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Tax Administration Strategies and Tax Compliance of Small and Medium Enterprises: Evidence from Kwara State Internal Revenue Service

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Abstract

Despite the vibrancy of state internal revenue service in Nigeria, noncompliance of SMEs to various tax administration strategies seems to have adverse effect on the level of tax revenue generation. The study used survey research design.720 SMEs owners were obtained as population for this study. Out of this population, sample size of 257 SMEs was scientifically selected. Study used questionnaire which is a primary source of data and was analyzed using multiple regression analysis to identify the significant and relationship between tax administration strategies and SMEs tax compliance. The findings revealed that tax education strategy and tax enforcement strategy has significant impact on tax compliance of SMEs in Kwara State. Base on the findings, the study recommended that; Kwara State Internal Revenue Service's should continue the provision of platforms such as human capital training; tax clinic; tax advocacy desk and publicity should be made available to properly educate SMEs on tax-related issues so as to increase the level of tax compliance. The study contributes to the current body of information about tax education strategy and tax enforcement strategy i.e., tax penalties by offering further apprehension into how tax administration strategies impact tax compliance.

Key words: *Tax administration strategies, Tax compliance, Small and Medium Enterprises.*

Introduction

Nigeria is presently suffering the adverse effects of the dwindling revenue from crude oil and gas sector, which today accounts for about 95% of its revenue (Federal Inland Revenue Service, 2009). The fall in the price of crude at the world market has orchestrated the devaluation of Naira and increased inflation. Looking at what this portends for the nation, should this trend continue unchecked, experts have called on the government not to fold its hands, but to explore other potential sources of revenue through the diversification of the nation's economy, few others said Nigeria, like many other advanced countries, can rely on tax revenue for survival (Dike, 2015). While some urged the government to redirect its focus to the agriculture sector, others asked the government to explore the numerous mineral resources for an alternative source of income (Odeyemi, 2010). The new reality considering the present situation in Nigeria is that governments at all levels have to raise the bar, by embarking on an aggressive tax drive, considering the dwindling revenue profile arising from the fall in oil prices (Dike, 2015).

Tax administration strategies are an integral part of the development of most developing countries because increment in tax strategies has the tendency to affect the revenue generated. In most developing countries, particularly in Ghana, some tax strategies are administered to certain types of taxpayers. In emerging countries, tax administration strategies are implemented to enhance the tax compliance of SMEs for example, in China, tax administration strategies have been designed to encourage the financing of SMEs by providing business tax exemptions for corporations that guarantee loans to SMEs. While in Kenya tax enforcement strategies are implemented on noncompliant taxpayers (Abor, 2010).

Prior to the establishment of Kwara State Internal Revenue Service (KW-IRS) there was Internal Revenue Board of Revenue that was in charge of effective tax administration and policies implementation. It was believed that the internal board of revenue was not performing well as a result of lack of effective implementation of tax administration strategies that enhance tax compliance. However, the restructuring of Internal Revenue Board to become Kwara State Internal Revenue (KW-IRS) has brought about various taxes administration strategies to deal with tax noncompliance in order to increase tax revenue generated.

Based on this premise, this study examined tax administration strategies and tax compliance among Small and Medium Enterprises in Kwara State, Nigeria. In order to achieve this, the following hypotheses in their null form were tested.

i. Ho1: tax education strategy has no significant relationship with the tax compliance of small and medium enterprise in Kwara State.

ii. Ho2: there is no significant relationship between tax enforcement strategy and tax compliance of small and medium enterprise in Kwara State.

