

The Effect of Taxation on the Cameroonian Economy: Case of *Small and Medium Scale Enterprises.*

Cynthia Ebanganow Chunow¹, Joshua Sopuru²

Faculty of Business and Economics, Girne American University, Cyprus ^{1,2}

**Corresponding Email: joshuasopuru@gau.edu.tr*

DOI: <https://doi.org/10.64192/brp95sz>

Received: 02.09.24

Accepted: 25.11.24

Published: 13.12.24

Abstract: *This study aims to assess the causes and effects of taxation on Small and Medium-Scale Enterprises (SMEs) and the national economy of Cameroon. The study will examine the perception of SMEs regarding taxation and government spending, the level of awareness and compliance with taxation among SMEs, and the perception of SMEs on the effect of taxation on the economy of Cameroon. The study area is the south-western region of Cameroon, and a total of 250 respondents were selected from various SMEs using a purposive sampling method. The data was collected using a structured online questionnaire. Three hypotheses were tested, indicating no significant difference in the perception of taxation and government spending among SMEs, no significant difference in the level of awareness and compliance with taxation among SMEs, and no significant difference in the perception of the effect of taxation on the economy of Cameroon among SMEs. The study is expected to be helpful to tax administrators, policymakers, and other stakeholders, as it will provide insight into the impact of taxes and their schemes on the development of Cameroon.*

Keyword:
*Corporate Reputation,
taxation,
government spending,
performance of SMEs*

This work is licensed under a CC BY -4.0



INTRODUCTION

It is vital to state how vital taxation is to a country's financial health. Certainly, tax revenues are the primary means through which a government may fund national expenditures and population services (Lamantia & Pezzino, 2017). Taxes, on the other hand, are a significant component that impacts the fiscal decisions of every home and business. Yet, taxes are a difficult subject for tax officials in most nations, and they have been around for a long time. According to Akdede (2006), taxation is the imposition of forced fees on individuals or businesses by governments in nearly every country worldwide. He suggests that people would naturally prefer to avoid paying taxes if they

could. To develop effective strategies and tools for tax enforcement, it is essential for the majority to instill a comprehensive grasp of the various elements contributing to these challenges. Tax compliance can be hindered by taxpayer-related factors such as low fiscal morale and high compliance costs, as well as tax administration factors such as ineffective collection and enforcement mechanisms and limited monitoring and verification capabilities (Khanal, 2019).

Taxation revenues are a significant source of money for governments. Tax revenues used to fund public facilities and services are vital for economic expansion and development. In recent years, rising economies have failed to produce the necessary tax revenues to fund spending (Fuest & Riedel, 2009). The conventional wisdom holds that raising tax rates will boost the scope of the shadow economy. One of the most significant difficulties confronting the Cameroon tax system nowadays is the issue of taxes, a phenomenon that might impact development and productivity (Mukah & Fossung, 2019). Often, this occurs when people intentionally conceal their income from the tax office to decrease their tax burden (Devarajappa, 2017). As a result of these observations, this study will investigate the various effects of taxation on a nation's economy.

Statement of the Problem

The tax structures themselves are undoubtedly skewed by the realities of taxation. Existing studies have considered the identification of the motivations for taxation (Alm, 2012), the effect of taxation (Onyeka & Nwankwo, 2016). There has been a dearth in the assessment of the impact made by SMEs on the economy of Cameroon, which has also led to a lack of literature regarding the level of taxation among SMEs in Cameroon. Also, no study has conducted an assessment of the reasons and the effects of taxation among SMEs in Cameroon; hence, this study.

Research Questions

It is vital to draw a clear path for each study. In this work, we attempted to provide meaningful answers to the subsequent questions;

What is the perception of SMEs regarding taxation and government spending?

What is the level of awareness and compliance with taxation among SMEs?

What is the perception of SMEs on the effect of taxation on Cameroon's economy?

Aim and Objectives of the Study

This study is aimed at assessing the causes and effects of taxation among macro-enterprises and their effect on Cameroon's national economy.

The specific objectives are to

Examine the perception of SMEs regarding taxation and government spending.

Examine the level of awareness and compliance with taxation among SMEs; and

Assess the perception of SMEs on the effect of taxation on Cameroon's economy.

Significance of the study

The study will be useful to tax managers and other stakeholders since it educates them about the influence taxes and their schemes have on the development of a nation by the government. Policymakers would benefit from the study's results and recommendations in terms of enhancing tax administration tactics and policies in Cameroon. Researchers performing similar research in the study area might refer to this research for further research.

LITERATURE REVIEW & HYPOTHESIS DEVELOPMENT

Taxation

The amount of tax revenue collected has a significant impact on the economic growth and prosperity of a country. Taxation is a vital tool for governments in both emerging and developed countries to manage their national finances, especially in the context of widespread tax evasion (Gangl et al., 2014; Schneider et al., 2010). As Hanlon et al. (2015) note, taxation also influences government budgetary decisions. Taxes are the primary source of revenue for developmental engagements (infrastructure) in an economy, as well as communal finance/service provision. They are essential, according to Gangl et al. (2014), for socioeconomic as well as progress across developing and advanced economies.

In this regard, acquiescence in respect to the tax is crucial for governments the world over (Alon & Hageman, 2013). Tax evasion has several negative consequences, including decreased tax revenues, increased inequality, reduced company productivity, and

impediments to economic growth. It also leads to increased costs for the government, as it must invest resources to detect and prosecute tax evaders (Alm, 2012; Nur-Tegin, 2008; Alm, 2014; Johnson et al., 2000).

