Effect of Multiple Tax System on the Growth of Small and Medium Scale Enterprises (SMEs) in Nigeria

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ABSTRACT- The multiple tax system in Nigeria has long been a devastating bane to the growth of Small and Medium Scale Enterprises (SMEs), stifling innovation and survival amid overlapping fiscal burdens. This study examined effects of multiple tax system on SMEs' growth, aiming to assess whether tax imposition, assessments, payments, and policies significantly influence growth. Grounded in the Ability to Pay Theory, Ibn-Khaldun's Theory of Taxation, and the Theory of Business Growth, the study adopted a survey design suitable for questionnaire-based data collection. A structured questionnaire, validated through content analysis and reliable with a Cronbach's alpha of 0.827, was administered using to a simple random sample of 274 SMEs from a population of 876. Data were analyzed via Multiple Regression using IBM SPSS version 26. Results revealed p-values of 0.000 for tax imposition, 0.024 for assessments, 0.000 for payments, and 0.001 for policies (all below 0.05) indicating significant negative impacts. Consequently, burdensome impositions erode profitability, inconsistent assessments foster uncertainty, frequent payments drain cash flows, and unfavorable policies deter compliance and entrepreneurship. The study concludes that these elements hinder SMEs performance and reinvestment. Recommendations include streamlining taxes by consolidating overlaps across government levels, implementing uniform assessment criteria for fairness, and establishing a single payment portal to minimize administrative bottlenecks and red tape.

Keywords: Multiple Tax System, SMEs growth, Tax imposition, Tax assessment, Tax payment, Tax policies, Nigeria

I. INTRODUCTION

Over time, the world economy has developed significantly, driven by the activities of Small and Medium Scale Enterprises (SMEs), particularly in developing nations. A 2024 Moniepoint MFB study highlights SMEs as a cornerstone of Nigeria's economy, contributing 48% to GDP, constituting 96% of businesses, and providing 84% of employment. The SMEDAN & NBS (2021) further notes that SMEs represent 96.9% of business establishments, contributing 46% to GDP and employing 80% of the workforce. Onuorah and Ezeigbo (2024) confirm SMEs account for over 60% of employment and nearly 50% of industrial output, underscoring their pivotal role in national development. Globally, Boudreaux (2022) emphasizes SMEs represent over 90% of businesses and generate more than 50% of employment, reflecting their international significance.

SMEs in Nigeria grow faster than the global industrial manufacturing sector, making their success a priority for economic development (Bello, 2020). They are vital for poverty reduction and job creation, driving macroeconomic objectives like full employment, income distribution, and local technology development (Garba, Darazo, & Yahaya, 2024). SME performance is measured by profitability, market share, and adaptability to market changes, influenced by factors like access to finance, managerial competence, tax policies, and business strategies (Oseni& Awe, 2019).

The performance of SMEs, in terms of growth and profitability, is significantly affected by the type and level of taxes imposed by government agencies (Dangundoro, Nwokoye, &Adeyemi, 2022; Oboh & Dabor, 2020). These monetary burdens impact business stability, particularly for SMEs (Zayol, Duenya, & Gberindye, 2018). Despite their economic contributions, SMEs in Nigeria face a high mortality rate, with nearly 80% liquidating before their fifth year due to tax-related issues, among other factors (Ocheni&Gemade, 2015; Nyong, 2021). Taxation, while a critical revenue source for government functions, often leads to negative consequences like multiple taxation, poor administration, and inconsistency (Oboh & Dabor, 2020).

Taxes, imposed as mandatory levies on profits, income, dividends, and commissions, are essential for national progress but can hinder SME expansion. Multiple taxation (levying the same tax multiple times or by different government authorities) is particularly detrimental, contributing to early SME mortality (Aremu, 2022). SMEs are legally required to pay various taxes, including Value Added Tax (VAT), Personal Income Tax (PIT), Company Income Tax (CIT), Stamp Duty, Business Premises Tax, and Capital Gain Tax (CGT). These obligations, coupled with high tax rates and complex filing requirements, increase operating costs, reduce profit margins, and create cash flow issues, potentially leading to business closure (Aderemi, 2023).

