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EFFECT OF MULTIPLE TAXATION ON THE PERFORMANCE OF SMALL AND MEDIUM SCALE ENTERPRISES IN GOMBE STATE

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Abstract

The role of Small and Medium Scale Enterprises (SMEs) in development process has been in the forefront of policy debates in developing countries. There are contentions that the performance of SMEs as engine of growth that adversely affected when subjected to complex taxation system. Therefore, this study seeks to assess the effect of multiple taxation on SMEs in Gombe State, Nigeria. The study used cross-sectional survey design. Questionnaire was used to obtain data from the targeted respondents in two (2) selected Local Government Areas (LGAs) of the state. The SMEs within the selected LGAs were recruited using stratified sampling from Akko and Gombe LGAs. The reason for selecting these LGAs was because, majority of the registered SMEs are located in the Areas. The study administered 207 questionnaires from which 203 were retrieved, making 98% return rate. Descriptive statistics was used in analysing the collected data. Our findings revealed two different identifiable patterns of multiple taxation paid by SMEs in Gombe State, while the Local Governments (LGs) were observed to levy the most complex multiple tax. In addition, responses to multiple tax perception questions contained in the questionnaire reveals that multiple tax affects the operation of SMEs. The study recommended that multiple taxation be designed in a unified fashion where only one tax would be implemented while the different authorities work out a formula through which the revenue would be shared.

Keywords: Multiple taxation, Ability to pay, SMEs, Performance.

Introduction

Small and Medium Enterprises (SMEs) constitute one of the important actors that underlie the economic development of nations. Until date, there exist no unanimous definition of SMEs as different authors and government agencies have defined such businesses with apparent variations in their scope and size. According to the 1988 Monetary Policy Circular No. 22 of the Central Bank of Nigeria, SMEs were described as enterprises whose annual turnover do not exceed ₦500, 000. Meanwhile, Cela and Gaspari (2015) defined SMEs as firms with 10 to 250 employees and attracting more than 10 million Euro turnover. The latter definition is more encompassing, and much larger, concerning the turnover. Regardless of such

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differences in the size of firms constituting SMEs, there appear consensus on the importance of SMEs in spurring economic prosperity.

Taxation is an essential instrument for national growth and development. It is a statutorily levy imposed by government exacted from personal income, firms' revenues, property or transaction for funding government expenditure (Garba, 2015; Gurama, et al., 2015). Governments in both developed and developing countries collects taxes to fund public services and the provision of infrastructural facilities. Taxation plays an important role in the development of every economy as well as growth of small and medium enterprises (SMEs) at micro and macro levels as tax revenues are often invested in infrastructures. In economies with decentralised systems of government, taxes are compulsorily levied on individuals or corporations by different government entities including the Local Government (LG), State Government (SG) and Federal Government of Nigeria (FGN) in order to finance government expenditure. Multiple taxation describes a tax structure where multiple levies are charged to either an SME or a single amount of levy charged by any two-tier or the three tiers of government or authorities in economies with decentralised governance structure (Okolo, et al, 2016). The rise of SMEs corresponds to the emergence of entrepreneurs, as SMEs foster entrepreneurship the world over (Adeusi & Aluko, 2014).

In Gombe State, the importance of SMEs cannot be overemphasised as beyond constituting a means of livelihood for many, taxes on such businesses constitute one of the sources of internally generated revenue to the governments (Ibrahim & Ozioma, 2019). However, the SG directly through the state's board of internal revenue still conventionally collects taxes from SMEs in Gombe state. This orthodox method of tax administration is itself blamed for ineffectiveness and inefficiency. As such, Stephen (2018) suggested the need for an autonomous body to manage tax administration in the state.

SMEs are most often, labour intensive capable of creating new jobs to large number of people and perceived key to economic growth, poverty alleviation and employment generation (Aremu, et al. 2011). Thus, they are generally regarded as engines that sustain growth and development. Therefore, the important roles played by SMEs in the development of every economy cannot be over emphasised in both developed and developing countries of the world. SMEs in Nigeria are critical for economic growth of the country. According to Dikko Radda, the Director General of the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN), the Micro, Small and Medium Enterprises contribute 48.47% to the nation's Gross Domestic Product, GDP (Elebeke, 2018). In addition, SMEs account for about 50% of the total employment generation of the country's citizens (Ariyo, 2005), thus, it is a source of livelihood to the low-income earners and improve their standards of living, ensuring social, economic as well as political stability.