Ultimately, it influences the accuracy of macroeconomic statistics. In general, understanding the entire consequences of taxation is impossible without accounting for tax fraud. In this light, increasing acquiescence (compliance) is a key problem facing administrations, given that taxes fund a large portion of government spending (Chung & Trivedi, 2023). Consequently, politicians as well as academics have accorded the issue of tax evasion considerable attention (Lee, 2018).

Taxation among SMEs

Most nations' economies rely heavily on small and medium-sized companies (SMEs) as contended by (Atawodi & Ojeke, 2012). They constitute a lion's share of transitional economies' vibrant firms (Akimova, 2002). Authentically, effective SMEs have an outstanding role in both emerging as well as developed economies based on (Magableh et al., 2011). The propensity to increase exports has been demonstrated by Ghana's SMEs as well as the supply of extra-terrestrial currencies. Jones (2016). Its role in the provision of services cannot be overlooked, as a result, SMEs contribute to growth in Ghana's economy (Saymeh & Sabba, 2014).

Assessing SMEs' tax obligation has piqued the interest of various researchers for the reasons indicated below. First, according to Akinboade (2015), SMEs are believed to have lesser tax responsibilities than large enterprises. Similarly, SMEs have been perceived as the lifeblood for growth as well as expansion of the majority of nations (Maseko, 2014). In the same light, SMEs provide taxes for the government (Akinboade, 2015), because of this, the capacity to realize the socioeconomic aspirations of governments rests on SMEs' tax acquiescence (Akinboade, 2015).

Theories of tax compliance

As stated by Zikmund, Babin, Carr, and Griffin (2013), a comprehensive and verifiable account of specific events is essential in understanding the interactions between objects. In the light of preceding studies, voluntary tax acquiescence is subject to multiple factors

(Damayanti, 2012; Ross & McGee, 2012). Therefore, relying solely on a few factors may not suffice to fully capture the complexities of tax compliance, and depending solely on a single theory may be inadequate in explaining the various phenomena associated with tax acquiescence (compliance) (Ayuba et al., 2006). In this regard, understanding tax acquiescence entails acknowledging the multiple factors contributing to which motivate tax behavior: such elements are capable of extending further than traditional economic or crime methods to incorporate social as well as psychological theories regarding conduct.

Tax compliance issues, based on Kasipillai & Abdul (2006), relate to a range constituting multiple professions, viz, accounting together with psychology, political science, as well as public administration, including economics. Al-Taffi & Abdul (2015) suggested economic as well as socio-physiological theories to might fairly elucidate the complicated nature of tax acquiescence. Andreoni et al. (1998) noted how critical it is to integrate economic theory with social psychology theory. Moreover, Sapiei et al. (2014) insisted that behavioral as well as economic methods have enormously eased comprehension, clarifying tax compliance behavior. While learning theory is based on scientific principles such as sociology and psychology, economic schemes rest on economic efficacy.

Regarding the financial approach, traditionally, the most typical method for promoting tax compliance has been intimidation (Frey, 2023) economic crime model, in reality, produces economic research regarding tax evasion; the utilization of this model inclines towards curtailing illegal activities. As a result, a fundamental premise was put forth as a preventive measure to curb crime resulting from illegal actions. Becker (1968) suggested some behavioral patterns regarding taxpayers; each taxpayer is assumed to maximize the expected utility of the tax noncompliance risk, evaluating the advantages of successful tax noncompliance concerning reviews as well as punishment. There is evidence in this submission since payers pay taxes because he or she is afraid of being caught and penalized if he or she does not (Alm, 2012).

Building on Becker's (1968) crime model, Allingham and Sandmo (1972) proposed the first theoretical model of tax evasion. This model, also known as the deterrence theory model or the anticipated utility maximization model, is the most widely accepted paradigm for understanding tax evasion. It is based on the assumption that the tax system can deter tax evasion through penalties and audits. In other words, the model posits that

taxpayers weigh the expected benefits of tax evasion against the expected costs, such as fines and imprisonment, when deciding whether to evade taxes.

Tax review (audit) describes the likelihood of experts (tax authority) to identify payers that fail to adhere to tax rules via reviews (auditing programs); nevertheless, penalties or tax punishments are not ruled out for those who fail to make tax payments. Its evasion is regarded as a financial crime, with penalties being levied on the guilty as an apt punishment (Isa, 2012). The underlying purpose of preventing noncompliance is generally to instill panic as well as emphasize the severity of punishment and an increase in the number of (Forest & Sheffrin, 2002). Moreover, a constraining (deterrent) strategy assumes that external pressure compels individuals to settle tax payments in compliance with the law (Ariel, 2012)

The deterrence strategy assumes that "external pressures" encourage taxpayers to comply with the law (Ariel, 2012).

As a result, the deterrence theory provides evidence for the expected relationship amid higher preemption (deterrence) productivity as well as preempted (deterred) conduct; thus, a drop in deterrent activities would impair compliance (Verboon & Dijke, 2012). Dwenger, Kleven, Rasul, and Rincke (2014), on the other hand, discovered that deterrence had a little impact on the intrinsic motive for tax compliance while having a big impact on the motivational factors concerning tax compliance.

From Wenzel's (2004) perspective, these precautionary dealings are directed towards taxpayers' lack of morals regarding tax payments. Furthermore, the fear of deterrence undoubtedly raises tax requirements, but it seldom secures complete responsibility (Brockmann et al., 2015). In addition, Feld & Frey (2007) discovered that deterrent strategy regarding tax noncompliance falls short of raising tax acquiescence rate unless combined with other strategies. But, by relying solely on deterrence, the penalty may appear ineffective and even detrimental at times (Leonardo, 2011). Even if the amount of deterrent is too minimal in many nations, tax compliance is high (Torgler, 2007).

