



EFFECTS OF MULTIPLE TAXATION ON MICRO SMALL AND MEDIUM ENTERPRISES (MSMEs) IN JEGA LOCAL GOVERNMENT AREA OF KEBBI STATE.

BY

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Abstract: The study was carried out to investigate the Effects of Multiple Taxation on Micro Small and Medium Scale Enterprises in Jega Local Government Area of Kebbi State. The research was driven by six objectives and six corresponding research questions to guide the study towards achieving its objectives. A Descriptive survey research design was used. The population of the study was 343 MSMEs in Jega Local Government Area of Kebbi. The instrument used for data collection was questionnaire, it was administered to the respondents with the aid trained research assistants using random sampling method. Data obtained for this study was analyzed using frequency count and simple percentage. Result indicate that Government regulation and tax environment are bewildering and represent a very serious obstacle, to starting a MSMEs in Jega Local Government of Kebbi State. It was observed that there is a high level of government interference in MSMEs operations and 70% of the interference is attributed to Local Government Authorities. It was found that simplified tax and reduction of tax rates ranked highest and second highest respectively among the suggested tax policies that would enhance the growth of MSMEs. The study recommends that all state and Local Government Authorities should comply with national legislation enforced with respect to tax incentives being granted to MSMEs., Independent offices should be setup to monitor the activities of local and Government should develop common strategy to enhance public awareness on what taxes are payable and to whom among other.

Keywords: Tax, Multiple Taxation, Micro Small and Medium Enterprises, Jega Local Government Area, Tax Authorities, Tax Payers

1.1 INTRODUCTION

Taxation can simply be seen as a compulsory transfer or payment of money from private individuals, institutions or groups to the government. It may be levied upon wealth or income in the form of sur-charge on prices. Taxes therefore are a proportion of the produce of land and labour of a country placed at the disposal of the government. Multiple taxation on the other hand, is the imposition of different types of taxes that could have come under one major tax form on the people by the government.' At times some of the taxes are christened levies. However, within the context of this work, all compulsory payment made by individuals and institutions to the government are regarded as tax [18].

Taxes generally provide basis for government revenue, which help them in carrying out their functions. This is why [10] defined tax as a means by which government appropriate part of private sector's income and expenditure as its revenue for the purpose of meeting recurrent expenditure and creating public capital formation towards the development and growth of goods and services-of the economy. A good tax possesses the following qualities: fairness, convenience, simplicity, and minimum cost of collection and minimum distortions. [7] noted that taxes should be chosen so as to minimize interference with economic decisions in

otherwise efficient markets. Imposition of excess burden _ should be minimized. Again, a good tax system should permit efficient and non-arbitrary administrator and it should be understandable to the taxpayer.

Taxes therefore are known to play important role in the process of development of an economy. This is the role of providing finance for government expenditure. There are three main objectives of taxation. These include, raising of revenue for the government, regulating the economy and economic activities, and controlling of income and employment. A tax, although may be imposed for the above purposes fit has effects on the behaviour of the payer and some variables within his income and consumption function [9].

Micro Small and Medium Scale Enterprises have so many definitions due to different criteria employed by different people and institutions in defining it. There is no single, uniformly accepted definition of a small firm [22] Firms differ in their levels of capitalization, sales and employment. Hence, definitions which employ measures of size (number of employees, turnover, profitability, net worth, etc) when applied to one sector could lead to all firms being classified as small, while the same size definition when applied to a different sector could lead to a different result.

However, the followings are some definitions of Micro Small and Medium Scale Enterprises: [6] on Nigeria defined small and medium enterprises as one whose total fixed assets (excluding land) plus cost of investment do not exceed ten million naira in constant latest price. [16] defined Micro Small and Medium Scale Enterprises as firms with less than 50 employees and at least half the output is sold.

[4] formulated an economic definition of Small and Medium Scale Enterprise as a firm that meets the following three criteria:

- i. It has a relatively small share of their market place;
- ii. It is managed by owners in a personalized way, and not through the medium of a formalized management structure;
- iii. It is independent, in the sense of not forming part of a large enterprise.