Literature Review

Conceptual Review

Tax administration strategy is the process which include efficiency of tax and the ease with which individual business pay their tax obligations. Good tax administration requires strong strategies by the administrative agency but also a well-designed tax (Abiodun & Monday, 2018). The administrative agency should be able to identify and evaluate the effects of both current tax policies and tax policies under consideration, be able to simplify the current tax system if needed, within the economic and political spectrum, be aware of any law changes and emerging avoidance practices, and maintain a connection between the rule of law and tax administration. However, Mc Harminious (2015) defines tax administration strategies as those strategies

employed by tax authorities to improve the efficiency of tax administration and the performance by improving the revenue base. Tax administration should be effective in the sense of ensuring high compliance by taxpayers, and efficient in the sense that administrative costs are low relative to revenue collected.
In addition, Okauru (2012) opines that tax administration strategies involves the carrying out of tax laws through the activities of the authorities assigned with the obligation of assessing, collecting, accounting of tax revenue and implementing strategies that attracts tax payers to comply with tax rules. In addition, tax stands as a major source of government revenue not only for developed countries but also for developing countries. For countries to benefit from the opportunities afforded by globalization they must be able to mobilize adequate fiscal revenues and the most reliable way to get it is with an effective tax administration.
This refers to programs aimed at teaching taxpayers about their tax rights, responsibilities and legal requirements (Gitaru, 2017). It can also be described as a method of educating the people about the whole process of taxation and why they should pay tax (Aksnes, 2011). It assists taxpayers in meeting their tax obligations to the government. This means that the primary existence of taxpayer education is to encourage voluntary compliance amongst taxpayers. According to Misra (2004), the main objective of tax payer education is in three folds: impart knowledge as regards tax laws and compliance; change taxpayer's attitude towards taxation and increase tax collection through voluntary compliance.

Tax education to the SMEs becomes necessary when the objective of rising tax revenue, at the changing environment; particularly from the official tax assessment is considered (Normala, 2007). At the same time, achieving tax compliance and improving revenue generation is not an easy task. However, this problem can be minimized through tax education (Allingham and Sandmo, 1972; Kimungu & Kileva, 2007). Some observed evidence on the ground shows that there have been hostilities between the taxpayers and tax collectors on issues relating to tax compliance. For example, tax evasion cases reported in Kenya's local newspaper (Daily Nation, July 7, 2006, page 3) showed an outward resistance from taxpayers, for instance, the recent protest by taxpayers over implementation of Electronic Tax Registers (ETR). Hostility towards tax compliance date back to the History of Taxation, "Taxes are considered a problem by everyone. Not surprising, taxation problems date back to the earliest recorded history" (Director, Tax world Organization, April 7, 1999).

Kelvin, (2017), opined that taxpayer education will provide necessary tax knowledge to the SMEs which would enable them to comply with the tax matter and change the perceptions and attitudes towards tax compliance by creating more positive attitudes. Tax education component is expected to deal with non compliance practice among the Small and Medium Enterprises. Tax payer education is a tool designed to enable taxpayers to understand tax laws and procedures. It involves training of special units within the revenue departments; for providing education, counseling and support to the taxpayers, through different media which include newspapers, television, radio programs, websites, seminars and front desk help, these create more room to disseminate key information to the taxpayer (Fjeldstad &Ranker, 2003). Taxpayer education has provided a comprehensive awareness and information that has promoted partnership and voluntary compliance and further maximized revenue collection for national growth and development as well as broadening the tax base. (Fjeldstad *et al.,* 2003)

Enforcement according to black law dictionary is the process of ensuring compliance with laws, regulations, rules, standards, or social norms. Enforcement is applicable in different sections and areas or activities. In taxation, there are enforcement activities which ensure that the guiding rules and policies of taxation are adhered to. Tax enforcement activities are hence those activities which are taken by tax authorities to enforce taxpayers who fail to perform tax obligations these include locking up of shops, spending hours at the tax office waiting to pay under duress and paying penalties for not complying (KW-IRS, 2017).
Tanko (2017) posits that it is worth noting that tax enforcement activities contradict the mandate of the service which is to stimulate voluntary compliance. The law however mandates that tax must be paid whether

or not it is through voluntary compliance, hence enforcement. This is because of the cunningness of the taxpayer in keeping what is due to the government or not paying their complete tax due to the tax authority. Tax enforcement activities are backed up by the personal income act as amended section 104 subsection 1. States: "without prejudices to any other power conferred on the relevant tax authority for the enforcement of payment of tax due from taxable person that has been properly served with an assessment which has become final and conclusive and a demand notice has been served upon the person in accordance with the provisions of this part of this act, or has been served upon the taxable person, then, if payment of tax is not made within the time specified by the demand notice, the relevant tax authority may distrain the tax payer by his goods, or other chattels, bonds or other securities; or distrain upon any land, premises or places in respect of which the taxpayer is the owner and, subject to the provision of this section, recover the amount of tax due by sale of anything so distrained" (Fjeldstad *et al.,* 2003).