As a result, experts propose that non-economic elements can aid in the resolution of this problem appropriately (Torgler & Schneider, 2009). Nevertheless, the strategy, however,

is not reliable since it contradicts evidence arising from empirical verdicts. Submissions regarding this issue incline towards the inference that psychological inclination to economic resolution stands out as an appropriate technique to enforcing tax acquiescence (Frey, 2003).

Taxation effect on economic development

It cannot be overlooked that both advanced and developing economies' major sources regarding government revenue rest on taxation. In order to boost their economies, nations significantly rely on direct and indirect taxes (Torgler & Schneider, 2009). Individuals are required by law to abide by tax regulations, regardless of whether they are self-employed or hired by a firm. Therefore, even when some people opt not to comply with tax laws, everyone must do so (Kirchler et al., 2006). Tax authorities have serious concerns about this non-compliance, which is manifested via tax evasion by both firms and individuals. Research was done by NurTegin (2008) to determine the root causes of tax evasion in Egyptian society, paying particular attention to these issues. Presuppositions arise, inclining towards insufficient transparency regarding governments' expenditure as paramount to tax evasion. Taxpayers in Syria lack morality and are hesitant to pay their taxes, and they have faith in the administration. Additionally, government goods and amenities were disproportionately huge about their total realization (tax payments), resulting in friction between payers and the government.

Alm et al. (2018) examined the data on tax evasion and concluded that the tax agency had substantial operational and structural deficiencies, leading to suspicion from taxpayers said in respect to the relevance embedded within tax goals, leading to uninterrupted evasions. The subject of tax evasion was also a call for concern, as investigated by Torgler (2011). He observed that evasion is becoming more common within Jordan and that it is an intentional and planned activity. Taxpayers were also found to have paid significant amounts of cash to tax professionals to avoid paying taxes. Al-Bakri (2010) investigated factors influencing business tax evasion using questionnaires distributed to one hundred and seventy-three auditors; the results indicated that penalties, including tax rates as well as firm size to have a substantial affirmative wave on income tax evasion.

Role of Tax Compliance as a Moderator

According to Khasawneh et al. (2008), a tax is a required payment paid by individuals based on their wealth that is used to satisfy government commitments. Affirming levies on specificities such as wages, including profits, some things are excluded from taxes as a way for tax authorities to promote particular behaviors (Payne & Raiborn, 2018). Undoubtedly, tax compliance is important for a nation's development. Fischer et al. (1992) noted the lack of widely agreed-upon criteria for tax compliance and non-compliance, despite the fact that research regarding tax compliance goes back to the early 70s (Alm & Torgler, 2011).

Tax compliance is defined as the timely and accurate filing of tax returns and the payment of all taxes owed by the applicable laws, regulations, and court rulings (Roth et al., 1989; Jackson & Milliron, 1986) acquiescence from sales tax perspective entails on time filling in respect to returns as well as the accurate reporting of sales including taxes together with payment of owed by the relevant laws and regulations (Zainal et al., 2017)

Tax nonacquiescence (compliance), in contrast to tax acquiescence, entails the ability of a taxpayer to satisfy his or her tax reporting duties (Abdul & Pope, 2008). This term includes both inadvertent and purposeful noncompliance. However, inferring from Sikka's (2013) perspective, tax evasion could be described as any questionable including dishonest or intentional conduct not in concord with an established legal framework to increase discounts, hide chargeable incomes, or lower the right tax payable. Payne and Raiborn (2018) define tax avoidance (or tax mitigation) as the practice of using permissible means to reduce the amount of tax owed based on stated provisions in the tax laws. Yet, there has been no agreement from numerous literature submissions on the specific meaning of tax acquiescence (compliance).

METHODOLOGY

Study Design

The goal of the study was to investigate how taxes and SMEs affected the Cameroonian economy. The south-western region of Cameroon was chosen as the research location for practical reasons. SME employees from throughout south-west Cameroon were chosen for the research, including both low-level and top-level management professionals. To gather information from chosen respondents, the study used a survey methodology. The many tasks that were completed in this study are presented in detail in the sections that follow.

Study Location

Western Africa's Cameroon, located in the southwest of the continent, is the subject of this study (Kouega, 2007). Equatorial Guinea, Gabon, and the Republic of Congo border Cameroon to the south, along with Nigeria to the west, Chad to the northeast, the Central African Republic to the east, and Nigeria to the west. According to the National Climatic Data Center (2012), the nation has a coastline along the Bight of Biafra, which is a portion of both the Atlantic Ocean and the Gulf of Guinea. More than 10 ethnic groups, including those who practice Christianity, Islam, and traditional faiths, make up the varied nation of Cameroon.

Study's Population

Embarking on any crucial endeavor, as well as realizing its essence, requires comprehension of significant elements about the endeavor. Population is one of such crucial elements within a research undertaking, it can be viewed in simple parlance as an all-inclusive group in which an inquisitive being (researcher) seeks to draw inference about. Various small and medium-scale enterprises (SMEs) that are located across south-west Cameroon constituted the population for this work.

Sampling Size and Method.

In this study, a total of 250 respondents were selected from various small and medium-scale enterprises (SMEs) that are located across south-west Cameroon. The sample consists of the members of the top-level, mid-level, and low-level management positions working in the selected SMEs. The respondents were selected using a non-random

sampling method,, which is a purposive technique to suit the research endeavor. Following this, the link that was required for assessing the questionnaire was sent to their respective email.