Whereas, despite their importance, the fragility of SMEs in Nigeria is most fervently revealed in their infant mortality rate, which has, been associated to tax burden, among others. It is for instance, on record that about 75% of such businesses close-up in their first four (4) years of operation while up to 80% die in their first five (5) years (Ilemona et al., 2019; Adebisi & Gbegi., 2013). The reason for such non-sustainability in the operations of SMEs has been associated to enormous and

multiple taxation, among others. Yet, despite the aforementioned importance of SMEs, tax policies have not considered their peculiarities in designing tax collection modalities. They are subjected to complex tax systems where they are either subjected to pay similar type of levy to different tiers of government, paying distinct taxes to different tiers or some combinations of both, leading to a complex structure.

Several studies have contributed to existing literature to ascertain the effect of multiple taxation on SMEs. These include Ilemona et al (2019) in Kogi State, Segun and Osazee (2018) in Lagos State, Ocheni and Gemade (2015) in Benue state, Onwe (2006) in Ebonyi state, Ebere, Eunice and Chimaobi (2016) in Enugu state, Chukwuemeka (2017) in Abia state, Daniel (2019) in Abuja as well as, Adebisi and Gbegi (2013) in Kogi state; all of whom unanimously concluded multiple taxation affects the performance, growth or survival of SMEs. However, the analysis cannot be concluded without, foremost, knowing the tax structure SMEs are subjected to. In the particular case of Gombe State, this study finds no existing study explaining the tax structure. It is thus deemed, timely to not only examine the tax structure but also its perceived effect on the performance of SMEs. Thus, the objective of this study is to examine SMEs' multiple tax structure and its perceived effect on their performance. The reminder of this paper is structured as follows. Section 2 contains literature review, comprising relevant theories of taxation and empirical literature, section 3 is essentially the methodology section. It details the method adopted for data collection, sample size and method of data analysis. Section 4 contains results and discussion and finally, section 5, presents conclusion and recommendation.

Literature Review

Theory of Ability to Pay

The theory of ability to pay according to Eftekhari (2009), states that taxation should be levied according to an individual`s ability to pay. It espouses that public expenditure should come from "him that hath" instead of "him that hath not". This principle is perceived the most equitable tax system, and has been widely used in developed economies. The tenet adduced for the justification of ability to pay is on grounds of sacrifice. The payment of taxes is viewed as a deprivation to the taxpayer since they surrender their money to the government, which could otherwise be used for themselves. However, there is no solid approach for the measurement of the equity of sacrifice in this theory, as it can be measured in absolute, proportional or marginal terms. Thus, equal sacrifice can be measured by: (i) each taxpayer (SMEs) surrendering the same absolute degree of utility that they obtain from their income, or (ii) each sacrifices the same proportion of utility he/she obtains from his/her income, or (iii) each gives up the same utility for the last unit of income respectively.

Laffer Curve Theory of Taxation

Laffer curve theory of taxation originally proposed by Arthur Laffer in 1979 cited in Ilemona et al., (2019). The theory geometrically espouses a theoretical relationship between government revenue and the rates of taxation levied on taxpayers, while the marginal effect between them is taxable income elasticity. Essentially, the theory demonstrates the existence of an inverse relationship between tax rate and tax revenue. However, the relation has a finite limit as extremely low tax rate of 0% yields no tax revenue, just as extremely high tax rate of 100% will yield

no revenue and will be contested. Yet, rates in between the two extremes yield revenues that are either optimal or sub-optimal. Sufficiently low taxes are expected to boost economic activities and thus, lead to increase in revenue. Contrariwise, an undesirably high tax with multiple imposition will provoke the exploit of loopholes for tax evasion and disinvestment, leading to low tax revenue.