The veritable plan of action available for tax administrators capable of enhancing tax revenue is tax enforcement. Elleman and Obaro (2011) identified different kinds of tax enforcement strategy capable of inducing compliance as aggressive tax drive campaign by relevant complying units to meet non-complying companies to convince their decisions to effect tax payment, the use of judgment debts, sealing up of office premises and seizing movable properties of indebted taxpayer to compel him to pay the taxes due, the legitimate right to distain the taxpayers of his goods, chattel, real estates, financial instruments belonging to the indebted taxpayer for purposes of sale to the tax amount due to government are possible enforcement strategy. Though enforcement is a strong tool for improving compliance, but could psychologically be dangerous tool that may encourage non-compliance if not properly applied. Wittberg (2016) asserts that it is difficult to predict the impact of an enforcement activity in the context of what is implemented, and that enforcement effects can vary contrary to anticipated benefits. Hence, enforcement can lead to high, low or no effect on tax evasion, avoidance behavior of tax payers.

Swistak, (2015) argued that tax penalties though indispensable for tax enforcement but may not be the first choice of tool in ensuring compliance, and for tax penalties to be effective, it should deter and motivate tax payers as against exerting repressive measures against them. On the centrally, Tyler (2006) argues that citizens are more likely to be law-abiding if they view legal authorities as legitimate, and the degree of legitimacy may itself be a function of the level of enforcement. When explicit enforcement is weak (e.g., few audits), legitimacy may erode, undermining the intrinsic willingness of taxpayers to comply with the law. People may be willing to comply with a law because they perceive it to be just, quite aside from their beliefs regarding the authority government has to enforce it. Hence, enforcement is the driving force that promotes tax compliance, and the inevitability of tax enforcement engenders self-assessment that can impact positively on revenue drive of the tax authority.

In Nigeria however, there appears to be no clear cut definition or scope for choosing small business enterprise. Ademola et *al.,* (2012) and Nwoye (2014), see small scale enterprises as catalysts for world's economic growth and development which have dominated the industrial sector of both developed and underdeveloped countries. Aderemi (2003), noted that SMEs in Nigeria are usually small, owned by and managed families. However, Udechukwu (2003) goes on to state that they are mostly sole proprietorships or partnerships although on the surface, they may be registered as Limited Liability Companies as such they are usually not separate legal entities. In addition, Hanefah, Ariff, and Kasipillai (2002), opined that, the production processes of SMEs are usually labour intensive and they usually serve as suppliers of input materials for the larger manufacturing companies. SMEs can fall into different categories such as manufacturing, services; trading, agriculture, transportation business e.t.c. for the purpose of this study the small and medium manufacturing businesses will be considered.

The definition of tax compliance in its most simple form is usually cast in terms of the degree to which taxpayers comply with the tax law. However like many such concepts, the meaning of compliance can be seen almost as a continuum of definitions. This ranges from the narrow law enforcement approach, through wider economic definitions and even a comprehensive versions relating to taxpayer' decisions to conform to the wider objectives of society as reflected in tax policy (Desta, 2010).

Franzoni, (2009) further notes that tax compliance means true reporting of the tax base, correct computation of tax liabilities (accuracy), timely filing of tax return, and timely payment of the amounts due i.e. timeliness. Also, Marti (2014) in his opinion defines tax compliance as simply put; tax compliance refers to fulfilling all tax obligations as specified by the law freely and completely. Tax compliance in respect to income tax is defined as the ratio of declared income to actual income (Chang, Troutman & Bryan 2015).