Multiple tax imposition occurs when the same business faces levies for the same liability by multiple government levels, driven by revenue generation motives that harm SME growth (Ntim, 2021). SMEs often face duplicative taxes under different names, exacerbating their tax burden (Usman, 2019). Concurrent tax assessments from federal, state, and local governments for the same tax period further increase liabilities, contributing to SME closures (Mohammed, 2017; Tony, 2017).

Multiple tax payments also strain SME cash flow and survival, with high rates and complex filing processes raising compliance risks, limiting investment, reducing job creation, and decreasing competitiveness against larger or international firms (Mohammed, 2017). Additionally, overlapping or contradictory tax policies from federal and state governments hinder SME growth (Aderemi, 2023). This study examines the effects of multiple taxation on SMEs in Nigeria, focusing on how tax imposition, assessments, payments, and policies influence their operations, survival, and contribution to national economic growth.

The multiple taxation system in Nigeria significantly impedes the growth and survival of Small and Medium Scale Enterprises (SMEs). While taxes fund essential social services and economic development, multiple taxes severely undermine SMEs' growth potential. Specifically, multiple tax assessments, impositions, payments, and policies obstruct their sustainability and expansion. This burden drastically depletes SMEs' financial resources (Udofot, 2017). Unfavorable tax policies, unjustified fees, and poor coordination among government agencies worsen the problem of multiple taxation (SMEDAN & NBS, 2023). These factors drive high SME failure rates, with 44% closing within one year, 33% within three years, and 23% within five years (Fate Institute, 2021). Multiple tax authorities impose various taxes, including unjustified fees, which erode profits and hinder SME growth (Cross, 2021). SMEs consistently highlight unfavorable tax policies that threaten their survival and development, demanding urgent reform (Usman, 2019). Given SMEs' vital role in employment, poverty reduction, wealth creation, and national development, the adverse effects of multiple taxation are a critical issue. This study aims to investigate these impacts thoroughly, contributing to existing knowledge and providing understanding to guide policy decisions that promote SME growth and development in Nigeria and to do that the following hypotheses are formulated;

1. H_{o1}: Multiple tax imposition has insignificant effect on the growth of SMEs in Nigeria
2. H_{o2}: Multiple tax assessments has insignificant effect on the growth of SMEs in Nigeria
3. H_{o3}: Multiple tax payment has insignificant effect on the growth of SMEs in Nigeria
4. H_{o4}: Multiple tax policies has insignificant effect on the growth of SMEs in Nigeria

II. LITERATURE REVIEW

Growth of Small and Medium-sized Enterprises

Small and Medium-sized Enterprises (SMEs) are vital to global economies, particularly in developing nations like Nigeria. Globally, SMEs account for 90% of firms and 50% of employment, contributing up to 40% of GDP, with higher impacts when informal SMEs are included (World Bank, 2020). In Nigeria, SMEs contribute 48% to GDP, comprise 96% of businesses, and provide 84% of employment (MoniepointMFB, 2024). They drive job creation, poverty reduction, and economic diversification, underscoring their role in national progress. SME growth is marked by improved profitability, scalability, and efficiency. Ben-Hafaïedh& Hamelin (2022) argue that sustainable growth begins with profitability at smaller scales, aligning with cost control. Onuorah&Ezeigbo (2024) note that Nigerian SMEs with steady cash flow and above-average growth rates are better positioned for survival. Kwara&Lawal (2024) describe growth as pursuing new revenue strategies post-operational stability. However, multiple taxation severely hampers SME growth. Complex, overlapping tax regimes erode profitability, reduce cash flow, and limit expansion, threatening sustainability. The lack of streamlined tax policies exacerbates these issues, hindering reinvestment and competitiveness.

