

ASSESSING THE IMPACT OF MULTIPLE TAXATION ON SUSTAINABILITY OF SMALL AND MEDIUM SCALE ENTERPRISES IN SOUTH SOUTH, NIGERIA

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ABSTRACT

This paper is to Assessed the impact of multiple taxation on sustainability of small and medium scale enterprises in the South South, Nigeria. The objectives is to identify the challenges of Nigerian tax policies and possible ways of addressing the impact of multiple taxation on sustainability of small and medium scale enterprises. Population of 200 staff was used and sample Size of 133 using Taro Yamani formula. Questionnaires were distributing to small business enterprises and non probability sampling method was employed. Small and Medium Enterprises play a very important role in development of the Nigerian Economy making up about 97% of the entire economy and they serve as a sources of employment generation, innovation, competition, economic dynamism which ultimately lead to poverty reduction and national growth. From the findings most Small businesses surveyed; they were faced with the problems of high tax rates, multiple taxation, complex tax regulations and lack of proper enlightenment or education about tax related issues. The study revealed a significant negative relationship between taxes and the business' ability to sustain itself and to expand. In order to obtain a vibrant and flourishing SME sector, the tax policy needs to be appropriate such that it will neither be an encumbrance to the Small businesses nor discourage voluntary compliance. A suggested solution is by increasing tax incentives through reducing tax rates and increasing tax authorities' support services towards small and medium enterprises.

Introduction

The desire to build a civilized country with a strong and sound economy is the desire of every Country, including Nigeria. Tax payment is the demonstration of such a desire, although some income earners see it as a means of exploitation by the government. Tax payment is a voluntarily contribution imposed by the Government on personal income earners, companies, investors, exporters, importers etc. revenue realized from taxation is a major source of revenue to the Government of Nigeria, and as such is an important tool used in the development of Nigeria and her economy. A country's tax policies and systems are greatly related with business ventures in that country. An economy that enacts favorable and progressive tax laws and policies will definitely breed successful and finance-healthy

business organizations. Once businesses flourish, the economy flourishes as well, as there is no quicker way of stirring the affairs of an economy without the help of organizations that move services, goods, money and investments from those with surplus to those with deficit; those with marketable ideas/output to those who need these ideas and products. In essence, businesses and tax policies greatly depend on one another for survival. If one is greatly affected, the other follows suite, Udechukwu (2019).

The Nigerian Tax System has undergone significant changes in recent times. With the help of various studies and research done by tax experts, tax laws are being reviewed with the aim of repelling obsolete provisions and simplifying the main ones. Under current Nigerian law, taxation is enforced by the 3 tiers of Government, i.e. Federal, State, and Local Government with each having its sphere clearly spelt out in the Taxes and Levies (approved list for Collection) Williams (2016).

According to Osita (2019) Small businesses are generally recognized as important drivers of economic success. They are a key ingredient in the “ecology of firms” in a healthy economy, as job creators, sales generators and a source of tax/fiscal revenue. In Nigeria the importance of small business as a creator of jobs, particularly for those with a low skills level, is widely recognized. Small, medium and micro-enterprises (“SMMEs”) contribute 36.1% of the country’s gross domestic product (“GDP”) and employ 68.2% of the workforce in the private sector. In the agriculture, construction and retail sectors, SMMEs employ more than 80% of the total workforce. Over the last few years, the growth in employment by SMMEs has exceeded the growth in their contribution to GDP, highlighting the job creation potential of this sector of the economy.

Regulations and red tape are reported as one of the constraints to the expansion of businesses both in Nigeria and internationally. International research in this field shows that tax regulatory compliance costs are a significant portion of the total regulatory cost. Several other patterns emerged from the various local and international studies performed, among the most important being that tax compliance costs comprise a much larger proportion of total compliance costs for smaller firms (Uzor, 2019).

Furthermore, various research has suggested that any effective approach to assist small business requires both policy and administration model adjustments in order to be effective. The 2005 year, therefore, saw the beginning of a process of structural change that was intended to build a positive tax compliance climate in Nigeria Yoabin (2007).

This report is focused on the survey of the compliance experience of professional accountants and book keepers (referred to as “tax practitioners” for the purposes of this document) in respect of their small business clients in Nigeria. It will be complemented by two related surveys, one of small businesses that are registered with the Federal Inland Revenue Service (FIRS), regarding their time and cost requirements for tax compliance, and one of informal businesses, regarding their perceptions about tax compliance (Ephraim & Onu, 2019).