Successful tax administration requires taxpayers to co-operate in the operation of a tax, rather than be forced to undertake every aspect of their obligations unwillingly. The Board of Internal Revenue Service has two definitions - gross tax gap and the net tax gap. The gross tax gap is the amount of 'true' tax liability that is paid 'voluntarily' and on time and the net tax gap is this amount less tax paid late or collected by the Board of Internal Revenue Service through enforcement activities. Both the gross and net tax gaps can be further divided into three main components the non-filing gap, the under-reporting gap, and the underpayment gap. The underreporting gap is in turn made up of three elements - underreported income, overstated offsets and net arithmetical mistakes (Board of Internal Revenue Service, 2006).

This study is anchored on two theories that is social capital theory and economic deterrent theory.

The theory of social capital was propounded by Bourdieu, (1972) makes a distinction between three types of capital: economic, social, and cultural-symbolic (Bourdieu, 1972). Economic capital is characterized by the power of direct conversion into money, and is institutionalized in the form of property rights. This theory affirms that, tax compliance by citizens is specifically influenced by their individual behavior and social norms. The theory assumes that individual behavior in taxation is basically influenced by social interaction like other forms of behavior. The theory follows that an individual is most likely to comply with tax requirements if he believes members of his reference group also comply, just as he is also likely not to comply if he believes that members of his reference group do not comply (Ali, 2013).

The economic deterrent theory is a theory under criminology developed by Becker (1968). The theory is built on the perception that an individual will be deterred from committing a crime if the benefit of the crime is outweighed by the consequence of committing the crime. The theory is premised in the belief that all individuals are aware of the consequences associated with criminal behaviour. Taxpayers will act contrary to the law after evaluating the uncertain advantages of a successful evasion against the risk of being caught and punished. Rational taxpayers will evade taxes if the expected benefits are greater than the cost of being caught.

In an intriguing extension of the theory, Yitzhaki (1974) pointed out that if the penalty (and any associated non-pecuniary costs) for discovered evasion is proportional to the tax understated (rather than, as Allingham and Sandmo assumed, the income understated), then the tax rate has no effect on the terms of the tax evasion gamble. As the tax rate rises, the cost of a detected understatement of taxes rises in exact proportion to the reward from a successful understatement of taxes, so the reward to risk ratio is unchanged. In this situation, a higher tax rate has only an income effect and, for example, if a taxpayer's level of risk aversion increases as after tax income falls, a higher tax rate will decrease tax evasion.

Imam, Sugeng and Yuli (2015) analyzed the role of taxation education on the tax knowledge and its impact on tax fairness and SME's compliance in Indonesia. The unit of analysis is handicraft SMEs businessman located in the district/city in the province of East Java, Indonesia. The type of data used was primary data

obtained through a questionnaire technique. Samples were obtained from a population sample that was taken with a multistage method, with simple random sampling technique. While the data analysis method used was the analysis of Structural Equation Modeling by using Partial Least Square. The study provides conclusions, namely; tax education has a positive and significant impact on SMEs tax compliance, tax knowledge has a significant and positive effect on tax fairness, tax fairness has a significant positive effect on tax compliance, and tax knowledge has a significant and positive effect on tax compliance. Based on these results, the strengthening of the tax education is very important in shaping the tax knowledge, so that it can increase tax compliance.

Adesina and Obazee (2016) examined tax knowledge, penalties and tax compliance in small and medium scale enterprises in Nigeria. The study was conducted using survey research design, data were collected through questionnaire and the data were analysed using ordinary least square regression method. The results of the study shows that tax knowledge had positive significant impact on tax compliance while tax penalty had insignificant positive impact on tax compliance

Furthermore, Uchechukwu and John (2017), evaluates tax compliance strategy and tax revenue yield: Empirical Evidence from Rivers State, Nigeria (2007-2016). The study adopted a regression/correlation and causal comparative (Ex-post Facto) research design. Ten years' data of tax revenue yield from Rivers State Board of internal revenue service for the period 2007-2017, and Survey data from 100 respondent stakeholders in the Rivers state tax environment using researcher-designed questionnaire validated by experts. The study found significant relationship between tax compliance strategy and tax revenue yield. Furthermore, voluntary compliance and enforcement were shown to have significant effects on personal income tax revenue yield and withholding tax revenue yield.