In combining the two theories, it could be concluded that the consideration of ability to pay in the imposition of tax is not sufficient to guarantee the payment of taxes. Rather, the ability to pay tax consideration is to be combined with the imposition of non-extreme tax rates, including the higher tax burden that might result from the imposition of multiple taxation since that will provoke the tendency for tax evasion.

Empirical Review

Adeniyi and Imade (2018) examined the effect of multiple taxation regimes on sustainable development among SMEs in Lagos state. The study adopted survey design and data were collected through primary source, involving questionnaire administration. The result reveals that there was no statistically significant relationship between multiple taxation burden and business performance. The authors notwithstanding, recommend government to establish an institution to manage the issue of multiple taxes in the economy to reduce the burden of multiple taxation among small-scale enterprises in the economy.

Feyitimi, et al. (2016) examined the tax incentive and growth of SMEs in developing economy. The study used primary data and descriptive statistics to analyse the data collected. The result showed a negative relationship between taxation and SMEs growth. Thus, the study recommended friendly tax policy for all states to be stable enough to sustain tax payment. Folayan and Adeniyi (2018) identified the effect of tax evasion on government revenue generation in Oyo state. The study used structured questionnaire for data collection and the secondary data were collected from national bureau of statistics (NBS) 2011-2016. The data collected were analysed using descriptive and inferential statistics. The result showed that, the amount of internally generated revenue between the periods of 2011-2016 fell short of the expected revenue. The result also revealed that, tax evasion has adverse effect on government revenue generation in Oyo state, which typically resulted in loss of revenue.

Evans, et al, (2016) investigated the effect of tax payment on the performance of SMEs. The researchers administered questionnaire and interviewed some selected respondents. The data obtained was analysed using descriptive statistics. The study found that majority of respondents perceived the existing tax policies to have adverse effect on the growth of SMEs. The authors thus suggested reforming existing tax policies across the country in a manner that aligns closely to the peculiarities of most SMEs.

Dennis and Emmanuel (2014) examined the impact of taxation on revenue generation in Nigeria. The study used primary and secondary data and employed regression analysis. The result revealed that taxation has negative effect on SMEs while it has a positively significant effect on revenue generation.

Adebisi and Gbegi (2013) investigated the effect of multiple taxes on the performance of SMEs at West African ceramics in Ajeokuta, kogi state, Nigeria. The study employed survey research design with a population of 91 respondents. Frequency distribution and percentages were used to present and analyse the data collected. The finding revealed that multiple taxes have negative effect on SMEs survival and the relationship between SMEs size and it ability to pay taxes was significant.

Amanamah (2016) examined the effect of tax compliance among SMEs in Kumasi metropolis Ghana. Data was collected using primary source and analysed using descriptive statistics. The results revealed that taxes paid by respondents include; income tax, value added tax (VAT) and property tax. The respondents were of the opinion that a reduction in the taxable amount, use of tax collected for developmental project; the enforcement of punishment for non-compliance as well as educating SMEs about their tax obligation would promote voluntary tax compliance. The author recommends the authority to review taxable amounts downwards and widen the tax net to include more SMEs by reducing evasion practices to increase the tax revenue. This is in conformity with Laffer curve theory of taxation.

Methodology

Cross-sectional survey design was used to study the effect of multiple taxation on the performance of registered SMEs in Gombe State. This study used primary data. The LGAs of Akko and Gombe were purposefully selected. The reason for the choice of these LGs was because; according to the data obtained from the Ministry of Trade and Commerce about 70% of the registered SMEs in the state are located in the Areas. The data was collected using structured questionnaires administered to respondents. According to Gombe State Ministry of Trade and Commerce, there were 430 officially registered SMEs in the state, at the time the information was sourced. The study used stratified sampling procedure across Akko and Gombe LGAs. In determining the appropriate sample size, the formula provided by Yamane (1967) was used to sample respondents (SMEs). Using the formula as contained in equation (1), 207 SMEs were deemed appropriate.

$$n = \frac{N}{1+N(e)2} \quad \text{..... (1)}$$

Where

n = sample size

N= the total population

e= the level of precision

e=0.05

=207approximately.