In Nigeria, SMEs are defined as enterprises with annual sales below N100 million and/or fewer than 300 employees, with capital investments of N2–5 million, excluding land (CBN, 2020). The SMIEIS (2023) defines SMEs as employing 11–200 individuals with assets up to N500 million. Often family-owned, SMEs are dynamic, with informal structures and labor-intensive operations (Olorunshola, 2023; Aderemi, 2023). Urban SMEs are more organized than rural ones (Usman, 2019), requiring less capital (Akinsulire, 2010). Typically sole proprietorships or partnerships, they have informal dynamics (Onugu, 2015; Aremu, 2018). SMEs contribute 50% to Nigeria's industrial output and employment, forming 97% of businesses (Federal Office of Statistics, 2022). They foster entrepreneurship, utilize local resources, reduce income disparities, and support industrial diversification (Agbenyo, 2016; WBCSD, 2004). In Nigeria, SMEs are crucial for technological advancement, rural development, and exports (Audu et al., 2023). Yet, multiple taxation remains a critical barrier, draining resources, limiting reinvestment, and threatening SME survival and economic contributions.

Multiple Taxation and SMEs Growth

Multiple taxation, or Multiplicity of Taxes (MT), refers to the imposition of multiple levies on the same tax base by various government authorities, often without legal justification. Abiola (2022) describes fiscal overlapping as multiple government levels pressuring taxpayers to pay similar taxes to boost revenue. Adum (2018) defines double taxation as taxing the same profits or wealth twice. Dike (2023) noted at the JTB International Tax Conference that uncoordinated tax systems exacerbate financial burdens on businesses, contributing to economic instability. Utomi (2020) observes that Nigeria's tax philosophy promotes tax multiplicity, complicating compliance and raising costs. Multiple taxation manifests in four forms: unlawful coerced payments by local and state governments using methods like stickers or revenue agents without legal backing (Nwokoye, 2020); demands for similar taxes from multiple government levels, such as VAT and Sales Tax; a single government level imposing multiple taxes on the same base, like Companies Income Tax, Education Tax, and Technology Levy (Usman, 2019); and taxes disguised as fees or charges by different entities. Examples include Companies Income Tax, Information Technology Tax, Education Tax, and Nigerian Content Development Levy on income, and VAT, Hotel Consumption Tax, and Sales Tax on sales. Afuberoh&Okoye (2014) define taxes as compulsory payments for government support, but multiple taxation increases compliance costs and uncertainty. Sanni (2012) views taxes as mandatory levies on income or assets, while Adebisi&Gbegi (2013) note that multiple taxation occurs when the same revenue is taxed by different authorities, sometimes mitigated by relief mechanisms. Ojeka (2022) identifies proportional, regressive, and progressive tax schemes, which escalate business costs. A 2010 MAN survey found 119 taxes and levies across three states, far exceeding the 39 permitted under the Taxes and Levies Act 1998, contributing to 80% of SMEs failing before their fifth year (SMEDAN, 2021). Multiple taxation significantly hampers SME growth by draining financial resources, reducing competitiveness, and limiting reinvestment, thus threatening their survival and economic contributions.

a. Multiple Tax Imposition and SMEs Growth

Multiple tax imposition occurs when SMEs are required to pay various taxes to federal, state, and local governments. Ogbonna&Olaoye (2019) argue that this practice significantly hinders SME growth by reducing investment and job creation capabilities. Ndekwu (2021) describes Nigeria's tax system as a complex and confusing array of taxes, creating uncertainty and high compliance costs. Adereti (2017) adds that multiple tax impositions increase SMEs' tax burden, diminishing their global competitiveness and stifling economic growth. The overlapping nature of these taxes erodes profitability, limits cash flow, and restricts SMEs' ability to expand or sustain operations, posing a significant barrier to their development and economic contributions.

b. Multiple Tax Assessments and SMEs Growth

Multiple tax assessments arise when different tax authorities assess taxes on the same income or assets, often at varying rates or bases, leading to double taxation (Maisamari, 2020; Cross & Daniel, 2020). Ogundele (2023) highlights that such assessments impede SME growth by increasing compliance costs and uncertainty.Akinbamide (2015) notes that the lack of coordination among tax authorities discourages investment, while Uadiale (2017) emphasizes that multiple assessments reduce SMEs' ability to invest and create jobs.Ijaiya (2018) and Adeyemi&Olowookere (2020) argue that overlapping and conflicting assessments escalate compliance burdens, undermining economic growth. This complexity diverts resources from productive activities, further constraining SMEs' growth potential and economic impact.

