiala (2014).

4.2.2 Hypotheses II

H_0: There is no significant relationship between tax multiplicity and survival of SMEs.

Table 8: Descriptive Statistics

	Mean	Std. Deviation	N
Excess tax charges	73.2000	64.8800	5
Survival of SMEs	73.2000	65.0009	5

Table 9: Correlations

		Excess tax charges	Survival of SMEs
Excess tax charges	Pearson Correlation	1	.084
	Sig. (2-tailed)		.021
	N	5	5
Survival of SMEs	Pearson Correlation	0.84	1
	Sig. (2-tailed)	.021	
	N	5	5

Source: SPSS V 20

4.2.2.1 Decision: From the analyses above, it shows that the probability value (0.021) is less than the alpha value (0.05), the researcher, therefore, reject the null hypothesis and conclude that there is significant relationship between excess tax charges and survival of small and medium scale enterprise with a correlation value of 0.84. This was in line with the findings of Ocheni and Grenade (2015). Holban (2007), in his study, found out that high tax rate is the major factor affecting the growth of SMEs. Other studies in line with our result include Kagame (2014) and Ojochogwu (2012).

4.2.3 Hypotheses III

H_0:Tax multiplicity has no significant effect on the investment decision of SMEs in Nigeria.

Table 10: Descriptive Statistics

	N	Mean	Std. Deviation	Minimum	Maximum
Tax multiplicity and investment decision of SMEs	5	73.200	64.7700	4.00	204.00

Table 11: One-Sample Kolmogorov-Smirnov (Z-Test)

		Tax multiplicity and investment decision of SMEs
N		5
Normal Parameters[a,,b]	Mean	73.200
	Std. Deviation	70.770
Most Extreme Differences	Absolute	.129
	Positive	.129
	Negative	-.239
Kolmogorov-Smirnov Z		.492
Asymp. Sig. (2-tailed)		.030

Source: SPSS V. 20

a. Test distribution is Normal.

b. Calculated from data

4.2.3.1 Decision: The analysis above shows that the probability value (0.030) is less than the alpha value (0.05), the researcher therefore accept the alternative hypothesis and conclude that multiplicity of tax has a significant effect on the investment decision of SMEs in Nigeria. This was in accordance with the study carried out by Abimbola (2011) that multiplicity of tax has significant effect on the investment decision of small and medium scale enterprise. This is further in line with the results of Okpaloa and Okolo (2016) and Ramalho and Shelter (2009).

CONCLUSION AND RECOMMENDATIONS

This study investigated the effect of tax multiplicity on growth of SMEs in South Eastern states of Nigeria. The researcher concluded that tax multiplicity has significant negative effect on growth of SMEs in Nigeria. The implication of this outcome is that tax multiplicity contributed greatly to the failure of SMEs as the different tax charges levied constitute reduction to profit which could be reinvested to ensure continuous growth and survival of SMEs.

Based on the findings made from this study, the following recommendations are therefore made:

i. Government should create simple, favourable tax policy covering only the operators of SMEs, considering the volatility of their businesses as well as unifying the various taxes into one. People should enlighten themselves appropriately on the form of business they want to embark upon before venturing into it to make them better equipped by going for entrepreneurial training programs this will go a long way to reduce the early folding up of SMEs in Nigeria.
ii. There is a need for the government to put the size and age of SMEs into consideration in tax levying as well as employ tax holiday as a major tax incentives for newly established small and medium enterprises because it stimulatestheir investing power thereby exempting them from other tax liabilities.
iii. Government should create adequate awareness through the tax authorities to explain the role of taxation on development and help to educate owners of SMEs on tax computations, various relieves and exemptions they are eligible for and to understand tax laws in Nigeria.

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