Kelvin, (2017). Assessed the effect of taxpayer education on firms' compliance in Kenya, a case of SMEs in Nairobi. Data was collected by administration of questionnaires to the owners of manufacturing business. Data was analyzed using both descriptive and inferential statistics. The nominal and ordinal data was collected using questionnaires and later subjected to quantitative analysis using Statistical Package for Social Sciences. Data was presented in the form of frequency distribution tables & graphs. The results showed that stakeholder's sensitization is positively related to the taxpayers' education to correctly calculate the tax and therefore enhance the firm tax compliance. The study recommended that; there was need to improve on tax compliance in SMEs because they are below average, through intensive tax. For SMEs to improve their tax compliances, those involved in their tax matters need knowledge and skills to interpret the various tax laws and regulations.

Finally, Maurice, Mugoh and Mengere, (2018). Evaluated the effect of tax related education on SMEs tax compliance. This study examined taxpayers' education as a key strategy in achieving voluntary PAYE tax compliance among the tax payers. The study adopted a survey research design. The survey data was collected using a self-administered questionnaire and was filled in by the Owners or Finance Managers of the firms within the NCBD. Regression analysis was used to determine the relationship that existed between the dependant variable and the independent variable. The findings revealed that there was adequate knowledge on tax issues among the owners and finance managers of the enterprises. It also revealed that PAYE tax education has an effect on voluntary tax compliance.

Saidu, Taofeeq and Usman (2019). Investigates tax fairness, tax penalty and tax compliance of SMEs in Kwara State. The study used survey research method design, primary data was collected through self administer questionnaires, multiple regression analysis was employed to analyze and predictive power of independent variable and dependent variable. The study concluded that a tax fairness and tax penalty has strong significant and positive effect with the tax compliance of SMEs owners in Kwara State.

From the empirical studies reviewed, there are still fundamental gaps which this study addressed. To the extent of empirical studies most of the works (many not all) particularly the ones in Nigeria have not considered the location of Kwara state, a north central state in Nigeria. The location of Kwara state which is a gate between north and south make her economic profile highly significant and is one of the prominent places for small business. As such tax administration strategies are regime in Kwara State will have significant bearing to the SMEs' tax compliance of other locations in Kwara state. Finally, this study tends to bridge the lacuna by conducting the study on effect of tax administration strategies on the tax compliance of SMEs up to the period of 2020.

Methodology

For this study, survey research design was used. Self-administered questionnaires were used to collect data from respondents (SMEs owners in Kwara State). A total number of 720 SMEs owners were obtained from the records of Kwara State Internal Revenue Service (KWIRS) as population for this study. Out of this population, sample size of 257 SMEs owners were selected as scientifically determined through Krejcie and Morgan (1970) table. This number was selected using stratified sampling technique to achieve fairly representative of the population. This sampling method was informed by the relative homogeneity of SMEs characteristics of the enterprise under the study. To achieve this, the researcher categorized all the SMEs owners in Kwara State that make up the sample size into homogeneous strata based on the nature of their business such as (i.e, Trading, Service, Manufacturing/agro-allied and others). Descriptive statistics of the variables as well as multiple regression analysis was carried out to assess the relative predictive power of the independent variable that is tax administration strategies on the dependent variable that is tax compliance.
The model for this study was adopted from Michael (2017), but was however modified in order to provide an insight about the habit of SMEs owners in kwara state towards tax education strategy (TEDS) and tax enforcement strategy (TENS) both as a function of tax compliance. The functional relationship is shown in equation (1)

TCOMP=*f(TEDS, TENS)*……(1)

Where tax education strategies (TEDS) and tax enforcement strategies (TENS) are used as function of tax compliance (TCOM). This can be further expressed in a multiple regression form as follows:

$TCOMP = \beta_0 constant + \beta_1 TEDS + \beta_2 TENS + \mu e$

The abbreviation of the terms in the model above is as follows:

TCOMP = Tax Compliance
TEDS = Tax Education Strategy
TENS = Tax Enforcement Strategy
μe =Residual term
β=Coefficient for X*i*

The a-priori expectation of the model is a positive relationship between the dependent variable and independent variables, i.e. TEDS>0;TENS>0.