c. Multiple Tax Payments and SMEs Growth

Multiple tax payments refer to SMEs paying various taxes to different authorities, increasing compliance costs and uncertainty (Aremu, 2022). Ogundele (2023) and Akinbamide (2015) argue that this practice reduces investment, economic growth, and competitiveness. Uadiale (2017) and Ijaiya (2018) highlight that the lack of harmonization among tax authorities leads to overlapping payments, often resulting in double taxation. Ogbonna&Olaoye (2019) and Adeyemi&Olowookere (2020) stress that multiple tax payments create significant obstacles to SME growth by draining financial resources and limiting reinvestment opportunities. This financial strain hampers SMEs' ability to scale, innovate, or compete, threatening their survival and contributions to Nigeria's economy.

d. Multiple Tax Policies and SMEs Growth

Multiple tax policies in Nigeria create a complex and confusing tax environment, with overlapping and conflicting regulations leading to double taxation and high compliance costs (Oladeji, 2014). Olanipekun (2016) and Adebayo (2018) note that these policies foster tax evasion and reduce SME competitiveness. Ogunsanmi (2020) and Akinlabi (2020) argue that the lack of coordination among tax authorities hinders economic growth by increasing uncertainty and compliance burdens, stifling SME development. Inconsistent policies exacerbate financial pressures, diverting resources from growth initiatives and undermining SMEs' ability to contribute to economic progress.

This study adopted three theories to provide a robust framework for examining the effects of multiple taxation on SME growth in Nigeria: the Ability to Pay Theory, Ibn-Khaldun's Theory of Taxation, and the Theory of Business Growth. The Ability to Pay Theory, developed by Wicksell (1858) and Lindahl (1919), and extended by Samuelson and Musgrave, posits that taxes should align with an individual's financial capacity (Anyanfo, 1996). For SMEs, excessive tax burdens from multiple taxation can hinder growth by straining limited resources. The Theory of Business Growth, notably Gibrat's Law (1931), suggests firm growth is independent of size, while Jovanovic's (1982) learning model argues smaller, younger firms grow faster as they gain market knowledge, highlighting SME growth dynamics. Ibn-Khaldun's Theory of Taxation (14th century) is selected as the primary framework for this study due to its emphasis on low tax rates to foster enterprise growth and economic prosperity (Chapra, 2000; Gwartney, 2006). It advocates minimizing tax burdens to encourage investment, profitability, and revenue generation, directly addressing the adverse effects of multiple taxation on SMEs. Unlike the Ability to Pay Theory, which focuses on equitable tax distribution, or the Theory of Business Growth, which centers on firm size and learning, Ibn-Khaldun's theory specifically links tax policy to economic stability and SME development. It is adopted as it emphasizes the need for a favorable tax policy to promote SME growth and development.

CONCEPTUAL FRAMEWORK

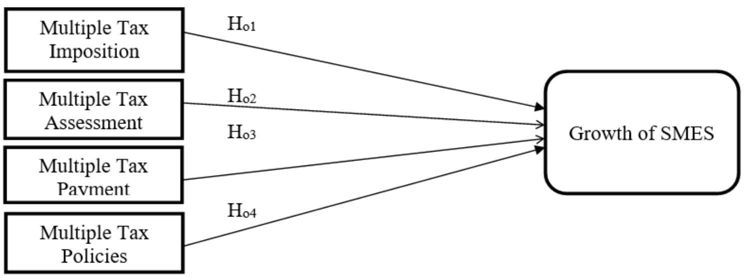

Figure 1: Conceptual Framework Adapted from Bani-Khalid, et al (2020)

The conceptual framework posits that Multiple Tax Imposition (Ho1), Multiple Tax Assessment (Ho2), Multiple Tax Payment (Ho3), and Multiple Tax Policies (Ho4) independently and collectively influence SME growth, the dependent variable. It illustrates how excessive, uncoordinated tax systems create financial strain, reduce reinvestment capacity, and impair operational efficiency in SMEs. Adapted from Bani-Khalid et al. (2020), who used the Theory of Planned Behaviour to study tax compliance in

Jordanian SMEs, this framework extends their model by focusing on structural tax components (imposition, assessment, payment, policies) as predictors of SME growth, leveraging their structured approach to empirically test causal links.

