Effect of Multiple Taxation on the Financial Performance of Small and Medium Enterprises (SMEs) in Ekiti State, Nigeria

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ABSTRACT
The performance and growth of business enterprises, especially small and medium enterprises (SMEs), have been hindered by a multiplicity of taxes causing the untimely liquidation of most businesses. In this regard, this study examined the effect of multiple taxations on the financial performance of SMEs in Ekiti State, Nigeria. The study used a survey research method and analyzed it with correlation coupled with multiple regression analysis. The population comprises all registered and functional SMEs located in Ado Ekiti, Nigeria, and have been in existence for over 5 years with valid proof of tax payment. The results found that multiple tax burdens and multiple tax administrations exhibited a significant negative relationship with the financial performance of SMEs in Ekiti State, Nigeria, while the ability to pay tax revealed a significant positive relationship. From the aforementioned results, it was concluded that multiple taxes served as a worm that deeply reduced the investment potential of SMEs and invariably affected the chunk of revenue generated by the sector in the state. It was therefore suggested that the Joint Tax Board in the state and other institutions responsible for multiple tax management should awaken to their functions and harmonize all government revenue to prevent the occurrence of multiple taxes from causing a burden and hindering the survival of SMEs in the state.

KEYWORDS
Multiple Tax Burden, Multiple Tax Administration, Ability to Pay Tax, Financial Performance of Small and Medium Enterprises

Jel Classification Codes: H20, H21, L25

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1. Introduction
To a large extent, the performance of a business in terms of growth and profitability is influenced by the type and level of taxes imposed by the government and its agencies (Dagunduro et al., 2022; Oboh & Dabor, 2020). This monetary burden or additional costs, according to Zayol et al. (2018), affects the growth and stability of businesses, especially small and medium enterprises (SMEs). In recent periods most importantly among developing economies, the growth and development of an economy can be linked with the activities of SMEs. In Nigeria, for instance, SMEs constitute the source of livelihood for people and the dominant sector that accounts for a large employer of labour (Ige et al., 2023). Confidence et al. (2021) claimed that SMEs are vital not only for the economic lives of individuals engaged in them, but when their effects on the aggregate economy are considered, they surpass those of larger enterprises.

However, despite the significant contribution of SMEs to the economy, their mortality rate is high. According to Ocheni and Gemade (2015), nearly 80% of most SMEs liquidate before they reach their 5th anniversary. Nyong (2021) noted that factors responsible for this untimely death include but are not limited to tax-related issues. Though taxation serves as a vital source of revenue for governments at all levels in the execution of their statutory functions, negative consequences such as multiple taxations, which causes undue or illegal tax burdens, poor tax administration, and a lack of consistency in tax administration,
among others, have limited the growth and sustainability of the sector. Usmana (2017) noted that among the problems confronting SMEs, the issue of multiple taxes served as a worm that has deeply reduced the investment potential of the sector and invariably affects the chunk of revenue generated. Abiola (2012) corroborated this, as its study explained that the major factor causing the abrupt folding up of SMEs in Nigeria is the illegal taxes that take a large portion of their earnings.

The most pathetic aspect of these multiple taxes is the embarrassing nature of the tax enforcement agencies coupled with the orthodox methods of collecting the tax, which involve the mounting of roadblocks, the unpleasant handling of goods, and even persons not able to comply with the payment and the forced closure of shops. It is, therefore, implied that multiple taxes have not only constituted a burden on the taxpayers but also hindered the viability and performance of the business. In the work of Ilemona et al. (2019), multiple taxes connotes a situation whereby tax is levied on a single amount by two or more different authorities in a way that may be illegal or unfair. This implied that multiple taxes, levies, or fees occur when the authorities (federal, state, and local governments) tax a single amount or business enterprises more than once, which may result in unfair charges. In the view of Abiola (2016), multiple taxes occur when a government or its agencies imposes taxes beyond once on a single tax base. Adum (2018) also described multiple taxes to mean when the wealth or profit of either a corporate or individual body is taxed twice or beyond.