Statement of the Problem

Small and medium enterprises (Small businesses) form the core of majority of the world’s economies. Among the factors responsible for these untimely close-ups are tax related issues, ranging from multiple taxations to enormous tax burdens etc. In many government policies, small and medium enterprises are usually viewed and treated in the same light as large corporations. However, their size and nature makes them unique. Therefore, in dealing with small and medium enterprises, these unique qualities need to be considered. In levying of taxes for these enterprises in particular, issues that need to be considered are how these tax

policies can be designed to bolster the growth of Small businesses and the most effective ways to administer them. The importance of Small businesses as a mechanism of economic growth and development is often ignored. They are perceived as minute establishments that have minimal effect on the state of the economy. However, if conducive environment is created for these Small businesses to grow through proper regulation, the SME sector has the highest propensity to transform our economy. In the same light, taxes are important for the government as they are the major source of funds for government expenditure. Income obtained from taxation of individuals and businesses are used to run governments as well as provide infrastructure such as good roads, water supply, and electricity which are essential for the smooth running of these businesses that are mainly manufacturing companies and as such rely on these commodities to survive. Tax burden is a major problem in Nigeria as many business organizations are not favored by the tax systems and policies in place. Some businesses are already collapsing; while majority are still struggling to meet up with high tax rates to ensure their businesses still exist.

Objectives of the Study

In-order to achieve the purpose of this research, the following are the objectives of the study:

1. To identify the challenges of tax policies.
2. To examine the influence of these challenges on small businesses and the economy as a whole.
3. To identify ways of properly addressing the challenges of tax policies in order to sustained small and medium businesses as well as encourage tax compliance.

Research Questions

1. What are the various challenges facing tax policies in South South Nigeria ?
2. What are the influences of the challenges of tax policies in on small and medium businesses and the economy?
3. What must be done to address the challenges of tax policies in South South to sustain small and medium businesses?

Research Hypotheses

To aid the completion of this study, the following research hypotheses are formulated by the researcher:

H₀: Multiple taxation has no significant effect on the sustainability of small and medium scale enterprises.

H₁: Multiple taxation has a significant effect on the sustainability of small scale enterprise in South South.

H₀²: There is no significant relationship between the influence of multiple taxation and the sustainability of small and medium scale enterprises.

H₂: There is a significant relationship between the influence of multiple taxation and the sustainability of small and medium scale enterprises.

Ho³: There is no significant relationship between multiple taxation challenges of tax policies and Sustainability of small and medium enterprises

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Scope of the Study

This study focuses mainly on the impact of Nigerian tax policies on the economy and small businesses in South South. The study only torches on the challenges tax policies and how it can affect self employed business men and women, traders, and other forms of sole proprietorship businesses. Based on the findings of this study other possible researchable areas may include studies on the various challenges of other forms of tax such as the Value Added Tax (VAT), Capital gains tax, Import and Export duties tax.etc.

Review of Literature

Conceptual Framework

For some decades now, Nigeria has depended on oil for its major income and foreign exchange. Oil accounts for about 80 percent of federal government revenues, and 95 percent of foreign exchange earnings. The National Centre for Economic Management and Administration (NCEMA) reports that Nigeria, with a population of about 120 million, is Africa's most populous country and the continent's third largest economy yet it still remains one of the poorest oil producing countries (Eboh, 2016). With a continuously declining per capita income, comparatively unfavorable social indicators, dynamic world economy and the fact that countries are looking into alternative sources of energy it is time to begin to look into alternative sources of income for sustenance in the long run when the demand for oil will dwindle to nothing. Even with the present rates of petroleum products, Nigeria's GDP is below ideal with the SMEs contributing therefore it would not hurt to diversify the economy even before the demand for petroleum products finally diminishes. This means it is time to begin to give more attention to the other sectors of the economy. This translates into looking at non-oil based sectors in Nigeria such as agriculture, manufacturing, commerce and tourism. These industries are primarily made up of SMEs as such it goes without saying that SMEs are important to the Nigerian economy (Bhart, 2017). The country is blessed with fertile farmlands, vast mineral deposits and a wealth of human resource, making it a very favorable place for small arid medium enterprises. These resources have placed Nigeria in a prominent position in Africa, For governments, however, large companies are a more attractive, more clear-cut and less complex set than SMEs, In designing public policies, particularly tax policies, governments have usually targeted their strategies to large companies (Ephraim, 2019). Therefore, there is a need to devise methods to encourage the growth and development of these enterprises so as to ensure that they reach their full potential. Subsequently, a favorable business and regulatory environment needs to be created for them to thrive. Thus, for this study, the focus will be on supporting SMEs growth through tax policy. Most large companies have their roots in small and medium enterprises; they started out as SMEs before expanding. This means that the future large corporations are the SMEs today that should be nurtured to ensure their growth.

Furthermore, they are generally perceived to be the seedbed for indigenous entrepreneurship and generate all the many small investments, which would otherwise not have taken place (Anyanwu , 2017).Therefore, Nigeria needs to further the development of its private sector by creating an environment favorable to the growth of SMEs, 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) With the dismantling of trade and other barriers, the world has been transformed into a global village.