Method of Data Collection

A structured online questionnaire was used to collect the data that was required for this study. The questionnaire was distributed across the respondents using various online messaging tools. The questionnaire was designed with the use of the Google Docs application called Google Form[®]. Figure 3.1 shows a screenshot of a view of the form, which can be retrieved online via the URL <https://forms.gle/aCbsDm2kXsxmbZC8A>. The structured questionnaire was composed of four (4) sections, namely: socio-demographic information, SME perception of taxation and government spending, SME awareness and compliance with taxation, and SME perception of the effect of taxation on the economy of Cameroon.

Appropriate utilization of questionnaire sections to collect information regarding the socio-demographic information of selected respondents is considered in this study. The information collected includes: gender, age group, marital status, highest level of education, size of SME, as well as years of experience in SME. The year of establishment of the SME, as well as their roles at the said SME. The respondents were required to select one of the options that best described the respondent. This section will also be required in the assessment of the variation in the opinion of responses during the assessment of the other sections of the questionnaire.

Section B of the questionnaire was used to collect information regarding the SME perception of taxation and Government spending. This section was required for assessing the knowledge of SMEs regarding the purpose of taxation, compliance, and tax regulation and laws. The section was also used to assess the perception of SMEs about how well the government is putting tax money to use in the provision of services, utilities, and infrastructure. The section was presented as a set of items that were assessed using a 5-point Likert scale. The respondents were required to select any of the responses that describe their level of agreement with each item listed. In total, 10 items were used to

assess information regarding the perception of SMEs regarding taxation and Government spending.

Section C of the questionnaire was used to collect information regarding the SME awareness and compliance with taxation. This section was required for assessing the awareness of the SMEs of complying with taxation and the level of their participation in compliance with taxation. The section was presented as a set of items that were assessed using a 5-point Likert scale. The respondents were required to select any of the responses that describe their level of agreement with each item listed. In total, 8 items were used to assess information regarding the perception of SMEs regarding taxation and Government spending.

Section D of the questionnaire was used to collect information regarding the perception of SMEs regarding the effect of taxation on the economy of Cameroon. This section was required for assessing from SMEs the impact of taxation on the economy of Cameroon. The section was presented as a set of items that were assessed using a 5-point Likert scale. The respondents were required to select any of the responses that describe their level of agreement with each item listed. In total, 6 items were used to assess information regarding the perception of SMEs regarding taxation and Government spending.

Method of Data Analysis

The data provided by the respondents was stored online via Google Sheets[®]. Figure 3.2 shows a screenshot of the online sheet that was used to collect the data containing the responses provided by the respondents selected for this study. Afterwards, the data was downloaded and stored as a spreadsheet file, which contained the responses provided by the respondents. The study made use of standard software, which is statistical (SPSS v. 20), to break down (analyze) the data collected.

The information collected using the questionnaire was coded and stored in electronic format using the SPSS software. The reliability of the questionnaire was assessed using Cronbach's alpha reliability test. The study performed some descriptive analysis of the responses provided by the respondents for the first section using frequency distribution tables and bar charts, where necessary. The responses provided in the remaining three sections were assessed by determining the mean and standard deviation of responses for each item and the overall scale. Inferential statistics was used to analyze any significant

difference in responses provided by the respondents using the analysis of variance (ANOVA).

RESULTS, FINDINGS, AND DISCUSSIONS

Following data collection, it was observed that the response rate of the distributed questionnaire among the respondents selected for this study was 82%. The results revealed that the majority of the respondents were single and married, within the age groups of 26 to 40 years and 41 to 60 years, with a university first degree and postgraduate degrees. Also, the majority of the respondents worked in SMEs with a staff force below 10 staff, with less than 5 years working experience, who worked as either entry-level or operations staff who had been working in SMEs that had been established for less than 5 years.

The results of participants' opinions regarding the perception of taxation and government spending among SMEs revealed that the respondents agree that the proceeds from taxation have not been put to good use by the government. The respondents agree that the government has no justification for the tax charged to SMEs, as the money generated is not being used to provide appropriate public services. The respondents agree that those in government are corrupt and, as a result, squander taxpayers' money since no benefit is derived from the payment of taxes to the government. The results of the opinion of the respondents regarding the perception of the awareness and compliance of SMEs with taxation revealed that they are indifferent.

The respondents agree that SMEs are aware of tax and levies in the state, the approved channels for tax collection, and attempts by tax officials to approach the SMEs to confirm payment of tax. However, they are indifferent about SMEs not paying taxes, SMEs being forced to pay tax, the consideration of tax payment in monthly accounts, and the payment of the penalty for defaulting in payment of tax. The results of the opinion of the respondents regarding the effect of taxation on the economy revealed that they are indifferent about the positive impacts of taxation. The respondents disagree with the impact on the redistribution of income, reduction in inflation rate, reduction in the rate of

corruption, and increase in the country's reputation. However, the respondents agree that taxation leads to an increase in the costs of products and services provided to clients. The results of the hypothesis testing regarding the difference in opinion of the respondents concerning the perception of taxation and government spending among SMEs across their socio-demographic information revealed several observations. It was revealed that there was a significant difference in the opinions of the respondents who had a university first degree and those who had a postgraduate degree. The results of the hypothesis testing regarding the difference in opinion of the respondents concerning the perception of awareness of taxation and compliance with taxation among SMEs across their socio-demographic information revealed several observations. Drawing from our findings, there was the revelation of no significant variance in participants' socio-demographic information.