The SMEs in Ekiti State are not left out of this ugly situation. Most of them find it easy to start businesses because of the little capital involved, but due to several obstructions, among which is a multiplicity of taxes could not sustain them for long. The Ekiti State tax justice and government platform by the civil society legislative advocacy centre were established to ensure that citizens paid only the taxes due to them failing in its due to incessant complaints of a multiplicity of tax payments, especially among SME owners in the state (Ige et al., 2023). Also, the Joint Tax Board (JTB) could not effectively harmonize the revenue structure of the state. From this, one could observe that governments are making verbal efforts to promote SMEs but are indirectly reducing investment in the sector due to the high cost of business operations caused by multiple taxations. Therefore, ensuring sound and viable small and medium enterprises in the state necessitates an urgent investigation into how multiple taxes affect SMEs’ financial performance.

In addition, evidence abounds in the growing literature on the effect of multiple taxations on organization performance (Aluko et al., 2022; Confidence et al., 2021; Johnny et al., 2021; Onyeukwu et al., 2021; Oboh & Dabor, 2020; Ilemona et al., 2019; Adeniyi & Imade, 2018; Ocheni & Gemade, 2015; Adebisi & Gbegi, 2013). Most of these studies were analyzed using frequencies, simple percentages, t-tests, z-test, and ANOVA. Considering the shortcomings of these methods, as they cannot reveal the existence of a relationship among variables, this study used multiple regression analysis to establish the effect of multiple taxations (multiple tax burden, multiple tax administration ability to pay tax) on the performance of SMEs in Ekiti State, Nigeria.

2. Literature Review

2.1 Multiple Taxation

Governments at various levels generate revenue to finance both recurrent and capital expenditures for developmental purposes. Revenue can be sourced through different means without exception to duplication of taxes. In the view of Oseni (2014), when the government or its agencies subject single income earners to tax treatment, more than one is referred to as multiple taxations. For instance, multiple taxes occur when a company’s profit is equally subjected to company income tax or withholding tax. Multiple taxes can also occur when goods are transported across different local governments within a state by the taxpayer. In this case, the taxpayer would be asked to pay different fees, which would amount to multiple taxes. It implied that Nigeria is faced with the problem of the multiplicity of taxes levied and administered by the governments (Adeniyi & Imade, 2018). When an excess of the stipulated amount is collected to boost internally generated revenue, such an amount is known as multiple taxes (Confidence et al., 2021). For instance, a smallholder farmer who pays for a business permit, development, and registration fees, personal income tax, and market tax is still asked to pay numerous taxes, such as on and off liquor licenses and shop rates, among others, by the local government would amount to multiple taxes.

2.1.1 Small and Medium Enterprises (SMEs)

In the view of Asmelash (2002), small enterprises are businesses engaged by an individual who cannot secure paid jobs or a person who desires to start economic activities of their choice. An enterprise is said to be operating on a small scale when its management and ownership are restricted in numbers. It should also be noted that what constitutes small and medium enterprises vary from country to country or at a particular period. In the United States, for instance, the limit set for SMEs is five hundred (500), European Union set two hundred and fifty (250) employees. In Nigeria, SMEs are classified based on size, employees, and asset base. For microenterprises, the number of employees is less than 10; for small enterprises is between the ranges of 10 to 49, while for medium enterprises is 50 to 199. The assets are less than 5 million, 5 to less than 50 million and 50 to less than 500 million, excluding land and building for micro, small, and medium enterprises, respectively (Ige et al., 2023). Zayoli et al. (2018) study made
a clear distinction as to what constitutes SMEs; the study recorded that aside from the aggregate number of employees, SMEs also depend on the aggregate capital involved in the business.

2.1.2 Financial Performance
Performance denotes the fulfillment of tasks based on predetermined standards of accuracy, completeness, cost, and speed (Dagunduro et al., 2022; Kolawole et al., 2023). It connotes the success a firm or organization derives over a given period. In the view of Zayol et al. (2018), financial performance can be defined as the accomplishment of organizational objectives. It measures the monetary outcome of operations and policies set up by the firm. In the view of Tabet and Onyeukwu (2019), it connotes financial soundness, viability, and the health position of a firm over a given period. It serves as the basis for drawing comparisons with other similar organizations. According to Usmana (2017), financial performance is seen as a subjective measure of the extent to which a firm’s asset can be used to generate revenue. It is measured qualitatively by the proficiency, effectiveness, and viability of SMEs (Adewara et al., 2023; Dagunduro et al., 2022).