Results and Discussion of Findings

Results of the Preliminary and Basic Analysis

The final questionnaires sent to a random sample of 257 SMEs owners, 235 copies were returned which represent 94% response rate. Out of these 235 questionnaires returned, a total of 228 were usable for data analysis. The remaining 7 questionnaires were excluded due to the issue of unproductive responses and outliers.

Table 1: shows the result of the analysis on normality test of tax education and tax enforcement.

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	Df	Sig.	Statistic	Df	Sig.
TEDS	.122	360	.114	.957	360	.102
TENS	.181	360	.074	.891	360	.088

Lilliefors Significance Correction

Kolmogrove-smirnor statistics assesses the normality of the distribution of scores. A significant result of more than 0.05 indicates normality, data relating to each of the variables were normally distributed, as Komolgorov-Smirnov and Shapiro-Wilk tests are not significant at 0.05 (see Table 1). Hence, the variables are normally distributed and parametric statistical analysis very appropriate in the study since it produces more accurate and precise estimates than non- parametric (Pallant, 2007).

Table 2: shows the result of the analysis on Multicollinearity Test

Variables	Tolerance	VIF
Tax education strategy	.583	1.715
Tax enforcement strategy	.571	1.529

Table 2, shows multi-collinearity test performed in relation to two independent variables i.e tax education strategy and tax education strategy. The result of the test reveal that Variance Inflation Factors (VIFs) for the two independent variables were both below the threshold of 5 (Craney & Surles, 2002), indicating absence of any Multicollinearity.

Table 3: Shows the result of the descriptive statistics of the variables

Variables	N	Mean	Standard Deviation	Minimum	Maximum
Tax compliance(TC)	228	.3.46	1.60	1	5
Tax Edu. Strategy	228	3.46	1.60	1	5
Tax enforce. Strategy	228	3.40	1.70	1	5

As shown in Table 3, the number of observation for the above variables of the study which is 228 indicating the number of returned and the mean value of the independent variable of the study, tax compliance (TC) is 3.46 with a range of 2 to 5 and a standard deviation of 1.60. Based on these figure, it is evident that in a scale of 5, tax compliance of the sampled SMEs in Kwara State is high. With the regard to the independent variables, Table 3 shows that the mean value of tax education strategy range from minimum of 1 to a maximum of 5 with mean of 3.46 and standard deviation of 1.60. For the tax enforcement strategy, the average score is 3.40 with minimum of 1 and maximum of 5 and standard deviation of 1.70, respectively, on all the items on tax compliance, tax education strategy and tax enforcement indicate that the respondents strongly agreed upon.

Table 4: shows the result of the analysis on reliability test of tax education strategy, tax enforcement strategy and tax compliance.

Variables	Cronbach's Alpha
Tax education strategy	0.831
Tax enforcement strategy	0.828
Tax Compliance	0.838

Also, Table 4, above shows that the Cronbach Alpha coefficient for each of the below variables is relatively high at .831, .828 and .838 for tax education strategy, tax enforcement strategy and SMEs tax compliance respectively. These values are above 0.70, which implies that the items are not measuring something different from the scale, Hence, the scale can be considered to have shown a sin of internal consistency and reliability (Pallant, 2007).

Regression Analysis

From the result in table 5, the t-statistic are positive at 5.581 and 3.22 for tax education strategy and tax enforcement strategy respectively this means that tax education strategy and tax enforcement strategy have positive effects on compliance based on the decision rule under the t-statistic. The p-value (.50 and .53) indicates that 'tax education strategy and tax enforcement strategy are significant at 5% level of significance. The Multiple correlation coefficients (R) of 0.84 indicated a strong relationship between the dependent variable and the set of predictors as a whole. The coefficient of determination (R^2) is 0.70 which means that 70 percent of variation in the dependent variable can be explained by the independent variables while 30 percent can be explained by error term while the f change is 58.68, which indicates that the variables (tax education strategy and tax enforcement strategy) are jointly significant in explaining the effect of tax administration strategies on tax compliance.