The results of the hypothesis testing regarding the difference in opinion of the respondents concerning the effect of taxation on the economy across their socio-demographic information revealed several observations. It was revealed that there was a significant difference in the opinion of respondents who were above 60 years and those who were either below 25 years or those who were between 25 and 40 years. It was revealed that there was a significant difference in the opinions of single respondents and those who were married. It was revealed that there was a significant difference in the opinions of the respondents who had a university first degree and those who had a postgraduate degree. The study showed that there was a significant difference in the opinion of respondents who worked as members of the board of directors and those who either worked in operations or low management level.

CONCLUSIONS

The study concluded that SMEs in Cameroon do not trust the Government with taxpayers' money due to the lack of appropriate use of funds generated from taxing SMEs in Cameroon. It was believed that many tax officers in Cameroon are not trustworthy and are rather focused on enriching the pockets of greedy tax workers. The study concluded that SMEs are aware of tax laws; however, some feel reluctant about paying taxes to the government, hence why SMEs are indifferent about tax compliance with the Government.

Also, SMEs feel indifferent about the effect of taxation on the Cameroonian economy, and this is likely on one part due to the lack of confidence that the SMEs have in the government in putting the funds into good use and on another part due to the level of corruption among tax officers.

BIBLIOGRAPHY

- Abdixhiku, L., Krasniqi, B., Pugh, G., & Hashi, I. (2017). *Firm-level determinants of tax evasion in transition economies. Economic Systems*, 41(3), 354-366.
- Abdul-Jabbar, H. & Pope, J. (2008). Exploring the relationship between tax compliance costs and compliance issues in Malaysia. *Journal of Applied Law and Policy*, 1(1), pp. 1-20.
- Abdul-Jabbar, H. (2009). Income tax non-compliance of small and medium enterprises in Malaysia: Determinants and tax compliance costs. (Unpublished doctoral thesis, Curtin University of Technology).
- Adams, C. & Webley, P. (2001). Small business owners' attitudes on VAT compliance in the UK. *Journal of Economic Psychology*, 22(2), pp. 195-216.
- Akimova, I. (2002). Performance of small and medium-sized manufacturing firms in Ukraine: Does the quality of governance matter? Business environment for SMEs in Ukraine. In S. Cramon-Taubadel & I.
- Akimova (Eds.), In *Fostering Sustainable Growth in Ukraine* (pp. 160–172). Ukraine.
- Akinboade, O. A. (2015). Correlates of tax compliance of small and medium-sized businesses in Cameroon. *Managing Global Transitions*, 13(4), 389–413.
- AL-Bakri, A. A. (2010). The adoption of business-to-business systems by small and medium enterprises in Amman and the perceptions of its influence on performance and efficiency. (Unpublished doctoral thesis, University of Southern Queensland)
- Allingham, M., & Sandmo, A. (1972). Income taxation: A Theoretical Analysis. *Journal of Public Economics*, 1(3-4), 323-338.
- Alm, J. & McClellan, C. (2012). Tax morale and tax compliance from the firm's perspective. *Kyklos*, 65(1), pp. 1-17.

- Alm, J. (2012). *Measuring, Explaining, and controlling taxation: Lessons from Theory, Experiments, and Field Studies*. Tulane University, Department of Economics. New Orleans, LA: Tulane University.
- Alm, J. (2014). Tax evasion, labor market effects, and income distribution. *IZA World of Labor*, 91, pp. 1-10.
- Alm, J. (2018). What are the costs of a new tax administration? The case of a personal income tax in Kuwait. Working Paper No. 1804. Department of Economics, Tulane University.
- Alm, J., & Torgler, B. (2006). Culture differences and tax morale in the United States and in Europe. *Journal of Economic Psychology*, 27(2), 224–246.
- Alm, J., & Torgler, B. (2011). Do ethics matter? Tax compliance and morality. *Journal of Business Ethics*, 101(4), 635–651.
- Alm, J., Liu, Y. & Zhang, K. (2018). Financial constraints and firm tax evasion. *International Tax and Public Finance*, 26(1), pp. 1-32, <https://doi.org/10.1007/s10797-018-9502-7>.
- Alm, J., Martinez-Vazquez, J. & McClellan, C. (2016). Corruption and firm tax evasion. *Journal of Economic Behavior and Organization*, 124, pp. 146-163.
- Alon, A. & Hageman, A.M. (2013). The impact of corruption on firm tax compliance in transition economies: Whom do you trust? *Journal of Business Ethics*, 116(3), pp. 479-494.
- Alrousan, M. K., & Jones, E. (2016). A conceptual model of factors affecting e-commerce adoption by SME owner/managers in Jordan. *International Journal of Business Information Systems*, 21(3), 269–308.
- Alshira'h, A.F. & Abdul-Jabbar, H. (2019a). The effect of tax fairness on sales tax compliance among Jordanian manufacturing SMEs. *Academy of Accounting and Financial Studies Journal*, 23(2), pp. 1-12.
- Alshira'h, A.F. & Abdul-Jabbar, H. (2019b). A conceptual model of sales tax compliance among Jordanian SMEs and its implications for future research. *International Journal of Economics and Finance*, 11(5), pp.1-14.
- Al-Smirat, B. Y. (2013). The use of accounting information by small and medium enterprises in the South District of Jordan. *Research Journal of Finance and Accounting*, 4(6), 169–175.
- Al-Ttaffi, L. H. A., & Abdul-Jabbar, H. (2015). Does Muslim view on tax influence compliance behavior? Paper Presented at the International Conference on Accounting Studies (ICAS) 2015 17-20 August 2015, Johor Bahru, Johor, Malaysia.