Consequently, SMEs in developing countries are struggling to survive under intense competitive environments both domestic and international. In developing countries like Nigeria, there is an urgent need to provide the required enabling environment for the development of SMEs, so that they could adequately play the role expected of them in economic transformation. Such role includes mobilization of domestic savings for investment, appreciable contribution to gross domestic product, increased harnessing of local raw materials, employment generation, and significant contribution of poverty reduction efforts through sustainable livelihoods and enhancement in personnel income, technological development and export diversification (Elhiraika, 2019). It is for this reason that an ideal tax policy needs to be adopted in order to ensure economic growth and proper utilization of resources. However this is not the case because taxes which are levied for regulating the investment behavior of the households and not for suffocating any entrepreneur initiative seem to be a major constraint to the development of the SMEs they are out to cater for. Olorunshola (2017), the concept of SMEs is relative and dynamic. The characteristics of SMEs are uncertainty, innovation and evolution. A firm understanding of SMEs world required a good knowledge of its features.

In Nigeria SMEs are usually small in size and lack large organizational structure and management culture while the urban SMEs are more structural, the rural ones are less structured. This represents one of the most important characteristic of SMEs in Nigeria. SMEs are in most cases a one man business or partnerships enterprise, although they many be registered as limited liability company, (Uzor, 2019). Okpara (2018) affirmed that this ownership style has led small and main enterprise to have a simple management structure and make it easiest to manage than that of large firms, and few numbers of staff and in some cases low level of education by some owners of SMEs. SMEs almost shave the same characteristic with a sole proprietorship in that, there is no legal personality between the SMEs and their owners, which means that the life span of SMEs depends on the life of the owners; when the owner dies, if not properly taken care by the estate the business will die with the owner(s) Another feature of the SMEs sector in some countries is its heterogeneous nature, ranging from retail outlets to hugely paid professionals and substantially manufactured organisation small and medium enterprise are also likely to vary in organizational form, from sole proprietorship (one man business), scale corporations (public or private), professionals and partnerships. Furthermore, the process of production in SMEs setting are Labour intensive and they always serve as supplier to the large manufacturing firms by depending on raw materials sourced locally (Ephraim & Onu (2019) opined that Just like a one man business SMEs also required low start up capital than large companies. Also, the decision of manager have higher tendency to be subjective as they are controlled by the same person and the employees employer relationship found in most SMEs is predominantly informal.

In addition, the contribution SMEs usually make to tax revenue is lower than its contributions to output and employment (International Tax Dialogue, 2007), that not withstanding SMEs have not become competitive enough to increase their share of output even though they formed 35% of the number of manufacturing industries which are solely rely upon by large manufacturing companies for their supplies (products) (Masafu, 2019). Depending on the country's international standing at any point in time and the economic policies adopted by government, the importance of the various source of revenue varies from time to time. Nigeria has mixed economy i.e., government undertakes commercial investment alongside the private sector with social oriented economic policies, government undertakes

greater commercial investment. Though taxation may not be the most important source of revenues to government in term of the magnitude of revenue derivable from taxation however, taxation is the most important source of revenue to the government, from the point of view of certainty, and consistency of taxation. In a social oriented economy, only a small percentage of revenue may be derived from taxation while in a capitalist oriented economy, a grater percentage of government revenue, is derivable from taxation (Osita, 2019). According to Eftekhari (2019), taxation has always been an issue for the government and taxpayer alike from the early years of civilization.

The issue of taxation has generated a lot of controversy and several political conflicts over time. According to its importance, several economic thrones have been proposed to run an effective system. Oloth (2015) sees taxation as a compulsory levy by government through its various agencies on the income, capital or consumption of its subjects. Tax is basically of three structures proportional, progressive and regressive. Proportional tax is define as a type of tax in which tax payer is levy an amount proportional to his earned, progressive tax levies are higher rate on higher income earners, while the regressive tax is the one that charges higher rate to person receiving lower income. Tax is classified into two broad categories as direct and indirect tax. Multiple taxations in relation to a company or individual is a situation where the same profit or income respectively which is liable for tax in Nigeria has been subjected to tax by another tax authority in Nigeria or another country outside Nigeria (Oboh, 2020). In such situations relief is usually granted to that tax payer for the earlier tax paid or to which he may be liable. Specific arrangements are made with a view to preventing such multiple taxes or to provide relief as is appropriate in the circumstance.