III. METHODOLOGY

This study utilized a quantitative survey research design to investigate the effect of multiple taxation on SME growth in Nigeria, ensuring a structured, replicable methodology. The target population included 876 registered SMEs in Plateau State, representing diverse sectors like retail and manufacturing (PwC's MSME Survey, 2024). A sample size of 274 was calculated using Taro Yamane's formula: $n = N / [1 + N(e^2)]$, where N=876 and e=0.05, ensuring 95% confidence and 5% error margin. Simple random sampling was used. Primary data was collected through a self-constructed questionnaire with Likert-scale items (1=Strongly Disagree to 5=Strongly Agree). The instrument was validated by two experts, with revisions for clarity, and achieved high reliability (Cronbach's alpha=0.827, exceeding the 0.70 threshold). Of 274 questionnaires distributed to SME owners in Jos Metropolis, 260 were retrieved (95% response rate). A pilot test with 30 non-sampled SMEs refined the instrument's wording and usability. Multiple regression analysis, conducted using IBM SPSS v26 (the model was specified through Analyze > Regression > Linear), tested the impact of the four tax variables on SME growth, with $p<0.05$ indicating significance. Assumptions (linearity, normality, multicollinearity via VIF<5, homoscedasticity, and independence via Durbin-Watson=1.98) were verified, ensuring strong and valid results.

IV. RESULTS AND DISCUSSION

Table 1: Kolmogorov and Shapiro Tests of Normality

	Independent Variables	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
Growth_ SMEs	Independent Variables	Statistic	Df	Sig.	Statistic	df	Sig.
	Tax_Imposition	.163	51	.062	.905	51	.111
	Tax_Assessment	.128	51	.055	.923	51	.071
	Tax_Payment	.241	51	.071	.861	51	.080
	Tax_Policies	.140	51	.071	.946	51	.122
	Inverse	.435	51	.063	.584	51	.116

Source: Extracted from IBM SPSS, v.26 (2025)

Table 1 presents Kolmogorov-Smirnov and Shapiro-Wilk tests for normality of Tax Imposition, Assessment, Payment, and Policies. All significance values exceed 0.05, indicating no significant deviation from normality. The Shapiro-Wilk test, suitable for sample sizes up to 2,000, confirms data normality (Sig > 0.05). Thus, the dataset satisfies the normality assumption, making it valid for parametric analyses like regression. Box plots were used to detect outliers, further confirming data distribution normality. These results ensure the dataset's statistical validity for reliable regression analysis.

Test of Reliability

Table 2: Reliability Test

Items	Variables Cronbach's Alpha	Model Cronbach's Alpha
Multiple Tax Imposition	0.812	
Multiple Tax Imposition	0.822	
Multiple Tax Imposition	0.811	
Multiple Tax Imposition	0.751	
Growth of SMEs	0.816	
		0.827

Source: Extracted from IBM SPSS, v.26 (2025)

Table 2 presents Cronbach's Alpha results for study variables: Multiple Tax Imposition (0.812, 0.822, 0.811, 0.751), Multiple Tax Assessment (0.822), Multiple Tax Payment (0.811), Multiple Tax Policies (0.751), and SME Growth (0.816). The overall instrument scored 0.802, and the model 0.827, surpassing the 0.7 reliability benchmark, confirming the instrument's high reliability for valid data collection and analysis.