- Andreoni, J., Erard, B., & Feinstein, J. (1998). Tax compliance. *Journal of Economic Literature*, 36(2), 818–860.
- Arachi, G., & Santoro, A. (2007). Tax enforcement for SMEs: lessons from the Italian experience? *Journal of Tax Research*, 5(2), 225–243.
- Ariel, B. (2012). Deterrence and moral persuasion effects on corporate tax compliance: findings from a randomized controlled trial. *Criminology*, 50(1), 27–69.
- Asamoah-Gyadu, J.K. (2005). *African Charismatics*, Brill. Leiden. Atawodi, O. W., & Ojeka, S. A. (2012). Relationship between tax policy, growth of SMEs and the Nigerian Economy. *International Journal of Business and Management*, 7(13), 125–135.
- Atubuga, R. (2006). The tax culture of Ghanaian: a research report prepared for the Revenue Mobilisation Support (RMS). Legal Resource Centre; GTZ. Accra.
- Ayee, J.R. (2007). Building tax compliance through reciprocity with the government. *Enterprise Formalization In Africa*, Foreign Investment Advisory Service of the World Bank Group, Accra, pp. 6-7.
- Ayuba, A., Saad, N., & Ariffin, Z. Z. (2016). Does perceived corruption moderate the relationship between economic factors and tax compliance? A proposed framework for Nigerian small and medium enterprises. *Mediterranean Journal of Social Sciences*, 7(1), 402–409.
- Azmi, A., Sapiei, N.S., Mustapha, M.Z. & Abdullah, M. (2016). SMEs' tax compliance costs and IT adoption: the case of a value-added tax. *International Journal of Accounting Information Systems*, 23(12), pp. 1-13.
- Battisti, M., & Deakins, D. (2017). Micro-foundations of small business tax behavior: A capability perspective. *British Journal of Management*, 1-17. Available at <https://doi.org/10.1111/1467-8551.12244>.
- Becker, G. (1968). Crime and Punishment: An Economic Approach. *Journal of Political Economy*, 76, 169-217.
- Devarajappa, S. (2017). Tax Invasion in India: A Study of Its Impact on Revenue of the Government. *ERPA International Journal of Economic and Business Review*, 5(9), 1-12.
- Berisha, G., & Pula, J. S. (2015). Defining small and medium enterprises: A critical review. *Academic Journal of Business, Administration, Law and Social Sciences*, 1(1), 17–28.

- Boateng, A.A. (2015). An examination of challenges and prospects of microfinance institutions in Ghana. *Journal of Economics and Sustainable Development*, 6(4), pp. 52-60.
- Brainyyah, M. Q. (2013). The effect of tax fairness, tax knowledge, and tax complexity on tax compliance: The case of SME entrepreneurs' taxpayers in Malang. *Jurnal Ilmiah Mahasiswa FEB*, 1(2), 81–87.
- Brockmann, H., Genschel, P., & Seelkopf, L. (2015). Happy taxation: increasing tax compliance through positive rewards? *Journal of Public Policy*, 15(10), 1–26.
- Casal, S., Kogler, C., Mittone, L. & Kirchler, E. (2016). Tax compliance depends on the voice of taxpayers. *Journal of Economic Psychology*, 56(10), pp. 141-150.
- Chan, S.G., Ramly, Z. & Karim, M.Z.A. (2017). Government spending efficiency on economic growth: Role of value-added tax. *Global Economic Review*, 46(2), pp. 162-188.
- Chung, J. & Trivedi, V.U. (2003). The effect of friendly persuasion and gender on tax compliance behavior. *Journal of Business Ethics*, 47(2), pp. 133-145.
- Damayanti, T. W. (2012). Changes in Indonesia tax culture, is there a way? studies through theory of planned behavior. *Researchers World*, 3(4), 8–15.
- Dobrowolska, B. (2008). Value Added Tax in European Union Countries- Comparative Analysis, *Acta Universitatis Lodziensis. Folia Oeconomica*
- Dunn, P., Farrar, J. & Hausserman, C. (2018). The influence of guilt cognitions on taxpayers' voluntary disclosures. *Journal of Business Ethics*, 148(3), pp. 689-701.
- Dwenger, N., Kleven, H., Rasul, I., & Rincke, J. (2014). Extrinsic and intrinsic motivations for tax compliance: Evidence from a held experiment in Germany (Working Paper No. C15). Verein für Socialpolitik / German Economic Association.
- Farrar, J., Kaplan, S.E. & Thorne, L. (2017). The effect of interactional fairness and detection on taxpayers' compliance intentions. *Journal of Business Ethics*, 154(1), pp. 1-14. <https://doi.org/10.1007/s10551-017-3458-x>.
- Feld, L. P., & Frey, B. (2007). Tax compliance as the result of a psychological tax contract: The role of incentives and responsive regulation. *Law and Policy*, 29(1), 102–120.
- Fishburn, G. (1981). Taxation and Inflation. *Australian Economic Papers*, 20, 325-332.
- Fischer, C.M., Wartick, M. & Mark, M. (1992). Detection probability and taxpayer compliance: A review of the literature. *Journal of Accounting Literature*, 11, pp. 1-25.