In examining the structure of multiple taxation as well as its perceived effect on SMEs performance, descriptive statistics was used. In addition, the perception questions were asked using a five-point Likert scale with response anchor starting from “strongly disagree” to “strongly agree”. Meanwhile, in determining the types of tax or taxes paid by each respondent, a complete list of the different types of taxes paid to the authorities were obtained and presented to them from which they were asked to tick the ones applicable to them. This was done to reduce randomness in

responses that may ensue if they were merely asked without such list. Table 2 details the list of the different forms of taxes compiled from the authorities.

Results and Discussion

Socio-economic Characteristics of the Respondents

Based on the optimal sample size stated in the methodology, a total of 207 copies of questionnaires were administered to the respondents, but 203 copies were retrieved. This implies a return rate of 98 %. The results are presented in the relevant tables and discussed according to the research sub-objectives.

Table 1: Socio-economics characteristic of the respondent

Variables	Frequency (n=203)	Percentage (%)
GENDER	162	79.8
Male	41	20.2
Female	121	
AGE		
18-25	10	4.9
26-35	106	52.2
26-35	70	34.5
46-55	14	6.9
56 and Above	3	1.5
Educational Qualification		
No Formal Education	24	11.8
Primary	20	9.8
Secondary	56	28.6
NCE/Diploma	53	26.1
Degree	48	23.6
Marital Status		
Single	42	20.7
Married	151	74.4
Widowed	9	4.4
Divorced	1	0.5
Start-up Capital of the Respondents		
less than one million	151	74.4
1-5 million	50	24.6
6-10 million	2	1.0
Years of Experience of the Respondents		
1-2 years	10	4.9
3-4 years	64	31.5
5 and above	129	63.5
Amount of sales per month		
₦1-₦499,999	101	49.8
₦500,000-₦999,999	38	18.7
₦1,000000-₦1,499,999	20	9.8
₦1,500,000-₦1,999,999	2	1.0
₦2,000,000-₦2,499,999	9	4.4
₦2,500,000 and above	33	16.3
Different types of taxes paid		
1	1	0.5
2	54	27.1
3	121	59.6
4	24	11.8
5	2	1.0
Total	**203**	**100.0**

Source: Field Survey (2019).

Gender of the Respondents

It is evident from Table 1 on the gender distribution of the respondent that 20.2% were females while 79.8% were males making a total number of 100%. It can be inferred that more than half of the respondents (SME operators) in the sampled areas were males. That is, the males participate in businesses more than their female counter parts.

Age of the Respondents

Table 1 reveals the summary of the respondents' age distribution. From the total of 203 respondents who completed the questionnaire, 52.2% were between the

ages of 26-35 years, while 34.5% were between the ages of 36-45 years. This implies that majority of the respondents constituting 86.7% are youth and they are within the active age bracket of 26-45 years old. The remaining 13.3% fall within the age bracket of 18-25 years, 46-55 years and 56 years old and beyond. This implies majority of SMEs operators in Gombe state are youths.

Educational Qualification

Table 1 shows the educational qualification of the sampled SME operators. Obviously, about 12% of the respondents had no formal education, while the remaining 88% had some formal education. Among the educated 9.9% had primary education, 28.6% had secondary education, 26.1% had NCE/Diploma and 23.6% of the respondents had bachelor's degree. It can thus be concluded that majority of the respondents had one form of education or the other.

Marital Status

The marital statuses of the respondents that participated in the study as contained in Table 1 shows that about 21% of the respondents were single, 74.4% were married, 4.4% widowed while 0.5% of the respondents were divorcees. This means that about 75% of the respondents were married. This study agrees with the study conducted by Ahmad and Saniya (2015) where the married respondents constitute more than half.

Start-up capital

Table 1 shows the distribution of SMEs start-up capital. From the table, 74.4% started their businesses with less than one million naira, while about 25% started their business with seed capital ranging from ₦1,000,000 to ₦5,000,000. Meanwhile, only 1.0% revealed they stated their businesses with seed capital ranging from ₦6,000,000 to ₦10,000,000. This means majority of the sampled SMEs (about75%) started their businesses with less than ₦1,000,000. This implies that all surveyed businesses fall within the realm of SMEs as statutorily defined in Nigeria.