An Overview of Tax

Taxation is a compulsory transfer or Payment of money from private individuals, institutions, and corporations to the government. Anyanwu (2017) noted that taxation has three Principal objectives, which are regulation of the economy and economic activities, raising of revenue for the government and controlling of income and employment. Revenue realizable from taxation depends on some factors but principally on the tax base and rate. Tax base refers to the specification of the minimum amount above which is taxable, while tax rate is the amount, which is levied per unity of base. Tax bases simply are those objects upom which tax revenue is derived; (Udechukwu, 2019). Tax is the major source of revenue for the government and as such government makes effort towards maximizing tax revenue. But, to the extent that government tries to maximize tax revenue, consideration of tax effects on economic agents that pay the tax should not be over looked. To this extent, Bhat (2017) opined that what matters in government policies including tax policy is to frame them to induce rapid growth with social justice, and at the same time to ensure that they are simple, easily intelligible and are not likely to change in an ad hoc, unprincipled manner.

Tax system, therefore, should be consistent with over-all economic policy, which may include such objectives .as favouring savings over consumption and raising private investment. Taxes no matter the type and how there are being administered bear effects on payer. Effects of taxation are the changes in the economy consequent upon tax imposition. Anyanwu (2017) contended that the presence of tax distorts the Pattern of production, consumption, investment, . employment and other similar patterns for good or for bad and these distortions are collectively viewed as the effects to taxation. Taxes may have a great variety of effects. They may cause some goods to become more expensive relative to others and so cause a change in the pattern of consumption. They may fall more heavily on some households. than others, thus altering the distribution of net income. "They may affect people's willingness to work and to save, and to take risks, that is, they may affect the total

supply of resources available to the economy", (Beck & Levine, 2017) Chu & Benzing (2018) noted that the tax system is an organic part of the economic system, and hence it is essential that there be some certainty and stability about its basic features. According to him, a large number of ad hoc changes each year creates a climate of uncertainty, which hampers productive effort and diverts valuable scarce resources towards speculative and other undesirable channels, as well as encouraging efforts to circumvent the government measurers. Thus, the qualitative aspect of taxation in the coriventional economic analysis is not much concerned with the revenue-yielding capacity of a tax but with its effects on economic units who are subjected to the payment of tax (Dalisto, 2014).

Multiplicity of Tax

Tax Policy in Nigeria has been largely used to generate maximum revenue for the government and as a result its use for optimal allocation' of i-esources or redistribution of income is being neglected. Anyanwu (2017) noted that tax authority in Nigeria has concentrated on the manipulation of the rates and tax bases in order to generate enough revenue for the government. This has led to imposing of different types of taxes and levies by tax authorities. These different taxes, which should have otherwise come under one major type of tax but are split into many forms, are in this work referred to as "multiple tax". (Abdullahi, 2018) observed that so many taxes are imposed at different or supplementary' rates and it involves different tax bases and different times of payment. In Nigeria, tax policy planning is not clearly assigned to specific unit. Any change in tax law is usually designed in ad hoc manner and is based on expediency rather than on long-term studies, (Ephraim & Onu, 2019).

Economic matter (2000) in line with 'this view noted that Nigeria has a confused taxation philosophy. This results in proliferation of taxes andtax laws hence tax multiplicity. Awake (2003) observed that over 300 different taxes are paid by tax payers in some African countries, while in some Asian countries, local officials impose dozen of illegal charges from fees for growing bananas to taxes on slaughtering pigs-either to top up (increase) the local finances or pad their pockets. Among the three tiers of government in Nigeria, the local governments involve themselves more in the issue of tax multiplicity. This according to (Ariyo, 2015) resulted from the expansion of local government responsibilities. Local government imposes various types of taxes and levies in order to cope with the added responsibilities expected of them to discharge.

Aside personal and business income taxes, traders and small scale entrepreneurs are expected to pay other taxes and levies such as special levy, development levy, advert fee, stallage fee, market taxes, trade license such as business registration fees etc. These levies run counter to the economic objectives of the federal government, which clamours for rapid economic growth and reduction of inflation. Small-scale enterprise operators in some States not only complain of government imposition of new taxes but also of increase in the rates of the existing ones. (Bolton, 2019) avers the entrepreneurs transfer the burdens of these taxes to the consumers by a way of price hike hence inflation. Traders and entrepreneurs whose- elasticity of their goods and services do not permit the transfer of these taxes to the consumers most times are crowded out , from operation. Evugenia (2015) observed that SSE operators battle with high cost of production as a result of various taxes and levies that were slam on them by various agencies and tiers of government. According to him, "it sounds fu,nny that"a company that reels under the burden of maintaining generators is subjected to pay what the government call generator levies". Holban (2017) had earlier observed this view when he said that traders provide necessary facilities in the markets such as good stalls, health centers, toilets, water, car parks and roads because the markets are bereft of these facilities, yet they

(traders) are forced by government to pay different levies in the name of providing these facilities. Obasanjo's Economic Direction (1999-2003) has observed the need for non-distortionary and nonretrogressive economic policies and as such has directed that an efficient tax system devoid of multiplicity of taxes be adopted for accelerated growth of small-scale enterprises and the economy as a whole.