Factor Analysis

Table 3: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.877
Bartlett's Test of Sphericity	Approx. Chi-Square	8263.633
	Df	465
	Sig.	.000

Source: Extracted from IBM SPSS, v.26 (2025)

Table 3 presents the Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy and Bartlett's Test of Sphericity for Exploratory Factor Analysis (EFA) using Principal Axis Factoring in IBM SPSS v26. The KMO value of 0.877 falls in the meritorious range (0.80–0.89), indicating high suitability for factor analysis (Kaiser, 1974). This suggests small partial correlations and substantial common variance among items, ensuring reliable factor extraction (Field, 2013). Bartlett's Test of Sphericity was significant (χ^2 = 8263.633, df = 465, p < 0.001), confirming that the correlation matrix is not an identity matrix and supports factorability (Hair et al., 2010). Additional EFA metrics, including Anti-Image Correlation, Communalities, Total Variance Explained, and Factor Loadings, validated the instrument's factor structure (Costello & Osborne, 2005). These results affirm the dataset's appropriateness for EFA, providing a solid foundation for identifying distinct constructs related to multiple taxation.

Table 4: Factor loadings

	Loadings				
Item	MTI	MTA	MTP	MTPO	GOS
MTI1	.872				
MTI2	.868				
MTI3	.911				
MTI4	.766				
MTI5	.759				
MTA1		.775			
MTA2		.862			
MTA3		.807			
MTA4		.840			
MTA5		.894			
MTP1			.896		
MTP2			.818		
MTP3			.883		
MTP4			.874		
MTP5			.858		
MTPO1				.853	
MTPO2				.839	
MTPO3				.822	
MTPO4				.830	
MTPO5				.824	
GOS1					.892
GOS2					.905
GOS3					.728
GOS4					.823
GOS5					.922

MTI: Multiple Tax Imposition MTA: Multiple Tax Assessment MTP: Multiple Tax Payment
MTPO: Multiple Tax Policies GOS: Growth of SMEs

Source: Extracted from IBM SPSS v.26 Output, (2025).

Exploratory Factor Analysis (EFA) using Principal Axis Factoring in IBM SPSS v26 validated the constructs of Multiple Tax Imposition (MTI), Assessment (MTA), Payment (MTP), Policies (MTPO), and SME Growth (GOS). For MTI, factor loadings ranged from 0.868–0.911, with a KMO of 0.877 and significant Bartlett's Test (χ^2=8263.633, df=465, p<0.001), indicating strong construct validity (Field, 2018). Communalities (0.630–0.809) confirmed items share common variance (Williams et al., 2010). MTA showed factor loadings of 0.775–0.894, KMO=0.813, and significant Bartlett's Test (p<0.001), with communalities (0.637–0.743) supporting reliability. MTP had factor loadings of 0.818–0.896, KMO=0.700, significant Bartlett's Test (p<0.001), and communalities (0.666–0.756), affirming convergent validity. MTPO exhibited factor loadings of 0.822–0.853, KMO=0.776, significant Bartlett's Test (p<0.001), and communalities (0.564–0.651), confirming construct reliability. GOS showed factor loadings of 0.728–0.922, KMO=0.791, significant Bartlett's Test (p<0.001), and communalities (0.597–0.665), validating its measure of SME growth. Anti-image correlations (0.667–0.842 across constructs) and correlation matrix values (>0.3) further supported factorability (Yong & Pearce, 2023; Costello & Osborne, 2005). These results establish all constructs as psychometrically sound for assessing multiple taxation's impact on SME growth.

Test of Hypotheses

Table 5: A Multiple Regression Analysis of the Effect of Multiple Taxation on the Growth of SMEs in Nigeria showing Model Specification

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.749[a]	.562	.555	.39442

Table 5 provides the R, R^2, adjusted R^2, and the standard error of the estimate, which can be used to determine how well a regression model fits the data. The Model Summary output from the SPSS multiple regression analysis indicates that the model used to assess the impact of multiple tax factors (Tax Imposition, Tax Assessment, Tax Payment, and Tax Policies) on the growth of SMEs in Nigeria fits the data reasonably well. The R value of 0.749 suggests a strong positive correlation between the combined independent variables and the dependent variable. The R^2 of 0.562 implies that 56.2% of the variance in SME growth is explained by the predictors. The Adjusted R^2 of 0.555 confirms explanatory power, and the F-change significance (.000) shows the model is statistically significant. The Durbin–Watson statistic of 0.604 indicates potential autocorrelation in residuals. Overall, the model is valid and shows tax-related factors significantly influence SME growth in Nigeria.