Years of Experience

In addition, Table 1 summarises the years of experience of the respondents in doing business. About 5% of the respondents have been in business between 1-2 years, 31.5% of the respondents have been in business between 3-4 years and 63.5% of the respondents have been in business for 5 years and above. This means that majority (about 64 %) of the respondents have been in business for 5 years and above. Entrepreneurs who have spent more years in business are expected to develop good business record and strategies that will avail them to be resilient in the industry. This implies majority of the surveyed SMEs have successfully lived above the their initial four (4) to five (5) years critical times within which many firms fold up as noted by Ilemona et al (2019).

Amount of Sales per Month

Table 1 also details the amount of sales per month across the surveyed businesses. 101(49.8%) of the respondents revealed monthly revenue between ₦1 to ₦499,999, while 38 (18.7%) of the SMEs reveal sales between ₦500,000 to ₦999,999. Meanwhile, 20 (9.9%) of them revealed monthly sales between ₦1,000,000 to ₦1,499,999 but only 2 (1.0%) SMEs revealed sales revenue between ₦1,500,000 to ₦1,999,999. Others in 9 (4.4%) respondents with monthly sales between ₦2,000,000 to ₦2,499,999 and 33 (16.3%) SMEs with monthly sales of

₦2,500,000 and above. Therefore, most of respondent record monthly sales ranging from ₦1 to ₦500,000.

Types of Taxes Paid by Respondents

Table 1 summarised the different types of taxes simultaneously paid by each SME. The distribution shows that only one (0.5%) respondent revealed to have been paying one type of tax annually, 55 SMEs (27.1%) reported to have been paying two types of taxes, 121 SMEs (59%) reported to have been paying up to three different types of taxes, 24 SMEs (11.8%) reported to have been paying up to four different types of taxes and two SMEs (1.0%) reported to have paid up to five different forms of taxes. Therefore, it could be concluded that 99.5% of the respondent are subjected to paying multiple taxation.

The Types of multiple Taxation Paid by SMEs in Gombe State

This subsection addresses the first specific objective by identifying the types of multiple taxes paid by SMEs in Gombe State. This is contained in Table 2. Meanwhile, Figures 1, 2 and 3 reinforce Table 2 by detailing the different types of multiple taxation paid by SMEs and the number of taxes each SMEs paid to the LG, SG and FGN respectively.

Table 2: The different forms of taxes paid by SMEs in Gombe State

S/N	Types of Tax	Number of SMEs
1.	Pay As You Earn (PAYE)	0
2.	Withholding tax on individuals	0
3.	Capital gains tax on individuals	3
4.	Stamp duties on investments executed by individuals	1
5.	Pools betting, lotteries, gaming and casino taxes	0
6.	Road taxes	19
7.	Business premises registration fees,	148
8.	Direct taxes (self-assessment)	10
9.	Shops and kiosks rate	47
10.	Development Levy (individuals only)	1
11.	Naming of street registration fees in State Capital	8
12.	Right of Occupancy Fees on Lands owned by the State in urban and rural areas	81
13.	Business permit fees	82
14.	Market taxes and levies where state finance is involved	4
15.	Public convenience, sewage and refuse disposal fees	6
16.	Signboard and Advertisement permit fees	7
17.	Property Taxes	55
18	Environmental (ecological) fees	110
19	Domestic animal license fees	0

Source: Field Survey (2019).

Table 2 shows the types of taxation paid by SMEs in Gombe state. Data summary reveals that none of the SMEs reported paying any levy under the Pay as You Earn (PAYE), Withholding tax on individuals, Pools betting, lotteries, gaming and casino taxes as well as Domestic animal license fees in the state. In addition, business premises registration fees, business permit fees, right of occupancy and environmental (Ecological) fees, are the most paid category of taxes by SMEs in Gombe state. Meanwhile, stamp duties on investment executed by individuals, capital gain tax on individuals and development levy (individual only) are the least paid

category of taxes by SMEs in Gombe state. These statistics further reveals that SMEs pay multiple taxation in Gombe state, as evident in subsequent Figures 1, 2 and 3.

Multiple Taxation Paid to different Authorities

The analysis of the field data shows a complex tax collection structure where SMEs paid multiple taxes to each of the three tiers of government. In a bid to simplify the presentation, the different forms of taxes paid by SMEs are shown for each tier of the government in Figures 1, 2 and 3.