Challenges of Small and Medium Enterprises

There are a lot of problems that bedevil SMEs and stunt their growth. Although there are some problems peculiar to a particular country, the challenges faced by SMEs in different countries and geopolitical divisions are basically the same. For instance, a survey of Turkish SMEs by Organization for Economic Co-operation and Development (OECD) in 2004 showed that they were suffering the consequences of policy inconsistency, poor access to finance, insufficient know-how and low level of technology, and so many others. The same problems were also registered by other authors concerning other regions like the Philippines, Malaysia and other European states and of course in Sub-Saharan Africa-Nigeria inclusive as shown by different authors on the issue. Uzor (2019) believes that the constraints faced by SMEs in developing countries are not only accentuated with ineffective policy design, but also by market failures in the region. Their lack information technology and knowledge of automation is gradually being reduced given that they serve as contractors for larger firms particularly the foreign manufacturing firms. A major difficulty faced by SMEs is that of lack of access to short and long term capital. Publication of the Weekly Trust of Saturday, January 22, 2011 recognizes the fact that collateral based financing has become increasingly difficult for SMEs, whether as existing businesses, in their expansion states or as startups hence more SMEs are resorting to viability lending in which case they obtain loans based on the viability of the business and health of cash flow, Banks are usually reluctant to lend to SMEs and this is because of problems such as the SMEs' inability to meet the bank's lending requirements, promoters' low education, management and entrepreneurial skills and poor and unreliable financial records which makes financial review difficult (Alexandry, 2017).

There is also the problem of unsound accounting system and lack of full financial disclosure. Aryeefey & Shene (2014) buttressed this assertion by listing lack of access to land, utility installation and services, and import procedures as constraints to SME growth. Summarily, these problems make SMEs a "high-risk" venture. The above named reasons are in and of themselves problems that impede SME growth because not only do they become obstacles in accessing financing, they are capable of hindering growth on their own. Moreso, in Nigeria, the problems faced by SMEs as posited by Oboh (2020); Okpara (2018); Gabay (2018) and Chu, Kara & Benzing, (2018) include astronomically high operating costs; lack of transparency and corruption; and the lack of interest and lasting support for the SMEs sector by government authorities, dilapidated state of Infrastructural facilities, unreliable employees and Weak economy, unsafe location, undependable electricity supply are common phenomenon.

Tax Policy and the sustainability of SMES

According to Tomlin (2018), economists argue that the resources smaller companies direct towards tax compliance are resources that could otherwise be used for reinvestment, facilitating future growth. Hence, there is a belief that taxes and a complex tax system put disproportionate pressure on smaller businesses. 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. It also increases the Government's tax

revenue, since the simplified provisions for a micro enterprise historically reduce the size of the shadow economy and the number of non complying registered taxpayers (Vasak, 2008). Furthermore, SMEs usually have to operate in an overbearing regulatory environment with the plethora of regulatory agencies, multiple taxes, cumbersome importation procedure and high port charges that constantly exert serious burden on their operations. Many SMEs have to deal with myriad of agencies at great cost as stated earlier they are heterogeneous and these differences in size and structure may in turn carry differing obligations for record-keeping that affect the costs to the enterprises of complying with (and to the revenue authorities of administering) alternative possible tax obligations (Stern & Barbour (2018). Public corporations, for example, commonly have stronger accounting requirements than do sole proprietorships, and enterprises with employees may be subject to the full panoply of requirements associated with withholding labour income taxes and social contributions (International Tax Dialogue 2007).

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 (Olawale, 2019) 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 (Farbod, 2019). 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 (Williams, 2016). Among the factors militating against SME tax compliance with are: high tax rates, 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). Others according to Yaobin, (2007) are double taxation, no professional tax consultancy, weak tax planning, high taxation cost.

THEORETICAL REVIEW

Theory of Business Sustainable Growth

Various authors have postulated theories on business growth. The oldest and the most used theory according to Enudu (2019) in Gibrat's law of proportionate effect LPE; (2018). Here, Gibrat stipulates that the rate of growth of a firm is independent of its initial size. By implication it would mean that large firms are preferable in context of private sector development given that they create more employment than small firms. Conversely, Ekhator (2021) states in his learning model that younger firms learn over time, which helps them improve their performance as they accumulate market knowledge. According to this model, young firms grow faster than old ones. More over, give that younger firms are usually smaller than older ones (businesses) for the reasons discuss earlier; Jovanovic deduces that small firms grow faster than large ones. This is a convergence process where small firms will eventually become as large as any other longer firm in the some sector as time goes by Iwuji (2019) as cited in Oloth & Garire (2015) on the other hand claim that as a new small firm start and develops, it moves through some growth stages, such with its own distractive characteristics. He also identified the stages of growth as; existence, survival, success, take off and resource maturity. According to Okpara (2019) each stage of development has different set of factors and is critical to the firm's survival and success the Churchill Lewis model gives an insight into the dynamics of SMEs growth including the distinguishing characteristics, problems and requirement of growing SMEs and explains business growth

process amongst SMEs, the precise moment in time in which a start up venture becomes a new business has not yet been theoretically determined. However the ideal of business survival could be equated with a firm that has fully completed the transaction to stage - two organizations in the five stage of small business growth.