Table 6: A Multiple Linear Regression Analysis of the Effect of Multiple Taxation on the Growth of SMEs in Nigeria showing ANOVA

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	50.230	4	12.558	80.721	.000[b]
	Residual	39.203	252	.156		
	Total	89.433	256			

a. Dependent Variable: Growth_SMEs

b. Predictors: (Constant), Tax_Policies, Tax_Assessment, Tax_Imposition, Tax_Payment

Table 6 shows the multiple regression analysis of the effect of multiple taxation on the growth of SMEs in Nigeria. The ANOVA table assesses whether the combined effect of the independent variables (Tax Imposition, Tax Assessment, Tax Payment, and Tax Policies), significantly predicts the dependent variable, Growth of SMEs in Nigeria. The F-value of 80.721 with a p-value of .000 indicates that the overall regression model is statistically significant. This means that at least one of the predictors meaningfully contributes to explaining variations in SME growth. Since the p-value is .000, which is less than 0.05, we reject all four null hypotheses. This implies that each of the tax-related variables has a statistically significant effect on SME growth when considered together. Thus, tax burdens in the form of imposition, assessment, payment, and policies collectively exert a significant and negative impact on how SMEs grow and operate in Nigeria.

Table 7: A Multiple Regression Analysis of the Effect of Multiple Taxation on the Growth of SMEs in Nigeria showing Coefficients

Model		Unstandardized Coefficients		Unstandardized Coefficients	F	Sig.
		B	Std. Error	B		
1	(Constant)	1.203	.450		2.673	0.009

Tax_Imposition	-0.145	0.060	-0.312	-2.417	0.000
Tax_Assessment	-0.126	0.054	-0.298	-2.333	0.024
Tax_Payment	-0.132	0.055	-0.305	-2.400	0.000
Tax_Policies	-0.138	0.058	-0.287	-2.379	0.001

Source: Extracted from IBM SPSS V. 26 Output, (2025).

Table 7 presents the coefficients from the multiple regression analysis examining the effect of multiple taxation on the growth of SMEs in Nigeria. The table displays the individual contributions of the independent variables: Tax Imposition, Tax Assessment, Tax Payment, and Tax Policies, on the dependent variable (SME Growth). All four predictors recorded negative unstandardized coefficients and were statistically significant at p-values below 0.05, showing that each taxation component exerts a significant negative effect on SME growth.

For H_{o1}, Tax Imposition recorded B = –0.145 (p = 0.000), confirming a statistically significant negative effect on SME growth. The null hypothesis is rejected, indicating that inconsistent, excessive, or unpredictable tax imposition reduces operational income, deters reinvestment, and increases the risk of tax evasion among small firms. Streamlining imposition and making it predictable would encourage SME compliance and promote growth.

For H_{o2}, Tax Assessment yielded B = –0.126 (p = 0.024), also leading to rejection of the null hypothesis. Unfair, inconsistent, or inaccurate assessments create confusion, reduce financial predictability, and increase administrative burden. A transparent, standardized system would ease pressure on SMEs, improve voluntary compliance, and strengthen business confidence in the tax system.

For H_{o3}, Tax Payment showed B = –0.132 (p = 0.000), again rejecting the null. Frequent or high payments drain scarce resources, disrupt cash flow, and increase financial stress. Simplifying or digitizing payment processes, and offering phased plans, could reduce this burden and support operational sustainability.