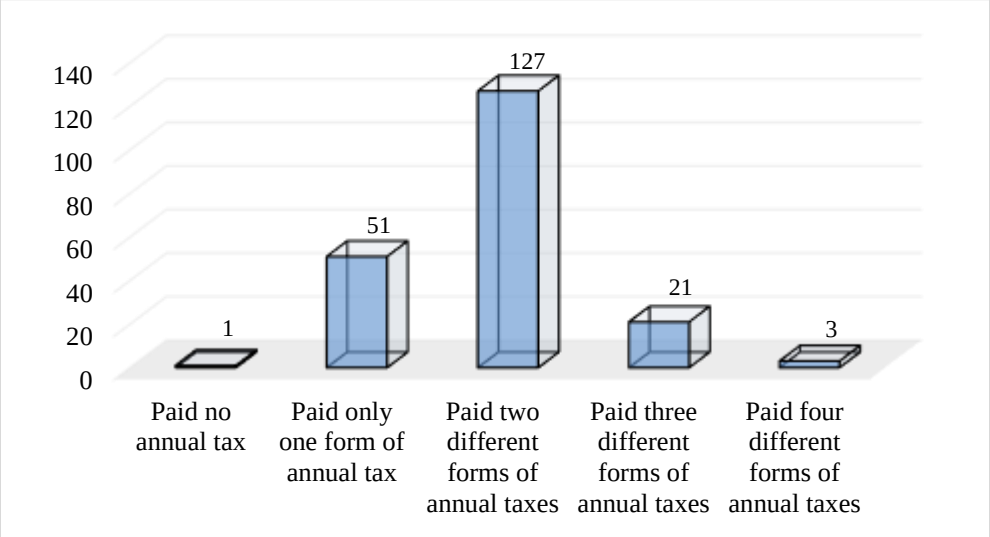


Figure 1: Multiple taxation paid to LG by SMEs
Source: Field Survey (2019)

Figure 1 shows different structure or pattern of multiple taxes paid to LG by SMEs. Out of the 203 respondents that were surveyed in the study, only one (1) of the respondents (0.5%) reported not paying any tax to the LG. The remaining 202 SMEs reported paying some forms of taxes out of whom only 51 (25.1%) revealed paying single taxes. The remaining 151 (about 75%) disclosed simultaneously paying different forms of taxes to the LG annually. In this multiple tax payers group; 127 respondents representing 62.6% of total, simultaneously paid two types of taxes to the LG, while 21 respondents representing 10.3% of total simultaneously paid three (3) different types of taxes to the LG. more so, only three (3) respondents representing 1.5% of the total reported to have paid four different types of taxes. Conclusively, the majority of the SMEs (about 75%) pay multiple taxation to the LG authority in Gombe state and in this group. Indeed, the majority paid two distinct forms of taxes.

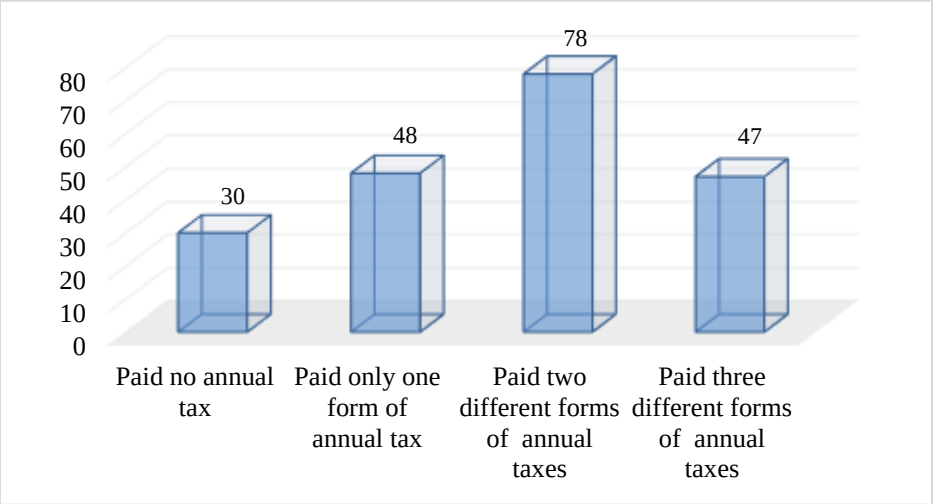


Figure 2: Multiple taxation paid to SG by SMEs
Source: Field Survey (2019)