Relevance of small and medium businesses to National economy

Small-scale enterprises are dominating other aspect of enterprises in Nigerian economy. Ephraim & Onu (2019) estimated that probably up to 90 percent of all registered business enterprises in Nigeria are in the category of small and medium scale enterprises. In the case of Rivers State, over 96 percent of the business organizations are small-scale businesses. The importance and contributions of small-scale enterprises to national economy's growth cannot be overemphasized. They play a crucial role in providing solid base for a country's socio-economic development. Small-scale enterprises produce goods and services for both end and intermediate users and also utilize low capital cost for creating jobs especially in the- fast growing service sector of the economy. Uzor (2019) observed that small and medium scale enterprises provide productive employment and earning opportunities. Gabay (2018) postulated that small scale enterprises in United State of America have created over 3 million new jobs in manufacturing between 2009 and 2018 SSEs also play a vital role of introducing innovations. Records show that many scientific breakthroughs have A originated with independent inventors and s.maII organizations. Petty et al (2017) suggest, on the basis of several studies by the US Department of Commerce, that 50 percent of all innovations since World War II have come from new and smaller firms. Ekhatior (2021) observed that most countries in the world that have attained advanced stage in industrial development did so because they started their industrial development with programmes in the small and medium scale enterprises. SSEs foster linkages within industries and between industries and other sectors of the economy, (Olusoji, 2020). SSEs can also contribute to long-run industrial growth by producing an increasing number of firms that grow up and out of small - scale sector. They accelerate rural development and promote the utilization estimated that probably up to 90 percent of all registered business organizations in Nigeria are in the category of small and medium scale enterprises. In the case of Rivers State, over 96 percent of the business organizations are small-scale businesses. The importance and contributions of small-scale enterprises to national economy's growth cannot be overemphasized. They play a crucial role in providing solid base for a country's socio-economic development. Small-scale enterprises produce goods and services for both end and intermediate users and also utilize low capital cost for creating jobs especially in the fast growing service sector.of the economy. (Ephraim, 2019) observed that small and medium scale enterprises provide productive employment and earning opportunities. Oboh (2020) postulated that small scale enterprises in United State of America have created over 3 million new jobs in manufacturing between 1976 and 1986. . . SSEs also play a vital role of introducing innovations. Records show that many scientific breakthroughs have originated with independent inventors and s,maII organizations.sources of material. Small business can be an aid to personal and national self-reliance. Udechukwu (2019) noted that small-scale enterprises contribute 70 percent of industrial employment in Nigerian economy though it accounts for only 10-15 Percent of manufacturing output. In fact there abound many economic cum social roles SSEs play in the development of the national economy. To ' this effect, policies that would facilitate their utilization should be adopted by concerned authorities. In realization of the advantages of promoting SSEs the Federal Government of Nigeria has continued to play pioneering and active roles in stimulating SSEs (Oboh, 2020). The government has established many institutions to facilitate the growth of SSEs. These institutions include the National Directorate of Employment (NDE), the Family ~conomic Advancement Programme (FEAP) etc. The government also provided technical assistance to SSEs through its various agencies

such as the Industrial Development Centre (IDCs), Centre for Industrial Research and Development (CIR), Project Development Centre (PRODA), Small and Medium Scale Enterprise Development Agency of Nigeria (SMEDAN), Small and Medium Scale Enterprise Investment Equity Scheme (SMEIES), Nwana (2018).

Effect of multiple taxation on sustainability of small and medium enterprises

Generally, effects of taxation refer to all the changes in the economy as a result of tax imposition. Anyanwu (2017) noted that the presence of tax distorts the pattern of production, consumption, investment, employment and other similar patterns for good or for bad. Okpara (2018) had the same view that tax affects production. He said that the extent to which the volume of production is affected by a tax depends upon its influence on the ability and the desire to work, to save and to invest. To estimate the effects of taxes on production and growth would require knowing the effects of tax on the allocation of existing productive resources. A change in taxation will cause a realignment of consumers' wants and the reallocation of factors of production. This affects the demand for goods and services of the products of small-scale enterprises. On investment, Farbod (2019) and Bhart (2017) have observed that all taxes have immediate effect of reducing the volume of resources available for investment in the private sectors. Evguenia (2015) noted that one of the main obstacles for the development of private sector small enterprises is a heavy taxation burden to which is added a corrupt system of tax. In Nigeria, Particularly in Rivers State, tax agents are not just corrupt but are gradually becoming "armed robbers" by the way and manner they impose and collect taxes from economic agents especially the SSEs entrepreneurs. Report of the Economic Watch Journal of the Ministry of Finance, Rivers State (2021) confirmed that many tax agents forcefully collect properties of business operators and sell it in lieu of the tax they were accused of not paying. Amount realizable from this sale worth ten times the amount of money the business operators ought to pay. This report went further to state that the money is not remitted to the government purse and no evidence of payment is given to the payers. To worsen the situation, different groups of people do go for the collection of the tax, and issue different receipts.

