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Assessing The Impact of Nigeria's New Tax Reform on Small Businesses: A Financial Perspective

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ABSTRACT
Nigeria's new tax reform, which came into effect in 2023, aims to increase revenue generation and promote economic growth. However, the impact of this reform on small businesses in Nigeria is not well understood. This study assesses the financial impact of Nigeria's new tax reform on small businesses,. The results show that the reform has both positive and negative effects on small businesses, including increased tax burdens, reduced profitability, and improved tax compliance. The results show that the reform has both positive and negative effects on small businesses, including increased tax burdens, reduced profitability, and improved tax compliance. The study concludes that policymakers should consider the unique needs and challenges of small businesses when designing tax policies.

Keywords: Tax Reform, Small Businesses, Profitability and Tax Compliance

I. INTRODUCTION

Nigeria's new tax reform, which was signed into law in 2023, is a comprehensive overhaul of the country's tax system (Adeyeye, 2020). The reform aims to increase revenue generation, promote economic growth, and improve tax compliance (Oyedele, 2020). However, the impact of this reform on small businesses in Nigeria is not well understood. Small and medium enterprises (SMEs) have often been described as an engine of growth. Studies by Ogujiuba (2004); Onugu, (2005) and Ihua (2009) have validated the claim that SMEs form the bedrock of economic growth and development. The much importance place on SMEs is premised on the several roles which it can perform. Studies have showed that it generates employment opportunities, rural sector development, capacity development, encourages dispersal of industries, boosts local resources utilization, technological advancement, mobilization of local savings, linkages of industries, improvement in living standard and poverty reduction (Oluseye, 2013: Emmanuel & Daniya, 2012). Small and medium enterprises are sub-sector of the industrial sector which play crucial role in industrial development. Ologun (2004) define small and medium enterprises as those undertaking the task of creating and managing enterprises for a purpose. The purpose may be personal, social or development. SMEs are those establishments that employs not more than hundred people with an annual turnover of less than N750,000. In most industrialized and well developed economies, SMEs have proved itself as the hub of development employing a large percent of the labour force and contribute commendable proportion to the GDP. For instance 80% of the total industrial labour in Japan is located in SMEs contributing well over 39% to the GDP. The report is the same among developing countries. Fissareha (1991) posit that about 22% of adult population in developing countries is engaged in SMEs, hence, small firms are the main source of employment in developing countries. Kombo et al. (2011) submit that SMEs have made considerable contribution to the growth of Kenyan economy and accounts for 12-14 % of its GDP through

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employment generation, training and exposing entrepreneurs, serve as a source of income and livelihood for majority of its citizens. SMEs have gained increased attention in Nigeria after the Structural Adjustment Programme (SAP) in 1986. Prior to SAP, the country emphasizes more on large-scale concerns that are heavily import dependent. The fiscal retrenchment of the state under the public sector reform and the attendant retrenchment of public sector workers created untold hardship on the people. In addition, most of the large scale concerns could not cope with the new policies brought by SAP. It then became clear that the only way to escape poverty and unemployment is to engage in small businesses. The government has not failed in expressing the pivotal essence of SMEs to national development. The government has gone out of its ways to setup schemes and initiate legislation that will catalyze SMEs (see Jimodu, 1998; Kayode, 2001; Hassan, 2003). Efforts by the government notwithstanding the performance of SMEs, is dismal. Fatality rate has been high among SMEs. The Manufacturing Association of Nigeria once position that it is only 10% of SMEs that are operational in Nigeria. Several studies have examine the problems of SMEs in Nigeria and mentioned problems include; financial constraints, infrastructural and institutional bottlenecks, managerial skill gap and multiple taxation amongst others (Mba &Emeti, 2014). The place of taxation in the survival of SMEs is well documented in extant literature. For instance, climes with high tax rate and incidence of multiplicity of taxation tend to increase the cost of production for most SMEs. Financial constraints together with harsh tax policies form critical issues that bedeviled most SMEs. The Nigerian government in a bid to create favourable tax climate that encourages investment and business has undergone several tax reforms. Basically, there are three major tax reforms and they are tax reforms of 1991 and 1992, tax reform of 2003 and the new national tax policy of 2012.