In the Nigerian context, the multiplicity of definitions for Micro Small and Medium Scale Enterprises is the rules rather than exception. [14] noted that as a result of differences in policy focus, different government agencies in Nigeria apply various definitions to Micro Small and Medium Scale Enterprises. [5] defined Small and Medium Scale Enterprise as one whose total assets in capital equipment, plant and working capital are less than two hundred and fifty thousand naira and employing fewer than fifty full-time workers. [6] defined MSMEs as a firm with capital outlay of not more than N200m. [12] defined small enterprise as a project with capital investment of over N1.5 million but not more than N50 million and/or work force of between 11 to 100 workers.

A definition of. Micro Small and Medium Scale Enterprises, which has enjoyed wider acceptance, is the one given by the United States Committee for Economic Development. It defined Small and Medium Scale Enterprise as any enterprise that is characterized by, at least, two of the following features:

- i. Management is dependent - usually managers are also the owners;
- ii. Capital is supplied and ownership is held by an individual or small group;
- iii. Area is localized; while workers and the owners are of one home or community, market need not be local; and
- iv. The size of the firm is small relative to the industry.

In fact, the concept, small scale enterprise more often called small and medium-size enterprise (MSMEs) is relative and dynamic, hence there is no universal definition for Micro Small and Medium Enterprises. Researchers, because of this problem of definition adopt definitions for Micro Small and Medium Scale Enterprises, which are more appropriate to their particular target group. To this effect, small scale enterprise within the context of this work is any business organization which has working capital between one hundred thousand naira and ten million naira excluding land and employs fewer than fifty full-time workers. [3] observed that definitions of MSMEs vary across countries and business environment as a result of differences in industrial organization at different level of economic development in parts of the same country.

1.2 STATEMENT OF THE PROBLEM

Government in order to meet up with its responsibilities of providing social infrastructures and other development projects for her citizens imposes taxes on her citizens. This is done by the different tiers of Government-Federal, States and Local Governments with respect to their fiscal powers (Tax Powers). However, the rate at which the governments concerned increase the existing taxes should be a thing of concern to economic agents. While the Federal Government is clamouring for a stable general price level, increased rate of growth in Gross Domestic Product (GDP), increased employment opportunities, through the establishment of Micro Small and Medium Scale Enterprises; the State and local governments are busy introducing new taxes and increasing the rate of the existing taxes. In Jega Local Government Area of Kebbi State, the following taxes or levies (as they are called by the government agents that impose them) are being

paid by Micro Small and Medium Enterprises: personal Income tax, Sanitation fee, market toll, Business Registration fee, fire service fee, Development levy, Education levy, Advert fee, different types of permit fee paid according to occupation engaged in, produce levy, haulage fee etc. Some of these taxes -are being unnecessarily split into many kinds of taxes to the detriment of the entrepreneurs. The question then is, does the multiplicity of taxes by the lower tiers of government enhance or constrain the operational capacities of Micro Small and Medium Scale Enterprises. Government tax agents justify the collection of these taxes by arguing that the infrastructure provided by government with tax revenue, in no little measure contribute to the increased productivity of the MSMEs. Micro Small and Medium Enterprises operators on the other hand, argue that the government is not providing any infrastructure to attract the numbers of levies being imposed on them.

How then can one reconcile these two opposing views? Do these taxes really contribute to the increased productivity of the Micro Small and Medium Enterprises or do they hamper the growth and development of Micro Small and Medium Enterprises as claimed by MSMEs entrepreneurs? Many advanced industrial economies of the world attained advanced industrial development because they started their industrial development with programmes in the Micro Small and Medium Enterprises. Micro Small and Medium Enterprises contribute to the long- run industrial growth by producing an increasing number of firms that grow up and out of the small-scale sector. Why is it that in Nigeria and particularly in Jega Local Government Area of Kebbi State, this trend is not being observed? Rather than growing, most of the MSMEs are at the threshold of extinction. Do multiple levies (taxation) contribute significantly to the inability of MSMEs to grow out of the small sector?