Figure 2 shows the structure of multiple taxation simultaneously paid to the SG by SMEs. From the total of 203 SMEs, 30 (14.8%) of them reported not paying taxes to SG at all. This is unlike only one of such case for LG in Figure 1. This implies either a higher incidence of tax evasion from SG tax payment or lower coverage by the SG revenue collectors. The remaining 173 (85%) SMEs reported paying some forms of taxes. From the tax payer group, 48 (representing 23.6% of total) SMEs reported paying only one type of tax to the SG, while 78 (38.4% of total) others reported simultaneously paying two different types of taxes. The most multiple tax payers to the SG, were 47 (23.2%) SMEs, who reported simultaneously paying three different types of taxes. Therefore, out of 203 respondents, only125 (61%) paid multiple taxation to the SG in the study area. This is 14% less that the multiple taxation incident observed under the LG collections.

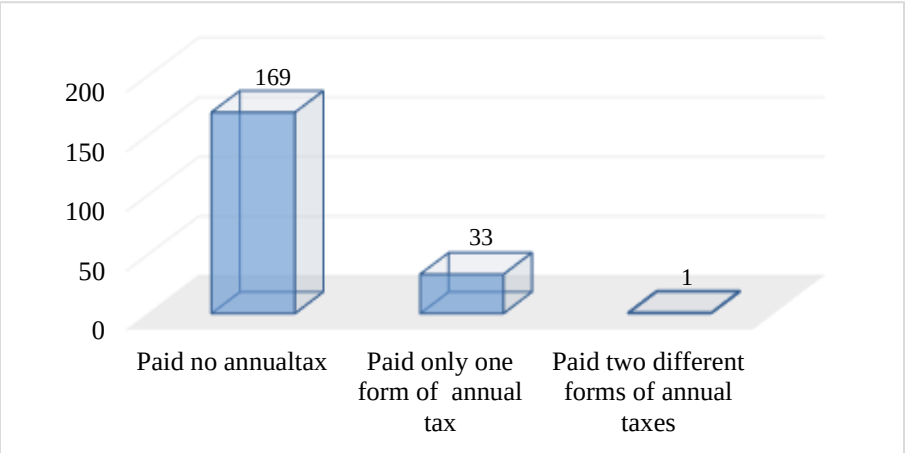


Figure 3: Multiple taxation paid to FG by SMEs
Source: Field Survey (2019)

Figure 3 details the different types of taxes paid to FG by SMEs in Gombe state. From the table it reveals that out of 203 respondents, 169 (83.3%) paid no tax to the FG, 33 of the respondents (16.3%) paid only one type of tax to the FG and only one (1) of the respondents (0.5%) paid two different types of taxes to the FG. In summary, it is expected that the number of SMEs paying taxes to the FG will be the least since majority are small businesses as revealed by the seed capital of majority of the SMEs in Table 1. In addition, close to zero percent multiple taxation incident was observed in tax payment to the FG compared to 61% for SG and 75% for LG. It is instructive to observe that in spite of the same sample size, the tax structure reveals distinct figures for the number of SMEs who reported paying single taxes. This variation arises from the fact that many of the SMEs that are reportedly single tax payers to a particular authority end up being multiple tax payers when observed from the perspective that they pay at least one more other kind of tax to at least, one other authority.

The perception of SMEs on the effect of multiple taxation on their performance

This subsection provides an answer to the second specific objective of the study by examining the perception of entrepreneurs regarding the effect of multiple taxation on the performance of SMEs.