2.2 Theoretical Framework
2.2.1 Ability to Pay Theory
To explain the effect of multiple taxations on the financial performance of SMEs, this study rests on the ability to pay theory credited to Pigou (1877 – 1958) found in Onyeukwu et al. (2021). The theory states that taxpayers in a country should pay taxes based on their ability. This theory seems to be just and equitable as it considers the potential capacity of an individual taxpayer before a tax is levied. However, the theory is constrained as to what constitutes “the faculty or ability to pay” of an individual. It focuses on ownership of property and individual or group expenditure.

The former (ownership of the property) is criticized on the ground that a person with a large income who decided not to acquire property will end up paying lesser tax than a person with a sizable number of properties with a lower income. The latter (individual group expenditure) is equally not fair and, just as rightly observed by Confidence et al. (2021), who are of the opinion that tax should not be based on expenditure but rather on individual income. As regard the effect of multiple taxations on the performance of SMEs, this theory is relevant as it creates a balance between the taxation of large enterprises and SMEs. It implied that tax levied on both SMEs and large businesses should vary and be based on the faculty or ability to pay. If this is considered, governments or tax agencies will regulate the tax system as unlawful and undue, and the double tax system would be eliminated to the barest minimum.

2.3 Multiple Taxation and Small and Medium Enterprises Performance Empirical Review
Existing studies have been carried out to examine the relationship between multiple taxation and financial performance; in a study conducted by Confidence et al. (2021) on multiple taxations and the performance of SMEs in Bayelsa State, Nigeria; data collected through the questionnaire were analyzed using frequencies, simple percentages, and ANOVA. The study discovered a negative relationship between multiple taxations and SME performance in Bayelsa State. In addition, investment in SMEs in relation to their potential tax payment is found to be significant. Johnny et al. (2021) investigated the implication of multiple taxations on the growth of SMEs in Akwa Ibom state, Nigeria. A structured questionnaire distributed among selected SMEs in Uyo state analyzed with the aid of a t-test was employed. It was discovered that multiple taxations among SMEs in Akwa Ibom limit their performance and, as such, hinder the growth prospect of their operations.

Using selected firms that engaged in hospitality services in Abia State, Onyeukwu et al. (2021) looked at how their financial performance is being affected by multiple taxations. Its study aimed at analyzing whether multiple taxes hinder the survival and growth of selected firms in the state. Data were gathered through a questionnaire and analyzed with multiple regression estimation techniques. The findings revealed that multiple taxations represented by non-statutory fees significantly influence the performance of the firm. Nyong (2021) investigated the outcome of multiple taxations on the growing status of SMEs in Nigeria. Secondary data were obtained from selected SMEs of the state and analyzed with regression analysis estimation techniques. It was discovered that tenement rate, refuse disposal, business permit fee, signpost/advert fee, and development levy did not influence the growth prospect of SMEs in Nigeria.

Oboh and Dabor (2020) looked into the effect of multiple taxation on the growth of SMEs in Nigeria. It relied on content analysis from the existing studies, and the outcome revealed that duplication of taxes is inimical and constitutes a threat to SMEs’ growth and survival in Nigeria. Ilemona et al. (2019) examined the effect of multiple tax rates on SME growth in Nigeria using selected small-scale enterprises in Kogi State. Non-parametric statistics of mean and standard deviation coupled with a z-test were employed in the analysis of data. The outcome from the findings indicated that the growth of SMEs is hindered by multiple taxes experienced by owners of these enterprises.
Adeniyi and Imade (2018) looked at the implication of multiple taxations in achieving sustainable development among the small enterprises domiciled in Lagos state, Nigeria. The study looked at the burdens of multiple taxes and the administrative influence of multiple taxes on small-scale enterprises’ performance. Questionnaires distributed among target SMEs in Logos State were employed using percentages and ANOVA techniques. The outcome of the findings revealed that both burdens of multiple taxes and the administrative influence of multiple taxes significantly influence small-scale enterprises’ performance in Logos State, Nigeria. Zayol et al. (2018) examined the implication of multiple taxations on SMEs’ performance in Nigeria. The questionnaire was the instrument employed and analysed with multiple regression analysis. From the outcome of the findings, it was revealed that duplication of market taxes, development fees, and registration of business premises tax are significant but inversely related to the performance of SMEs in Nigeria.