- Forest, A., & Sheffrin, S. M. (2002). Complexity and compliance: An empirical investigation. *National TaxJournal*, 55(1), 75-88.
- Freire-Serén, M., & Panadés, J. (2013). Do higher Tax Rates encourage/discourage Tax Compliance? *Modern Economy*, 4(12), 809-331.
- Frey, B. (2003). Deterrence and tax morale in the European Union. *European Review*, 11(3), 385–406.
- Gangl, K., Torgler, B., Kirchler, E., & Hofmann, E. (2014). Effects of supervision on tax compliance: Evidence from a field experiment in Austria. *Economics Letters*, 123(3), 378-382
- Gibson, T., & Van der Vaart, H. J. (2008). Defining SMEs: A less imperfect way of defining small and medium enterprises in developing countries(Working Paper). Brookings Global Economy and Development
- Giesecke, J. & Tran, N.H. (2012). A general framework for measuring VAT compliance rates general framework for measuring VAT compliance rates. *Applied Economics*, 44(15), pp. 1867-1889.
- Hanlon, M., Maydew, E.L. & Thornock, J.R. (2015). Taking the long way home: US tax evasion and offshore investments in US equity and debt markets. *The Journal of Finance*, 70(1), pp. 257-287.
- Hansford, A., & Hasseldine, J. (2012). Tax compliance costs for small and medium-sized enterprises: The Case of the UK. *Journal of Tax Research*, 10(2), 288–303.
- Hayes, AF, 2013, *Introduction to Mediation, Moderation, and Conditional Process Analysis: A Regression-Based Approach*, Guilford Publications.
- Hayes, AF & Preacher, KJ 2014, 'Statistical mediation analysis with a multicategorical independent variable', *British Journal of Mathematical and Statistical Psychology*, vol. 67, no. 3, pp. 451-70.
- Income and Sales Tax Department (2016). Income tax law. Retrieved from <http://www.istd.gov.jo/NR/rdonlyres/3C4FF713-AA3F-4FDC-8B98-754EE6E8F2D1/2808/>. Pdf
- International Business Publications (2016). *Jordan investment and business guide, volume 1: strategic and practical information*. World Business and Investment Library, Washington, DC, USA-Jordan. Chamber of Industry
- Isa, K. (2012). Corporate taxpayers' compliance variables under the self-assessment system in Malaysia: A mixed methods approach. (Unpublished doctoral thesis, Curtin University).

- Jackson, B.R. & Milliron, V.C. (1986). Tax compliance research: findings, problems, and prospects. *Journal of Accounting Literature*, 5(1), pp. 125-165.
- Johnson, S., Kaufmann, D., McMillan, J. & Woodruff, C. (2000). Why do arms hide? Bribes and unofficial activity after communism. *Journal of Public Economics*, 76(3), pp. 495-520.
- Kasipillai, J. & Abdul-Jabbar, H. (2006). Gender and ethnicity differences in tax compliance. *Asian Academy of Management Journal*, 11(2), pp. 73-88.
- Khanal, M. (2019). Taxation and Its Effects on the Economy. *JMC Research Journal*, 8(1), 1-14.
- Khasawneh, A., Obeidat, I. & Al-Momani, A. (2008). Income tax fairness and the taxpayers' compliance in Jordan. *Journal of Economic and Administrative Sciences*, 24(1), pp. 15-39.
- Khlif, H., Guidara, A. & Hussainey, K. (2016). Sustainability level, corruption, and tax evasion: a cross-country analysis. *Journal of Financial Crime*, 23(2), pp. 328-348.
- Kirchler, E., Niemirowski, A. & Wearing, A. (2006). Shared subjective views, intent to cooperate, and tax compliance: Similarities between Australian taxpayers and tax officers. *Journal of Economic Psychology*, 27(4), pp. 502-517.
- Kuperan, K., & Sutinen, J. G. (1998). Blue water crime: deterrence, legitimacy, and compliance in fisheries. *Law & Society Review*, 32(2), 309–338.
- Kouega, J.-P. (2007). The Language Situation in Cameroon. *Current Issues in Language Planning*, 8(1), 3-94.
- Lamantia, F., & Pezzino, M. (2017). *Taxation, Intrinsic Motivation, and the Evolutionary effects of Tax Reforms*. The University of Manchester, Department of Economics. Manchester: The University of Manchester.
- Leonardo, G. (2011). Politics and tax morale. The role of trust, values, and beliefs in shaping individual attitudes towards tax compliance. (Unpublished doctoral thesis, Georgia State University).
- Magableh, I. K., Kharabsheh, R., & Al-Zubi, K. A. (2011). Determinants and impact of training: the case of SMEs in Jordan. *International Journal of Economics and Finance*, 3(5), 104–116.
- Mahangila, D. N. (2014). SMEs' Corporate income tax compliance in Tanzania. (Unpublished doctoral thesis, University of Southampton).
- Martinez-Vazquez, J. & Rider, M. (2005). Multiple modes of tax evasion: theory and evidence. *National Tax Journal*, 58(1), pp. 51-76.