Table 5, Model: TCOMP = β_0(constant) + β_1 (TEDS) + β_2(TENS) + μe

Variables	Result of regression
Constant	1.86*
Standard error	1.54
T statistics	1.21
Tax education strategy (β)	0.50**
Standard error	0.09
T statistics	5.58
Level of significance	.00
Tax enforcement strategy (β)	0.53**
Standard error	0.04
T statistics	3.22
Level of significance	.00
R^2	0.70
Adjusted R^2	0.68
F-Square	58.64
No of Respondent	210

P-value in parentheses; * significance at 10%; ** significance at 5% and *** significance at 1%
Independent Variable: tax education strategy, tax enforcement strategy

Dependent Variable: Tax Compliance

H_{01} predicted that tax education strategy has no significant relationship with the compliance of SMEs in Kwara State. The regression analysis conducted in above shows a significant positive relationship between Tax education strategy and tax compliance of SMEs in Kwara State, with a β value of 0.50 at 5% level of significance. This has confirmed the a priori expectation between the two variables. Hence, the null hypothesis is rejection while the alternative hypothesis is accepted

H_{02} predicted that tax enforcement strategy do not significantly influence the tax compliance of small and medium SMEs. The regression analysis conducted above shows a significant positive relationship with tax enforcement strategy and the tax compliance of small and medium SMEs, with β value of 0.53at 5% level of significance. This has confirmed the a priori expectation between the two variables. Hence, the null hypothesis is rejected and the alternative hypothesis is accepted.

Discussion of Findings

This session presents the discussion of key findings in relation the research objective of the study. The discussions are presented in the sequence of the research hypotheses.

Tax Education Strategy and SMEs Tax Compliance

Research question one is used to investigate objective two which determine the extent to which tax education strategy affect the tax compliance of SMEs in Kwara State. The first variable which is tax education strategy depicts a positive and significant relationship with tax compliance of SMEs in the regression result at 0.05% level of significant with (t = 5.58, p-value< 0.00). This finding is consistent with the results of Iman and Yuli (2015); Kelvin (2017) and Maurice (2018). However, the result of this study did not concur with the findings of Margaret (2011) as the result show that level of taxpayer education has an insignificant negative relationship with the tax compliance of SMEs. The result is in line with the assumption of the social capital theory as it's suggested that the fear of social stigmatization as one of the possible deterrent factor of tax noncompliance. Result also concurs with the *a-priori* expectation that, tax education strategy would extremely reduce the problem of tax noncompliance.

Tax Enforcement and SMEs Tax Compliance

Research question two was used to investigate the second objective which evaluates the effect of tax enforcement strategy on tax compliance of SMEs. The enforcement strategies as expected, was found to have a significant positive relationship with tax compliance at 0.05% level of significance, with (t= 3.22, p-value<0.00). These findings are consistent with the studies of Raihana et *al.*, (2014),Uchechuku and John (2017),Saiduet *al.*, (2019). The result is in line with the assumption of the economic based theory that taxpayers are amoral utility maximazers; they are influenced by economic motives such as profit maximization and probability of detection. Finding also in line with the a priori expectation that, tax enforcement strategies would aggravate the problem of tax noncompliance

Conclusions and Recommendations

Based on the findings of the study; the study concludes that tax education and tax enforcement have a significant positive effect on tax compliance. This implies that SMEs are educated on tax-related issues through different means such as; publicity, human capital training, tax clinic, and others, it will enhance their level of compliance and also increase tax revenue generation. Finally, the regression analysis also shows the existence of a significant positive relationship between tax enforcement strategy and tax compliance of SMEs. This implies that when enforcement strategies such as the use of judgment debt on avoidance tax payer, Sealing up of office premises or workshop of tax defaulter, Seizing of movable properties of indebted tax payer or defaulters enhances the level of tax compliance.

In line with the critical evaluation of the findings and conclusions, the following recommendations were made.

i. KWIRS should continue the provision of platforms such as human capital training, tax clinic, tax advocacy desk and Publicity should be made available to properly educate SMEs on tax-related issues so as to increase the level of tax compliance.

ii. Lastly in order to enhance the existing tax compliance among SMEs in Kwara State, there is need for KW-IRS to strategize and implement efficient enforcement strategies so as to ensure a wide coverage of taxpayers that are compliant. The contribution of enforcement strategy will significantly increase total tax revenue.

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