Similarly, Ocheni and Gemade (2015) examined the effect of multiple taxations in relation to the performance of SMEs in Benue State, Nigeria. A well-structured questionnaire was designed, and the hypotheses formulated were tested with ANOVA. Findings from the result revealed that the survival of SMEs is greatly and negatively influenced by multiple taxes, while SMEs’ size and ability to pay tax influence the performance of SMEs positively. Adebisi and Gbegi (2013) studied multiple taxes and small and medium enterprises’ performance using Ajeokuta, located in Kogi State, Nigeria, as a case study. The questionnaire was the instrument employed in collecting data and analysed with simple percentages coupled with ANOVA. The result indicated that the effect of multiple taxations on SMEs’ performance is inversely related, while the potential ability of individual firms in tax payment is significant and directly related to SMEs’ performance.

Aluko et al. (2022) assessed the effect of tax incentives on the liquidity performance of quoted manufacturing firms in the Nigeria Exchange Group. The study used an expo-facto research design, and the population of the study comprised 18 industrial goods firms listed in the Nigeria Exchange Group from 2012 to 2021. The sample size of 10 firms was selected through a purposive sampling technique. The data for the study was obtained from secondary sources through the published financial statements of the companies. Data were analyzed through descriptive and inferential statistics. The result from the analysis of data revealed that tax savings had a significant and positive effect on the liquidity performance of companies. The findings also from the study revealed that tax holiday has a negative and insignificant effect on companies’ liquidity performance.

Evidence abounds in the growing literature on the effect of multiple taxations on organization performance (Confidence et al., 2021; Johnny et al., 2021; Onyeukwu et al., 2021; Oboh & Dabor, 2020; Ilemona et al., 2019; Adeniyi & Imade, 2018; Ocheni & Gemade, 2015; Adebisi & Gbegi, 2013). Most of these studies were analyzed using frequencies, simple percentages, t-tests, z-test, and ANOVA. The hypothesis is therefore stated as follows:

\( Ho_1 \): Multiple tax burdens do not have a significant effect on the financial performance of small and medium-scale enterprises in Ekiti, State Nigeria.

\( Ho_2 \): Multiple tax administration does not have a significant effect on the financial performance of small and medium-scale enterprises in Ekiti, State Nigeria.

\( Ho_3 \): The ability to pay tax does not have a significant effect on the financial performance of small and medium-scale enterprises in Ekiti, State Nigeria.

3. Methodology
To examine multiple taxations and the performance of SMEs in Ekiti State, Nigeria, the study used a survey research method. The data were collected through primary, sourced from structured questionnaires, and analyzed with descriptive correlation coupled with multiple regression analysis. The population comprises 9,275 registered and functional small and medium enterprises located in Ekiti State, Nigeria, as of the period of this study and has been in existence for over 5 years (Ministry of Commerce and Industry, Ekiti State, 2023). Since Ado Ekiti serves as the most commercial centre in the state, the study purposively selected registered and functional SMEs with valid evidence of tax payment located in Ado Ekiti. A total number of 400 questionnaires were distributed among the selected SMEs in Ado Ekiti. The respondents for the study are owners, managers, and accountants/finance officers of the selected SMEs. The study employed multiple regression analysis of ordinary least squares coupled with correlation in the analyses of the data.

3.1 Reliability Test Result
Presented in Table 1 is the reliability test on the effect of multiple taxations on the financial performance of SMEs in Ekiti State, Nigeria. The Cronbach Alpha of multiple tax burden, multiple tax administration, ability to pay tax, and financial performance are 0.823, 0.761, 0.803, and 0.824, respectively. The study concluded, based on the outcome of Cronbach Alpha, that all variables are reliable.
Table 1: Cronbach Alpha Test Results

<table>
<thead>
<tr>
<th>S/N</th>
<th>Variable</th>
<th>No. of Items</th>
<th>Cronbach’s Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Financial performance</td>
<td>5</td>
<td>0.824</td>
</tr>
<tr>
<td>2</td>
<td>Multiple tax burden</td>
<td>5</td>
<td>0.823</td>
</tr>
<tr>
<td>3</td>
<td>Multiple tax administration</td>
<td>5</td>
<td>0.761</td>
</tr>
<tr>
<td>4</td>
<td>Ability to pay tax Accounting</td>
<td>5</td>
<td>0.803</td>
</tr>
</tbody>
</table>