Table 3: Perception of Entrepreneurs on the Effect of Multiple Taxation on SMEs

S/N	Statements	Strongly Agree	Agree	Undecided	Disagree	Strongly disagree
1	Does the multiple taxation reduce the profit of SMEs	57(28.1%)	108(53.2%)	0	37(18.2%)	1 (0.5%)
2	Multiple Taxation limit the expansion of SMEs	47(23.2%)	106(52.2%)	1(0.5%)	43(21.2%)	6 (3.0%)
3	Multiple Taxation weakens the financial strength of SMEs.	42(20.7%)	110(54.2%)	0	45(22.2%)	6 (3.0%)
4	Multiple Taxation discou-rages entrepreneurs to go into business	28(13.8%)	131(64.5%)	0	36(17.7%)	8(3.9%)
5	High taxation makes SMEs difficult to survive in a competitive market	27(13.3%)	131(64.5%)	0	39(19.2%)	6(3.0%)

Source: Field Survey (2019).

Table 3 shows SMEs' perceived effect of multiple taxation on their performance. According to the findings of the study on the first statement, 81.3% of the respondents agree with the statement that multiple taxation reduce the profit of SMEs. Among this proportion, 28.1% of the respondents strongly agree with the statement. Whereas, in a minor opinion, 38 (18.7%) SMEs operators disagree with the statement.

Therefore, majority of SMEs perceived multiple taxation potent enough to reduce their profit in the study area. Moreover, it is apparent from Table 3 on the statement that multiple taxation limits the expansion of SMEs. Majority of the SMEs (75.4%) agree, while only 24.2% disagree with the statement. Meanwhile, only one respondent (0.5%) was found indecisive about the statement. It could be concluded that multiple taxation limits the expansion of SMEs.

Whereas, statement three, on multiple taxation, specifically on weakening the financial strength of SMEs, majority of the respondents (75%) agree with the statement. In a contrary opinion, the remaining minority of about 25% did not agree with the statement. Thus, following the majority view, it could be accepted, at least descriptively, that multiple taxation adversely affects the financial strength of SMEs in the study area.

In addition, roughly 78% of the respondents agree with the statement that multiple taxation discourages entrepreneurs to go into the business. The remaining 22% of the respondent disagreed with the statement. It also indicates that multiple taxation discourages career in entrepreneurship as they think such imposition will discourage start-ups. In a similar fashion agreeing with responses to previous questions, about 78% of the respondents hold the view that multiple taxation make SMEs loss competitive edge in the market. This is because they think multiple taxation make survival difficult SMEs.

Thus, it could be concluded that multiple taxation imposed on SMEs as perceived by them, accounts for their limited survival and competitiveness, discouragement, constitutes source of financial instability, limits expansion and finally, reduced profitability.

Conclusion and Recommendation

This study examines the structure of multiple taxation imposed on SMEs and its perceived effects on their operations in Gombe state. Efforts were made by the researchers to obtain the list of different forms of taxation paid by SMEs to the government in the study area. A total of 19 different types of taxes were found in the government tax schedule out of which 15 were observed to have been levied on SMEs in the study area, based on survey data obtained from business owners. The tax structure shows that majority of SMEs pay more than one form of taxes simultaneously either to the same or different tiers of the government in each financial year. When the distribution of taxes paid by SMEs was examined, it was observed that majority of the taxes were paid to the local and SGs, while the LG was observed to charge more complex multiple tax structure where some SMEs besides paying to the SG, paid up to four different forms of taxes to the LG. This constitute a unique finding that has not been investigated in similar studies reviewed. In addition, it was observed that even the single tax payers across the different tiers of government constitute part of the multiple taxpayers since they could end up paying single taxes across different tiers of government.

Meanwhile, as regards the effect of multiple taxation payment as perceived by SMEs, the study found that multiple taxation imposed on them, accounts for their limited competitiveness, discouragement, financial instability, expansion and finally reduced profitability. Thus, multiple taxation adversely affects SMEs. This conforms to the findings reported in similar studies including Ilemona et al. (2019), Adebisi and Gbegi (2013) and Daniel (2019).

Based on the aforementioned findings, the study recommends that multiple taxation be designed in a unified fashion where only one tax would be implemented while the different authorities work out a formula through which the revenue

collected could be shared. This will help demystify the fears of SMEs that multiple taxation discourages career in entrepreneurship and reduces profitability.

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