Ostia (2019) observed that taxes are serious burden imposed on small businesses' cash flow and, therefore, represent a costly drain on the financial health of small firms" Iwuji (2018) asserted that the current level of regulations (government regulation including tax) is so high, so complicated and so intensive that it's strangling business and suppressing productivity of small business. Taxes imposed by government on small scale Enterprises include: business registration fee, Environmental Sanitation Fee, Fire Service Fee, Development Tax, Market Taxes, Produce Fee, Income Tax, Emblem levy, retail permit and trade permit etc. Ephraim & Onu (2019) observed that cumbersome tax burden produces deleterious effects on running small scale enterprises. To unchain SSE opportunities, he suggested easing the tax burden by reducing government functions, power and obligation and dehumanizing the regulator system.

Empirical Review

Nwankwo (2017) using the ordinary least square estimation, estimated the economic effects of tax (selected taxes) on selected Macroeconomic variables in Nigeria economy. His result showed that company income tax (CIT) has positive and significant effects on Gross Domestic Product. It also significantly reduced national unemployment while personal income tax and other taxes except custom and exercise duties, negatively but insignificantly affect unemployment in Nigeria. Research undertaken over the last several years and other organizations have consistently shown that tax issues remain the most problematic for smaller

business, (Olorunshola 2017). In a survey of Ukrainian small enterprises, have found that SSES pay on average a different tax including numerous so-called nonbudget funds to which entrepreneurs are strongly 'encouraged' to contribute to, that can act exactly like a tax. The survey also revealed that the average number of taxes paid varies by city, with lowest number-five in Lutsk and the highest number in Lunganisk - 17. It also revealed that half of all respondents stated that taxes represent more than half of their entire turnover. . . The 2017 survey of Small Business. by National Small Business United (NSBU) and the Author Anderson Enterprise Group shows that business owners rank tax burden as the biggest challenge they face. Chicago-based grant Thornton Accountants and management consultants in a (2017) survey of 250 midsize manufacturers found that 81 percent listed "reduced regulation (especially tax reduction)" as the change that would be most beneficial to their companies. Another study published in Small Business Reports by the same investigators revealed that the government tax by 34 percent while the (2019) found that from 2018 burden per worker increased business profit per worker declined by 22 percent. According to this study "Government taxes since 1989 amount to nothing less than economic crib death, suffocating jobs in the cradle of small business". Estimating the effects of tax on small firm's growth in Uganda, Fisman and Svenson (2015) found that there is a statistically stronger relationship between taxation and growth. Using historical sales data as a measure of firm growth and the rate of growth as: $Growth = (\text{Log (sales in 2010)} - \text{Log (sales in 2020)}) \text{ divided by } 2$. The coefficient on tax implies that a one-percentage point increase in the rate of taxation will reduce.

Methodology

Research design

The researcher used descriptive research survey design.

Population of the study

Population of the study is 200 staff

Sample Size of the study

Sample is the set people or items which constitute part of a given population sampling. Taro Yamani formula was used to select the sample Size of 133.

Method of Data Analysis

The simple percentage method is believed to be straight forward easy to interpret and understand method. For a comprehensive analysis of data collected, emphasis were laid on the use of absolute numbers frequencies of responses and percentages. Answers to the research questions were provided through the comparison of the percentage of workers response to each statement in the questionnaire related to any specified question being considered.

Presentation and Analysis of Data

The data collected from the respondents were analyzed in tabular form with simple percentage for easy understanding. A total of 133 (one hundred and thirty three) questionnaires were returned.

Table I: Gender distribution of the respondents

Response	Frequency	Percent	Valid Percent	Cumulative Percent
Male	77	57.9	57.9	57.9
Valid Female	56	42.1	42.1	100.0
Total	133	100.0	100.0	

Source: Field Survey, 2023

From the above table it shows that 57.9% of the respondents were male while 42.1% of the respondents were female. The positions held by respondents

Table II: The positions held by respondents

Response	Frequency	Percent	Valid Percent	Cumulative Percent
Bankers	37	27.8	27.8	27.8
Valid Accountants	50	37.6	37.6	65.4
Economists	23	17.3	17.3	82.7
Tax collectors	23	17.3	17.3	100.0
Total	133	100.0	100.0	

Source: Field Survey, 2023

The above tables shown that 37 respondents which represents 27.8% of the respondents are bankers, 50 respondents which represents 37.6 % are accountants, 23 respondents which represents 17.3% of the respondents are economists, while 23 respondents which represents 17.3% of the respondents are tax collectors.