Source: Author’s Computation (2023)

3.2 Model Specification

To examine the effect of multiple taxations on the financial performance of SMEs in Ekiti State, Nigeria, the study followed the model adopted in the work of Adeniyi and Imade (2018). Based on this, the model for this work takes this form:

\[ FP = f(MTB, MTA, APT) \]  \[ \ldots \ldots \ldots .3.1 \]

Stating equations in 3.1 in an econometric form, it model becomes:

\[ FP = y_0 + y_1MTB + y_2MTA + y_3APT + \mu \]  \[ \ldots \ldots \ldots .3.2 \]

Where:

FP = Financial Performance of SMEs in Ekiti State
MTB = Multiple Tax Burden
MTA = Multiple Tax Administration
APT = Ability to Pay Tax

3.3 A priori Expectation

The a priori expectation on multiple taxations and financial performance of SMEs in Ekiti State, Nigeria, is represented in equation 3.3. The equation showed that a negative relationship subsists between multiple tax burdens, multiple tax administrations, and the financial performance of SMEs, while the ability to pay tax depicts a negative relationship represented as:

\[ \frac{\partial FP}{\partial MTB} < 0, \quad \frac{\partial FP}{\partial MTA} < 0, \quad \frac{\partial FP}{\partial APT} > 0 \]  \[ \ldots \ldots .3.3 \]

4. Findings and Discussion

4.1. Descriptive Statistics

Table 2 illustrates the descriptive statistics employed in the analysis of multiple taxations and the financial performance of SMEs in Ekiti State, Nigeria. The result revealed that the average value of the financial performance of SMEs is 4.3248. This implied that the financial performance of SMEs in Ekiti State generates a high positive mean value of 4.4248 on five points scale. Its standard deviation of 0.45808 is lower than its mean value. This implied a high variability rate of standard deviation to its average value. The Skewness of -0.501 shows a long left tail due to the recorded negative value of -0.501. The kurtosis has a value of -0.683 which is lower than 3; therefore, the distribution is described as Platykurtic.

In the same vein, the average value of multiple tax burden is 4.1632, while the degree of variation from its mean stood at 0.47101. This showed a recorded low variability of standard deviation from its mean value. The Skewness -0.499 showed that multiple tax burden has a long left tail due to its negative sign while its Kurtosis value of -0.627 is lesser than 3; thus, the distribution is known as Platykurtic. More so, table 1 shows that multiple tax administration has an average value of 4.2340. The standard deviation of 0.52295 indicated high variability in relation to the financial performance of SMEs in Ekiti State. Multiple tax administrations showed a long right tail since it is positively skewed with a value of 0.121 while its kurtosis value of -1.447 is Platykurtic. More so, the ability to pay tax has a mean value of 4.3133, while its standard deviation is 0.33881. This showed that the variation from its mean value is high. The ability to pay tax is negatively skewed with a value of -1.129. The kurtosis value of 1.164 is lesser than 3; thus, the distribution is known as Platykurtic.
Table 2: Descriptive Statistics

<table>
<thead>
<tr>
<th>Variables</th>
<th>FP</th>
<th>MTB</th>
<th>MTA</th>
<th>APT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Obs</td>
<td>375</td>
<td>375</td>
<td>375</td>
<td>375</td>
</tr>
<tr>
<td>Mean</td>
<td>4.3248</td>
<td>4.1632</td>
<td>4.2340</td>
<td>4.3133</td>
</tr>
<tr>
<td>Std. Deviation</td>
<td>0.45808</td>
<td>0.47101</td>
<td>0.52295</td>
<td>0.33881</td>
</tr>
<tr>
<td>Minimum</td>
<td>3.40</td>
<td>3.00</td>
<td>3.50</td>
<td>3.25</td>
</tr>
<tr>
<td>Maximum</td>
<td>5.00</td>
<td>4.80</td>
<td>5.00</td>
<td>4.75</td>
</tr>
<tr>
<td>Skewness</td>
<td>-0.501</td>
<td>-0.499</td>
<td>0.121</td>
<td>-1.129</td>
</tr>
<tr>
<td>Kurtosis</td>
<td>-0.683</td>
<td>-0.627</td>
<td>-1.447</td>
<td>1.164</td>
</tr>
</tbody>
</table>