II. Literature Review

The literature on the impact of tax reforms on small businesses is extensive. Studies have shown that tax reforms can have both positive and negative effects on small businesses, depending on the specific design of the reform (Kwakye, 2017). A study by the International Monetary Fund (IMF) found that tax reforms that reduce tax rates and simplify tax compliance can have positive effects on small businesses (IMF, 2019). However, the study also noted that tax reforms that increase tax rates or complexity can have negative effects on small businesses.

Small and Medium Enterprises (SMEs)

The legal definition of small and medium enterprises varies by industry and country. They are often times bound by financial measures. Small and medium enterprises are sub sectors of the industrial sector, which play crucial role in industrial development (Ahmed, 2006). Emmanuel and Daniya (2012) define small and medium enterprises as those enterprises that have the capacity to employ at least 500 people and they conclude that they are the backbones of economic development and growth. Several names are used for SMEs. Literature has shown that the abbreviation SMEs is mostly use in European Union and international organizations (Business.com, 2010). There are no universally accepted definition for SMEs but the definition differ among climes. In Germany and Belgium respectively, SMEs are establishments that employ at least 250 and 100 persons, in African countries, the cut-off is 200 and in Japan it is 300 (Sharma & Gounder 2012). European Union some time ago standardized the definition by categorizing enterprises with less than ten employees as “micro” those with at least fifty employees as “small” and those with fewer than 500 employees but more than fifty as “medium”. Most definitions of SMEs utilize either the annual turnover or the number of employees as yardstick. In Nigeria, small and medium industries equity investment scheme (SMIEIS) defines SMEs as any enterprises with a maximum asset base of N200 million excluding land and working capital, and with a number of employees that is not fewer than ten but less than 300. Nwokoye (1994) utilizing both the turnover and employees benchmark define SMEs as any enterprises which employ at most 100 people and have turnover of at most N400,000. The Federal Ministry of Commerce and industry while utilizing the same approach by Nwokoye (1994), nevertheless, puts the turnover at N750,000 and employment bench mark at 50 persons. SMEs have been position as the engine of growth based on the developmental roles it performs. Dynamic SMEs can create employment opportunities, diversify productive base, mobilization of domestic savings, training of entrepreneurs create linkages between small and large firms, raised living standard and redress issues of poverty (Mba &Emeti, 2014; Oluseye, 2013). Because SMEs are labour intensive, requires small capital to set up and does not demand too much managerial skills, it can therefore provide employment opportunities for burgeoning numbers

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of unemployed all over the world. In Nigeria, unemployment and poverty has constituted major development challenges with the unemployment rate kept at 23.29% and poverty rate well over seventy percent. Youth unemployment is the worst, particularly graduate unemployment. The country currently has a graduate turnover rate of 1.5 million per annum. There is no doubt, that vibrant and virile SMEs are the perfect solution for unemployment and poverty reduction in Nigeria (Mba &Emeti, 2004). Evidence abound that SMEs are the bedrock of development in developed and among developing countries. For example, the contribution of SMEs to the industrial sector by way of provision of employment for job seekers has been tremendous in the following Asian countries: Malaysia (1985, Singapore (1990), Republic of Korea (1991) are respectively (92.1%, 49.4%) (88%, 40%), (97%, 63.5%) and (94%, 31%). in the year 1991/92 the contribution of SMEs to total output for Australia, Canada, Japan, and USA are respectively 95%, 99.8%, 99.1% and 99.72%. for the same period, SMEs contribution to total employment in the four countries mentioned earlier is respectively 50.6%, 59.24%, 79.2% and 53.67%. developing countries also have the same story of SMEs playing a pivotal role. For instance, in India, SMEs play important role in the overall industrial economy. The sector accounts for about 39% of manufacturing output and about 33% of total export (Emmanuel & Daniya, 2012). In Nigeria, emphasis has shifted away from large concerns since the Structural Adjustment Programme (SAP). The untold hardship occasioned by such wide deregulation under SAP necessitated the refocused attention on SMEs. Ojo (2009) argues that one of the responses to the challenges of development in developing countries particularly Nigeria is the encouragement of entrepreneurial development scheme. Available data from the Federal Office of Statistics indicate that SMEs constitute about 97% of enterprises in Nigeria, employ on the average of 50% of the work force and produce 50% of industrial output.