Test of Hypotheses I

Multiple taxation has no significant impact on sustainability of small and medium scale enterprises

Table III: Multiple taxation has no significant impact on sustainability of small and medium scale enterprises in South South

Response	Observed N	Expected N	Residual
Agreed	40	33.3	6.8
strongly agreed	50	33.3	16.8
Disagreed	26	33.3	-7.3
strongly disagreed	17	33.3	-16.3
Total	133		

Source: Field Survey, 2023

Table IV: Test Statistics

Variables	Multiple taxation has no significant impact t on sustainability of small and medium scale enterprise in South South
Chi-Square	19.331 ^a
Df	3
Asymp. Sig.	.000

a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 33.3.

Decision rule:

There researcher therefore reject the null hypothesis that state multiple taxation has no significant impact on sustainability of small and medium scale enterprises in South South, Nigeria as the calculated value of 19.331 is greater than the critical value of 7.82. Therefore the alternate hypothesis is accepted that state that multiple taxation has a significant impact on the sustainability of small and medium scale enterprises.

Test of Hypothesis II

There is no significant relationship between multiple taxation and the sustainability of small and medium scale enterprises.

Table V: There is no significant relationship between multiple taxation and the sustainability of small and medium scale enterprise in South South , Nigeria

Response	Observed N	Expected N	Residual
Yes	73	44.3	28.7
No	33	44.3	-11.3
Undecided	27	44.3	-17.3
Total	133		

Table VI: Test Statistics

	There is no significant relationship between multiple taxation and the sustainability of small and medium scale enterprise in South South Nigeria
Chi-Square	28.211 ^a
Df	2
Asymp. Sig.	.000

a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 44.3.

Decision rule:

There researcher therefore reject the null hypothesis that state that There is no significant relationship between multiple taxation and sustainability of small and medium scale enterprises in South South as the calculated value of 28.211 is greater than the critical value of 5.99

Therefore the alternate hypothesis is accepted that state that there is a significant relationship between multiple taxation on sustainability of small and medium scale enterprises in South South, Nigeria.

Summary of findings

This study focused on the impact of multiple taxation on sustainability of small and medium scale enterprises in South South, Nigeria. The importance of small-scale enterprises in the development of any given economy cannot be over-emphasized, hence, the need to undertake this study. It was equally the focus of this study to examine the various ways multiple taxation affect the investment decision of the operators of SMEs. An examination of the literature on SMEs in Nigeria, showed that most researchers believed that SSEs are exempted from taxes, hence, they carried out research on other constraints being faced by SMEs operators other than taxation. The data employed for this research work was basically survey data as it relates to entrepreneurs of small-scale enterprises. This survey included 200 respondents in various commercial zones of South South, Nigeria.

Conclusion

Small-scale enterprises are vital in many ways to employment generation, transformation of the economy and production of goods and services, and as such should not be over burdened with multiple levies and taxes. This is to enable them stay in the business and lend their support to the industrialization processes of the state. In addition to the many problems that Small-scale entrepreneurs face in the country, poor business infrastructure, shortage of financing, high interest rates, corruption, they are still battling with high tax burden " being imposed on them mostly by the lower tiers of government. When, looking at everything SMEs need to do before beginning operations, the process is far too time consuming and costly, representing a serious deterrent to starting SMEs. It therefore, follows that the unanimity of entrepreneurs listing taxation issues, as their biggest problems cannot be ignored. There are too many taxes and tax-like payments (Levies) being imposed on SMEs. While it is difficult to count them all as the majority are local payments or sector specific.

Recommendations

The paper therefore recommends that all state and Local Government Authorities should comply with national legislation in force with respect to tax incentives being granted to SMEs. - Independent offices (free from local control) should be set up that monitor the activities of local officials and where entrepreneurs can receive information on their rights and all legislation and regulation in effect.

Corruption among tax agents and harassment of entrepreneurs by tax agents need to be tackled. Numerous local taxes should be removed and replace with a possible increase in some of the major taxes.

Governments especially the local governments need to move away from the urge to control all business activities and give SMEs breathing space to more efficiently allocate their resources and decide on activities for themselves. This calls for accelerated administrative

Government and tax authorities with the aim of moving from grudgingly lessening the regulatory local to more-of a system where government's intervention in SMEs is minimal and limited to situations where it is necessary to do so.

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