Source: Author’s Compilation (2023)

4.2 Correlation Test of Multiple Taxation and Financial Performance of SMEs in Ekiti State, Nigeria

To ascertain the correlation between multiple taxations and the performance of SMEs in Ekiti State, Nigeria, Pearson correlation was employed. The study revealed that the correlation between multiple tax burdens and the financial performance of SMEs is 0.171, between multiple tax administrations and the financial performance of SMEs is 0.656, and between the ability to pay tax and the financial performance of SMEs is 0.635. The correlation showed that all the variables have a positive correlation with the financial performance of SMEs in Ekiti State, Nigeria, at a 0.01 significant level.

Table 3: Correlation Analysis of Study Variables

<table>
<thead>
<tr>
<th></th>
<th>FP</th>
<th>MTB</th>
<th>MTA</th>
<th>APT</th>
</tr>
</thead>
<tbody>
<tr>
<td>FP</td>
<td>1.0000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MBT</td>
<td>0.171** (.001)</td>
<td>1.0000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MTA</td>
<td>0.656** (.000)</td>
<td>0.401** (.000)</td>
<td>1.0000</td>
<td></td>
</tr>
<tr>
<td>APT</td>
<td>0.635** (.000)</td>
<td>0.182** (.000)</td>
<td>0.480** (.000)</td>
<td>1.0000</td>
</tr>
</tbody>
</table>

Source: Author’s Computation (2023)

4.3 Regression Analysis on Multiple Taxation and Financial Performance of SMEs in Ekiti State, Nigeria

Tables 4 and 5 reported the regression analysis on the effect of multiple taxations and the financial performance of SMEs in Ekiti State, Nigeria. Table 4 revealed the determination coefficient ($R^2$) and its adjusted value as 0.573 and 0.569, respectively. The result implied that about 57% variation in the independent variable (multiple taxations) jointly explained the dependent variable (financial performance of SMEs in Ekiti State, Nigeria) while the remaining explained the stochastic term. More so, table 4 equally provided the statistically significant of the whole model given by the value of the F-statistics and its corresponding p-value. The F-statistics stood at 165.860 while the probability of the F statistics is 0.000, which is significant at any level. This implied that multiple taxations provided a good predictor of the financial performance of SMEs in Ekiti State, Nigeria, and it implied that the whole model, when combined, is nicely fitted.

Table 5 revealed the statistically significant of multiple taxations as reported by the coefficients along with the probability values. It shows that if multiple taxations are held, the constant financial performance of SMEs in Ekiti State will increase by 0.480 units. More so, multiple tax burden has a significant negative coefficient on the financial performance of SMEs in Ekiti State with a value of -0.102, t-statistics of -2.841, and a p-value of .005. It indicated that as multiple taxation increases by a unit, the financial performance of SMEs in Ekiti State would increase by -0.102 units. Similarly, the coefficient of multiple tax burden is significantly negatively related to the financial performance of SMEs in Ekiti State with a value of -0.437 units. It implied that a unit increase in multiple tax administrations would lead to a -0.437 unit decrease in the financial performance of SMEs in Ekiti State. The ability to pay tax has a significant positive coefficient of 0.561 units. The result implied that a unit increase in the ability to pay tax would lead to a 0.561 unit increase in the financial performance of SMEs in Ekiti State.
Table 4: Regression Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>F Change</th>
<th>Sig. F Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.757&lt;sup&gt;a&lt;/sup&gt;</td>
<td>0.573</td>
<td>0.569</td>
<td>0.30059</td>
<td>165.860</td>
<td>.000</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), APT, MTB, MTA

b. Dependent Variable: FP

Table 5: Coefficient of Variation

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>.480</td>
</tr>
<tr>
<td></td>
<td>MTB</td>
<td>-.102</td>
</tr>
<tr>
<td></td>
<td>MTA</td>
<td>-.437</td>
</tr>
<tr>
<td></td>
<td>APT</td>
<td>.561</td>
</tr>
</tbody>
</table>

a. Dependent Variable: FP

Source: Author’s Field Survey, (2023)