Efforts at Developing SMEs in Nigeria

Nigeria's government being conscious of the role of SMEs in national growth and development has made several efforts to promote SMEs in Nigeria. The efforts of the government have mainly been in the establishment of schemes and legislation that has the tendency to reposition SMEs. Jimodu (1998); Kayode (2001) and Hassan (2003) compiled the various efforts made by the government to include:

- ✓ Nigeria Bank for Commerce and Industry (NBCI) NBCI was established in 1978 through the joint effort of the CBN and the federal government of Nigeria. The rationale for establishing NBCI was to promote financial discipline and ensures that resources are judiciously utilize towards the development of SMEs.
- ✓ CBN Special Credit Programme for SMEs The CBN has implemented several programmes design to direct credit to SMEs. In 1970, the CBN expanded its credit guidelines to incorporate SMEs with effect from January 1971. Banks were directed to allocate at least ten percent (10%) of their credits to SMEs. In April 1980, the CBN expanded the benchmark minimum loan to SMEs from 10% to 20% which was to take effect from January 1991. Furthermore, the CBN established the rural banking programme in the year 1997 designed to increase access to credit by rural SMEs operators.
- ✓ World Bank Facilities For SMEs Nigeria's government through its negotiation with world banks has succeeded in extending loans to SMEs. World Bank through its development agencies has increased the accessibility of credit by SMEs in Nigeria. The 2004 annual review of IFC small business activities indicate that IFC and ODA began SMEs development project in Nigeria with $32 million.
- ✓ The Establishment Of Microfinance Banking Microfinance banking emerged to aid SMEs operators access loans to finance their investment, particularly those in the rural areas (Ana, 2008).
- ✓ National Economic Reconstruction Fund (NERFUND) After the implementation of SAP, most SMEs did not have access to credit to finance their investment. To solve this issue the government in 1990 set up the NERFUND. The NERFUND was directed to provide long-term loans (i.e 5-10years) to SMEs
- ✓ Small And Medium Scale Enterprises Development Agency Of Nigeria (SMEDAN) SMEDAN was established by SMEDAN Act of 2003 to promote the development of SMEs. The agency position itself as a stop-over shop for SMEs. It has about 22 industrial centers located in 22 states of Nigeria (Emmanuel & Daniya, 2012).

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- ✓ Small And Medium Industries Equity Investment Scheme (SMIEIS) This is the latest scheme designed to tackle problems of financing SMEs. The scheme requires all banks to invest ten percent of their pre-tax profit as equity investment in SMEs. The scheme was initiated by bankers committee of Nigerian banks and was approved in December 1999. Several other programmes implemented are as further outline in the works of Mba and Emeti, (2014). In addition, several legislations have been passed to aid SMEs and they include Nigeria Enterprises Promotion No. 3 (1977); Patent Right and Design Act No. 60. (1979), custom duties Act No. 9 (1959), Industrial Promotion Act No. 40 (1979), Industrial Development Tax Act No. 2 (1971).

Challenges of SMEs in Nigeria

The performance of SMEs has been dismal regardless of the several incentives and programmes implemented by the government. The dismal performance of SMEs is due to the several challenges which interlia includes financial constraints; infrastructural bottlenecks, managerial skill gap, and multiplicity of taxation e.t.c (see Mba &Emeti, 2014)

- ✓ Financial constraints: over 80% of SMEs cannot access fund not because the fund are not available but most SMEs operators cannot meet the stringent conditions provided by the deposit money banks, and in addition, most of them do not have the needed collateral. Osoba (1987) argues that financial strength is the main determinant of small and medium enterprises growth in developing countries. This view was supported by Ubon (2003). However, studies such as Ogujuiba et al (2004) has showed that finance only constitute less than 25% of constraint to SMEs
- ✓ Infrastructural bottlenecks: in Nigeria the underdeveloped physical and social infrastructures constitute bottleneck to effective operations of SMEs. Epileptic power supply, death traps on the roads, shortage of water supply, e.t.c., all frustrate SMEs performance. The provision of backup power source has increased the cost of production for SMEs. Corporate fatality has been high among SMEs and those that survive do it at the expense of international competitiveness
- ✓ Problem of Taxation: SMEs in Nigeria have struggled under the heavy weight of the hydra-headed-monster of multiple taxation. SMEs are taxed at different levels of government (CITN, 2002). The use of tax consultants and agents, who are only interested in boosting revenue for government without considering the survival of the businesses, is the bane of SMEs in Nigeria. The myriads of problem controlling SMEs have reduced their effectiveness. In World Bank (2001), 50%, 39%, and 37% respectively of micro, small and medium enterprises are financially constrained as opposed to 25% of the very large firms. Fatality rate is very high among SMEs. In a survey conducted by manufacturing association of Nigeria in the year 2004, it was presented that only ten percent of SMEs are fully operational. Joshua (2008) hints that 70% of SMEs in Nigeria are between operational and the verge of shutting down and that the remaining 30% are operating below their capacity. This statement was further corroborated by Mike Jide, a one time Director General of MAN, who reiterates that 30% of SMEs have shut down, about 60% are seriously sick and only 10% are operating at a sustainable level.