For H_{o4}, Tax Policies produced B = –0.138 (p = 0.001), also rejecting the null. Poorly designed, frequently changing, or non-inclusive tax policies discourage compliance, investment, and entrepreneurship. Inclusive and SME-friendly tax policies are crucial to stimulate growth. Overall, these results reject all four null hypotheses (Ho1–Ho4), confirming that multiple taxation factors significantly and negatively affect SME growth in Nigeria, and demonstrating the urgent need for comprehensive tax reforms to support SMEs

V. DISCUSSION OF FINDINGS

In examining the effect of multiple tax systems on the growth of Small and Medium Scale Enterprises (SMEs) in Nigeria, four hypotheses were formulated and tested using Multiple Regression Analysis. The first hypothesis tested whether multiple tax impositions do not significantly affect the growth of SMEs in Nigeria. The regression results showed a statistically significant effect of tax imposition on SME growth, as evidenced by p = 0.000 (below 0.05) and a negative coefficient (-0.145). This implies that increased tax impositions significantly hinder SME growth. The R Square value of 0.562 indicates that about 56.2% of the variance in SME growth is contributed by tax imposition. Thus, the null hypothesis is rejected, suggesting multiple tax impositions are a critical barrier to SME growth. Adewara et al. (2023) also observed that multiple tax burdens harm the financial performance of SMEs in Ekiti State, while Onuora et al. (2023) found similar effects on micro and small businesses in South-Eastern Nigeria.

The second hypothesis examined whether multiple tax assessments do not significantly affect SME growth. The findings revealed a moderately strong negative relationship between tax assessment and SME growth, with R = -0.126 and R Square = 0.562. Therefore, the null hypothesis is rejected, confirming that multiple tax assessments negatively affect SME growth. Excessive or frequent assessments increase operational burdens, draining resources that could be used for expansion. This aligns with Odion, Amedu & Udeh (2023) who reported that tax multiplicity affects SMEs' earnings and investment decisions. Similarly, Kwara & Lawal (2024) stressed that multiple assessments escalate the cost of doing business and threaten SMEs' survival.

The third hypothesis investigated whether multiple tax payments have insignificant effects on SME growth. The regression results (p = 0.021 < 0.05) reject the null hypothesis. The R Square of 0.562 shows multiple tax payments significantly and negatively affect SME growth. Bello (2020) and Ilodigwe (2023) similarly found that multiple taxation reduces SMEs' profitability, efficiency, and production capacity.

Hypothesis four tested whether multiple tax policies do not significantly affect SME growth. The regression results ($p = 0.001 < 0.05$, coefficient -0.138) reject the null, showing burdensome tax policies hinder SME growth. Atawodi & Ojeka (2022) and Kwara & Lawal (2024) confirmed that inappropriate or diverse tax policies increase SMEs' financial burdens, affecting performance and survival.

VI. CONCLUSION

The study investigated the effect of multiple taxation on the growth of Small and Medium Scale Enterprises (SMEs) in Nigeria and found that the combined effect of tax imposition, assessment, payment, and policies significantly explains variations in SME growth. The results showed that multiple tax impositions strongly hinder the capacity of SMEs to reinvest, expand operations, and innovate, as excessive levies drain working capital, reduce profitability, and lead to business closures or reluctance to formalize operations. Multiple tax assessments were also found to exert a significant negative impact, as even without direct financial payments, they introduce administrative burdens, uncertainties, and planning difficulties that disrupt business operations and decision-making.

Similarly, frequent or overlapping tax payments reduce funds available for job creation, equipment acquisition, and diversification, thereby limiting the ability of SMEs to grow and remain sustainable. Although tax policies showed a relatively lower impact compared to direct taxes, their clarity, consistency, and implementation remain critical since vague or poorly communicated policies create confusion, discourage compliance, and undermine trust in the system. In conclusion, the study establishes that multiple taxation in its various forms significantly hampers the growth of SMEs in Nigeria, underscoring the urgent need for tax reforms aimed at streamlining levies, simplifying assessment and payment processes, and ensuring transparent, fair, and business-friendly policies that will foster a more supportive environment for SME sustainability and expansion.

VII. RECOMMENDATIONS

In order to address the effect of multiple tax system on the growth of SMEs in Nigeria, it is recommended that government should;

1. streamline the tax system by consolidating overlapping taxes across federal, state and local levels.
2. implement uniform tax assessment criteria to ensure consistency and fairness in tax evaluation across different regions and sector.
3. establish a single payment portal that allows SMEs to fulfill all tax obligations in one place, reducing burden necks and red tapes.
4. conduct regular reviews of tax policies to assess their impact on SMEs and make necessary modification to support the growth of SMEs.

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