4.4 Discussion and Implication of Findings

The study examined the effect of multiple taxations on the financial performance of SMEs in Ekiti State, Nigeria. Registered SMEs located in Ado Ekiti who have valid evidence of tax payment were sampled in this study. From the correlation test, all the variables (multiple tax burden, multiple tax administration, and ability to pay tax) correlate with the financial performance of SMEs in Ekiti State, Nigeria. In addition, the outcome of the regression revealed that multiple tax burdens exhibited a significant negative relationship with the financial performance of small and medium enterprises in Ekiti State, Nigeria. The implication of this negative relationship is that multiple tax burdens served as a worm that has deeply reduced the investment potential of the sector and invariably affects the chunk of revenue generated capacity of most SMEs in the state. This result is consistent with the apriori expectation stated and also concurred with the works of Confidence et al. (2021); Johnny et al. (2021); Onyeukwu et al. (2021); Oboh and Dabor (2020); Ilemona et al. (2019); Adeniyi and Imade (2018); Tabet and Onyeukwu (2019); Nyong (2021) among others.

In the same vein, multiple tax administration is significant but negatively related to the financial performance of SMEs in Ekiti State. This result is supported by the apriori expectation and the work of Adeniyi and Imade (2018); Zayol et al. (2018); Usmana (2017); Ocheni and Gemade (2015); Oseni (2014), Adebisi and Gbegi (2013) among others. The implication of this negative relationship can be linked with the orthodox methods of collecting the tax, which involve the mounting of roadblocks, unpleasant handling of goods, and even persons not able to comply with the payment and closure of shops forcefully. It, therefore, implied that multiple taxes administrations have not only constituted a burden on the taxpayers but also hindered the viability and performance of the business.

Lastly, the ability to pay tax is significant and positively related to the financial performance of SMEs in Ekiti State, Nigeria. It implied that when small and medium enterprises are paid in accordance to their faculty or their potential ability, it removes undue pressure and therefore creates a tax system that is just and equitable as unlawful, undue, and double tax system would be eliminated to the barest minimum. This also supports the theoretical underpinning credited to Pigou (1877 – 1958) found in Onyeukwu et al. (2021) in this work. The findings concurred with Oboh and Dabor (2020); Ilemona et al. (2019); Tabet and Onyeukwu (2019); Nyong (2021), Adeniyi and Imade (2018); Zayol et al. (2018); Usmana (2017); Ocheni and Gemade (2015) work.
5. Summary, Conclusion, and Recommendations
The objective of the study was to examine the effect of multiple taxations on the financial performance of small and medium enterprises (SMEs) in Ekiti State, Nigeria. The study found that multiple tax burdens and multiple tax administrations have a significant negative relationship with the financial performance of SMEs in Ekiti State. This suggests that the burden of multiple taxes has reduced the investment potential of the sector and affected the revenue generation capacity of most SMEs in the state. On the other hand, the ability to pay tax was found to have a significant positive relationship with the financial performance of SMEs, indicating that when taxes are paid based on the taxpayers' ability, it removes undue pressure and promotes a just and equitable tax system. It was concluded that multiple taxes served as a worm that deeply reduced the investment potential of SMEs and invariably affected the chunk of revenue generated by the sector in the state.

5.1 Recommendations:
Based on the findings, the study suggests the following recommendations:

i. Simplify the tax system and reduce the burden of multiple taxation on SMEs.
ii. Improve tax administration by adopting more efficient and less disruptive methods of tax collection.
iii. Implement a fair and equitable tax system that considers the ability of SMEs to pay taxes.
iv. Provide support and incentives to SMEs to enhance their financial performance and contribute to economic growth.

Contributions to existing knowledge: This study contributes to existing knowledge by providing empirical evidence on the negative impact of multiple tax burdens and tax administration on the financial performance of SMEs in Ekiti State, Nigeria. It supports and strengthens previous studies that have highlighted similar findings.

Limitations of the study: The study acknowledges certain limitations, such as the focus on a specific state in Nigeria and the use of a limited sample size. These limitations may affect the generalizability of the findings to other contexts.

Suggestions for future research: The study suggests the following areas for future research:

i. Conduct similar studies in other states or regions of Nigeria to validate the findings.
ii. Explore the specific mechanisms through which multiple tax burdens and tax administration affect SMEs' financial performance.
iii. Investigate the role of government policies and regulations in mitigating the negative impact of multiple taxation on SMEs.
iv. Examine the effectiveness of tax incentives and support programs in promoting the growth and performance of SMEs.

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