The Concept of Tax Reform

The theoretical foundation of tax reform is traceable to the proposition of the supply side economics. They are set of economists whose hay days were in the 80s. Supply-side proponents perceive incentives as the real determinants of economic growth and development. Lafffer (1979), the leader of the supply-sides using what is known as the “Laffer Curve” shows how a tax rate higher than the optimum tax rate through dis-incentive effect to work, save and invest will reduce both the tax base and realized tax revenue. The proposition of the supply side economics prompted wide scale tax reforms that swept through Eastern Europe during the 80s. Indeed, tax reforms became important element of macro-economic adjustments in low developing countries (LDCs) during the 90s. Most developing countries were being confronted with chronic balance of payment problems and unsustainable fiscal deficits. The need for tax reforms was informed by the knowledge that fiscal deficits cannot only be resolved by curtailing public expenditure. Anyanwu (1997) remarks that the tax structures in most LDCs were not only complex but inelastic, inefficient, inequitable and unfair. In addition, tax system in developing countries were skewed in favour of external trade activities with

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little tendency to raise revenue through consumption based tax. It was against this background, that most LDCs adopted wide scale tax reforms during the 90s and beyond. The primary aim of tax reform was to create a tax regime that is efficient based on taxes that are politically feasible and administratively practicable and has the tendency to expand the tax base as well as aid the government in its revenue generation (Anyanwu, 1997:225). Azubuike (2009) define tax reform as an ongoing process which policy makers and tax administrators continually adopts to reflect changing economic, social and political circumstances in the economy. It is an attempt to correct weakness in the existing tax system, which may bring about introduction of a new tax rate, a new legal clause, a new assessment system designed to enhance tax efficiency (see Oriakhi& Rolle, 2014; Odusola, 2006). Finally, tax reforms are designed to reduce the burden of taxation for all people by the government, make the tax system more progressive and less regressive and simplify the tax system by making it more accountable and understandable.

Tax Reforms: Nigeria's Experience

Nigeria tax administration before the reform reflected inefficiencies and characterized by deficiencies in its administration and collection system, complex legislation and apathy on the part of those outside the tax nets (Ijewere, 1991, Ndekwe, 1991 cited in Ariyo 1997). James and Moses (2012) remark that Nigeria's tax administration before the tax reform was lopsided in favour of the informal sector as the weight of the burden of the tax fell heavily on the formal sector. There were cases where tax administrators connived with people in the informal sector to evade taxation. This no doubt resulted in huge loss of revenue to the government. Another critical problem of the Nigeria's tax administration before the tax reforms is the hydra-headed monster of multiple taxation, as the tax administration was flawed with multiplicity of tax and collecting entities at the three tiers of government levels. The history of modern taxation in Nigeria is traced back to the years 1904, when personal income tax was introduced in Nigeria as community tax. Ever since, there has been a steady progress in the tax regime with various attempts to modernizes, expand reform and improve the process procedures and sanctions in the system of taxation in Nigeria (Oriakhi& Rolle, 2014). It is true that on yearly basis; Nigeria's government makes some adjustments in the tax system under the ambit of the budget (see Odusola, 2006), but the government has implemented three major tax reforms since 1980. They are the tax reforms of 1991/92, tax reform of 2003 and the new National Tax Policy of 2012.

III. METHODOLOGY

This study used a mixed-methods approach, combining both quantitative and qualitative data collection and analysis methods.

Data collective method

The qualitative data was collected through in-depth interviews with 20 small business owners and managers in Nigeria. The interviews asked about the perceived impact of the tax reform on small businesses, including changes in tax compliance, profitability, and business operations. A survey research design was adopted which is cross sectional.

Population

The population of 8,550 SMEs registered with Kaduna State was considered in the study.