- Masarirambi, C. (2013). An investigation into factors associated with tax evasion in the Zimbabwe Informal sector: a survey of Mbare Magaba informal traders, Unpublished Ph. D Thesis. Zimbabwe Open University. Harare.
- Maseko, N. (2014). The impact of personal tax knowledge and compliance costs on tax compliance behavior of SMEs in Zimbabwe. *Elite Research Journal of Accounting and Business Management*, 2(3), 26–37.
- Matthews, K. (2003). VAT evasion and VAT avoidance: Is there a European Laffer curve for VAT? *International Review of Applied Economics*, 17(1), pp. 37-41.
- McGee, R.W., Ho, S.S. & Li, A.Y. (2008). A comparative study on perceived ethics of tax evasion: Hong Kong vs the United States. *Journal of Business Ethics*, 77(2), pp. 147-158.
- Mickiewicz, T., Rebmann, A. & Sauka, A. (2017). To pay or not to pay? Business owners' tax morale: testing a neo-institutional framework in a transition environment. *Journal of Business Ethics*, 157(1), pp.1-19, <https://doi.org/10.1007/s10551-017-3623>.
- Molero, J.C. & Pujol, F. (2012). Walking inside the potential tax evader's mind: tax morale does matter. *Journal of Business Ethics*, 105(2), pp. 151-162.
- Mukah, S., & Fossung, M. (2019). Taxation in Cameroon: Causes and Remedies. *Research Journal of Finance and Accounting*, 10(14), 79-91.
- Murphy, R. (2011). The cost of tax abuse: a briefing paper on the cost of tax evasion worldwide. Chesman, UK: Tax Justice Network publication. Available at: www.Taxjustice.net/wpcontent/uploads/2014/04/Cost-of-Tax-Abuse-TJN-2011.pdf
- National Climatic Data Center. (2012). *Global Measured Extremes of Temperature and Precipitation*. National Climatic Data Center.
- Nur-Tegin, K.D. (2008). Determinants of business tax compliance. *The BE Journal of Economic Analysis And Policy*, 8(1), pp. 1-28.
- Olusegun, V. (2021). Assessing SMEs' Tax Compliance Behavior in Sub-Saharan Africa (SSA): An Insight from Nigeria. *Cogent Business & Management*, 8, 1-24.
- Onyeka, V., & Nwankwo, C. (2016). The Effect of Taxation and Avoidance on Nigeria's Economic Growth. *European Journal of Business and Management*, 8(24), 158-167.

- Payne, D.M. & Raiborn, C.A. (2018). Aggressive tax avoidance: a conundrum for stakeholders, governments, and morality. *Journal of Business Ethics*, 147(3), pp. 469-487.
- Pope, J., & Abdul-Jabbar, H. (2008). Small and medium-sized enterprises and tax compliance burden in Malaysia: Issues and challenges for tax administration. *Small Enterprise Research*, 16(1), 47–60.
- Randlane, K. (2016). Tax compliance as a system: mapping the field. *International Journal of Public Administration*, 39(7), pp. 515-525.
- Ross, A. M., & McGee, R. W. (2012). Education level and ethical attitude toward tax evasion: A six-country study. *Journal of Legal, Ethical and Regulatory Issues*, 15(2), 93–138.
- Roth, J.A., Scholz, J.T. & Witte, A.D. (1989), *Taxpayer Compliance: An Agenda for Research*, University of Pennsylvania Press, Philadelphia
- Sandmo, A. (2005). *The Theory of Taxation: A Retrospective View*. National Tax.
- Sapiei, N. S., Kasipillai, J., & Eze, U. C. (2014). Determinants of tax compliance behavior of corporate taxpayers in Malaysia. *eJournal of Tax Research*, 12(2), 383–410.
- Saymeh, A. A. F., & Sabha, S. A. (2014). Assessment of Small Enterprise Financing, case of Jordan. *GlobalJournal of Management and Business Research*, 14(2), 6–18.
- Schneider, F., Buehn, A., & Montenegro, C. E. (2010). New estimates for the shadow economies all over the world. *International Economic Journal* 24, 443-461.
- Sikka, P. (2013). Smoke and mirrors: Corporate social responsibility and tax avoidance—a reply to Hasseldine and Morris. *Accounting Forum*, 37(1), pp. 15-28.
- Simionescu, M. & Albu, L.L. (2016). The impact of standard value-added tax on economic growth in CEE countries: econometric analysis and simulations. *Technological and Economic Development of Economy*, 22(6), pp. 850-866
- Slemrod, J., & Weber, C. (2012). Evidence of the Invisible: Toward a Credibility Revolution in the Empirical Analysis of Taxation and the Informal Economy. *International Tax and Public Finance*, 19, 25-53.
- Slemrod, J., & Yitzhaki, S. (2002). Tax Avoidance, Evasion and Administration. In A. Auerbach, & M. Feldstein (Eds.), *Handbook of Public Economics* (1 ed., Vol. 3, pp. 1423-1470). Elsevier.
- Smith, R. (2017). *Strategically Managing Indirect Taxes in Latin America*, OECD Publishing

- Swistak, A. (2015). Tax penalties in SME tax compliance. *Financial Theory and Practice*, 40(1), 129–147.
- Swistak, A. (2016). Tax penalties in SME tax compliance. *Financial Theory and Practice*, 40(1), pp. 129-147.
- Torgler, B. & Schneider, F. (2009). The impact of tax morale and institutional quality on the shadow economy. *Journal of Economic Psychology*, 30(2), pp. 228-245.
- Torgler, B. (2007). Tax compliance and tax morale: A theoretical and empirical analysis, Edward Elgar Publishing. UK, 1–317.
- Verboon, P., & Dijke, M. Van. (2012). The effect of perceived deterrence on compliance authorities: The Moderating influence of procedural justice. *International Journal of Criminology and Sociology*, 1, 151–161.
- Wenzel, M. (2004). An analysis of norm processes in tax compliance. *Journal of Economic Psychology*, 25(2), 213–228.
- Woodward, L. & Tan, L.M. (2015). Small business owners' attitudes toward GST compliance: a preliminary study. *Australian Tax Forum*, 3(2), pp. 517-550.
- Yitzhaki, S. (1974). Income taxation: A Theoretical Analysis. *Journal of Public Economics*, 3(2), 201-202.
- Zainan, N., Noor, R., Omar, N., Abd Aziz, R. & Sanusi, S. (2017). Retailers' behavioral factors towards goods and services tax (GST) compliance: Sociological and psychological approach study. *Management and Accounting Review*, 16(1), pp. 167-188.
- Zikmund, W. G., Babin, B. J., Carr, J. C., & Griffin, M. (2013). Business research methods. (Ninth edition). Cengage Learning, Canada