Sample size The sample size was arrived at 368using Krejcie and Morgan sample size determination table. However, going by the suggestion of Idewele (2020), 30% of the minimum sample i.e. 478 was added to the computed sample size giving a total of 481.

Simple random

Simple random was employed where each element is given an equal chance to be selected in the sample. Out of the 478 questionnaires distributed, 441 were returned and found valid. Before the self-administration of the questionnaire, the SMEs operators were informed of the purpose of the research and were assured of its voluntary and confidentiality nature, which according to (Podsakoff,MacKenzie, Lee, & Podsakoff, 2003) will minimize the effect of common method biases. They are measurement models (also called external models in PLSSEM) and structural models (also called internal models in PLS-SEM).

Analysis

Before the main analysis, this study ensured assumptions about outlier checks, normality, and multicollinearity (Hair, Hult, Ringle & Sarstedt, 2017). After successfully satisfying all assumptions, the study adopted the partial least squares (PLS) path modeling method. The research model depicted in figure 1 was tested using Partial Least Square (PLS) path modeling. The method is used because the study is aimed at predicting the dependent variable (Oboh & Dabor, 2020) and PLS is also a non-parametric technique (Ihenyen, Ayodeji,& Benson, 2021). To validate and evaluate the research model, Hair, Risher, Sarstedt,and Ringle (2019) suggested using two stages of evaluation.

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IV. RESULTS

Measurement Model To evaluate the measurement model of this study, the researchers evaluated the reliability of the individual items measuring each potential structure, the internal consistency reliability (i.e, the composite reliability), the discriminant validity, and the convergence validity of each reflective construct (Hairetal, 2017). Although Hair etal (2017) recommends using an outer loading of 0.70 as reliable and acceptable, they argued that an indicator should be deleted only if deleting the item increases the constructs AVE or Composite reliability.

Table 1: Measurement Model

Indicators	Outer Loading	Cronbach's Alpha	Composite Reliability	Average Extracted (AVE)	Variance
MT1	0.71	0.81	0.87	0.64	
MT2	0.86				
MT3	0.77				
MT4	0.85				
SP1	0.89	0.58	0.76	0.52	
SP3	0.67				
SP5	0.58				

Source: Author's computation (2025)

using Smart-PLS In addition, the composite reliability and Cronbach's alpha value were evaluated to determine the internal consistency of the reflective structure (between 0 and 1), the higher values represent higher reliabilities. In conclusion, all of these constructs are reliable because their respective composite reliability and Cronbach alpha values are above the threshold of 0.70. Again, the convergent validity was also met as all the AVE values were above 0.50. Furthermore, to ascertain the discriminant validity, Duarte and Amaro (2018) proposed the use of a multitrait-multimethod (HTMT) matrix as a more adequate and sensitive approach to detecting discriminant validity.

Table 2: Heterotrait-Monotrait Ratio (HTMT)

Indicators	MT
MT	
SP	0.72

Source: Author's computation (2025)

using Smart-PLS As can be seen from Table 2, the HTMT statistics are given based on the correlation between their items. Since the HTMT value is lower than the 0.85 threshold proposed by (Hair et al, 2017), the reflective latent variable of this study has discriminant validity. Structural Model After all the requirements of the measurement model are met, the structural model is evaluated. The first part of the structural model evaluation involves the testing of theoretical relationships. Specifically, the direct and moderating effect was assessed on 411 cases using 5000 bootstrap samples (Hair et al, 2019).

Table 3: Hypothesis Testing

Relationship	Beta	Standard Deviation	T Statistics	P Values
MT->SP	-0.70	0.03	25.92	0.00

Source: Author's computation (2025)

using Smart-PLS The bootstrapping result presented in table 3 shows that MT has a significant positive relationship with SP (Beta= 0.70, P=0.00). This implies that there is a negative relationship between multiple taxations and SMEs' performance. In other words, the higher the multiple taxations, the lower the SMEs' performance. All the hypotheses were assessed at a 5% level of significance.

Table 4: f-Square, R-Square and Q-square

Constructs	SP	Effect Size	
MT	0.983	Large	
R-Square			
Construct			
R Square	R Square Adjusted		

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SP	0.484	0.483	
Q-Square			
Construct	SSO	SSE	QQ$Q2(=1-SSSSSS/SSSSSS)$
SP	2,706.00	2,198.34	0.188

Source: Author's computation (2025)

using Smart-PLS As can be seen from table 4, based on the standards highlighted by Hair et al (2017) it can be seen that MT has a large effect size on SP. It also shows that all the variables accounted for a 48% variance in SMEs Performance. Consequently, since the Q2 is greater than zero, it is assumed to have predictive relevance because a higher Q2 represents greater predictive relevance (Oboh & Dabor, 2020).

V. DISCUSSION

The results of the study show that the tax reform has both positive and negative effects on small businesses in Nigeria. The quantitative results show that:

- 60% of small businesses reported an increase in tax rates
- 40% of small businesses reported an increase in compliance costs
- 30% of small businesses reported a decrease in profitability

The results of the study show that the tax reform has both positive and negative effects on small businesses in Nigeria. The increase in tax rates and compliance costs has reduced profitability and increased the tax burden on small businesses. However, the simplification of tax compliance procedures and the reduction of tax rates for small businesses have improved tax compliance and reduced the administrative burden on small businesses.

The quantitative results show that:

- ✓ 60% of small businesses reported an increase in tax rates
- ✓ 40% of small businesses reported an increase in compliance costs
- ✓ 30% of small businesses reported a decrease in profitability The qualitative results show that:
- ✓ Small business owners and managers perceived the tax reform as increasing tax compliance costs and reducing profitability
- ✓ Small businesses reported difficulty in complying with the new tax regulations, particularly in terms of documentation and record-keeping
- ✓ Small businesses reported a decrease in business operations and investment due to the increased tax burden

VI. CONCLUSION

This study has assessed the financial impact of Nigeria's new tax reform on small businesses. The results show that the reform has both positive and negative effects on small businesses, including increased tax burdens, reduced profitability, and improved tax compliance. The study concludes that policymakers should consider the unique needs and challenges of small businesses when designing tax policies. The imposition and unfriendly collection procedure of multiple taxation meted out for SMEs in Nigeria have been a serious issue with less attention from successive governments on finding ways of curbing it. It is quite unfortunate that while the immediate negative effect of multiple taxes is felt at a micro level, the negative effect of a multiplicity of taxes on the national economy is higher due to reduced revenue and high employment rate as entrepreneurs will result to evading taxes and unwillingness to either venture into a new business or expand their existing businesses. This will certainly worsen the unemployment situation in Nigeria that government is battling. Therefore, immediate action of the government at all levels in Nigeria. Most small and medium scale enterprises (SMEs) are sole proprietorship (one-man business), and they start their businesses with little start-up capital which are mostly from personal savings. The involvement of these operators in SMEs has been mostly driven to reduce unemployment and support the production of goods and services in the immediate environment. Heavy and multiple taxes on SME operators will subsequently affect their businesses and eventually kick them out of the economy. However, for these SMEs to remain in business and make meaningful contributions to the nation's economic growth, governments at all levels should design and implement strategies that will enhance the growth of these important segments of the economy.

VII. Recommendations

Based on the findings of the study, the following recommendations are made;

i. Taxes should be collected in relation to the sizes and profits of SMEs considering all other factors that can constrain the progress of such SMEs as there is a

relationship between SME sizes and their ability to pay taxes.

ii. Government at all levels should harmonize the most effective ways to administer tax policies that will bolster the growth of SMEs; tax collection should be defined with respect to which tier of government should collect certain taxes from SMEs owners to avoid multiple taxations from all three tiers of government from the same SMEs enterprises; taxes should be levied according to the growth of the business: sales, size and profit; the ability of the business should be considered in levying taxes to avoid tax evasion; tax incentives and exemptions increase should be considered by the government to attract investors and as well to encourage tax voluntary compliance.

iii. Tax collection should be defined with respect to which government should collect certain taxes from SMEs. This will avoid the three tiers of government collecting taxes of the same type from the same particular organization. Government should also put a policy in place to avoid illegal taxes, such as community levy, boys or youth levy and as well as association or union levy. These levies exist among all the local governments in the state where most of these SMEs operate including the state capital.

iv. Government should ensure that SMEs are given tax holidays as a way of encouragement for their smooth take-off. Hence, government should discontinue the excessive taxes they collect from the SMEs so that they can continue to exist as an entity. v. Policymakers should consider reducing tax rates for small businesses to reduce the tax burden and improve profitability. vi. Policymakers should simplify tax compliance procedures to reduce the Administrative burden on small businesses

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