Government is to be a catalyst that provides the enabling environment for Micro Small and Medium Scale Enterprises to thrive. Taxes should be opted as instruments for promoting economic growth and not otherwise. It is important and necessary to find out how catalytic or distortionary government taxes are to Micro Small and Medium Enterprises with respect to their growth and development. Do these taxes really protect the Micro Small and Medium Enterprises? Knowing fully well that effects of taxation refer to changes in the economy consequent upon tax imposition, one then asks, what type of change has multiple tax brought to Micro Small and Medium Enterprises in Jega Local Government Area of Jega Local Government Area of Kebbi State, How desirable or undesirable is multiple taxation to Micro Small and Medium Enterprises. This then, becomes the concern of this research work. Do they enhance or hinder the operational capacities and development of Micro Small and Medium Enterprises?

1.3 OBJECTIVES OF THE STUDY

The objective of this study is to examine the effects of multiple taxation on Micro Small and Medium Scale Enterprises. Specifically, the study aims at the following:

1. Find out the areas/Sector of MSMEs in Jega Local Government Area of Kebbi State.
2. To determine source investment funds for MSMEs in Jega Local Government Area of Kebbi State.
3. To identify which level of government mostly interfere with MSMEs investments in Jega Local Government Area of Kebbi State.
4. To ascertain the level of government interference in MSMEs business activities in Jega Local Government Area of Kebbi State.
5. To determine the major constraints that pose more challenges to MSMEs growth
6. To suggest policies that will help MSMEs to Grow in Jega Local Government Area of Kebbi State.

1.4 RESEARCH QUESTIONS

1. What are the Areas/Sector of MSMEs in Jega Local Government Area of Kebbi State?
2. What is the source investment funds for MSMEs in Jega Local Government Area of Kebbi State?
3. Which level of government mostly interfere with MSMEs in Jega Local Government Area of Kebbi State?
4. What is the level of government interference in MSMEs business activities in Jega Local Government Area of Kebbi State?
5. What are the major constraints that pose more challenges to MSMEs growth?
6. What policies can help MSMEs to Grow in Jega Local Government Area of Kebbi State?

1.5 SIGNIFICANCE OF THE STUDY

This work was carried out due to the under-rated roles of Micro Small and Medium Enterprises in developing the national economy. It is therefore, hoped that the findings of this research work will guide fiscal policy makers on the type of fiscal policies they make for Micro Small and Medium Enterprises. It will also be useful to scholars of public finance and fiscal policy, development economics, managerial courses etc since it will provide a research base for them. It is hoped that this work will highlight on the essence of taxation and suggest for efficient tax system devoid of tax multiplicity. It will also help in resolving the conflicting objectives of the federal government and those of the lower tiers of government concerning tax relief and revenue maximization.

1.6 JUSTIFICATION OF THE METHOD AND THE STUDY

The use of descriptive analysis in this work is prompted by the fact that it is a very convenient means for summarizing and arranging data or responses from questionnaires (Awake, 2013). Seddon, (2020) shared his view when he observed that entrepreneurs are extremely reticent regarding money matters in business. A survey work based on the finite population or survey statistical approach is typically associated with description (Storey, 2014). As for-justification of the study, to the best knowledge of the researchers, there has been no study on Multiple Taxation on Micro Small and Medium Enterprises (MSMEs) in Jega Local Government Area of Kebbi State. Moreover, none of the studies done on Micro Small and Medium Enterprises, in Nigeria looked at the effects of multiple taxation on the growth of Micro Small and Medium Enterprises because the researchers had assumed that Micro Small and Medium Enterprises operators only pay personal income tax.

2.0 REVIEW OF RELATED LITERATURE

2.1.0 CONCEPTUAL FRAMEWORK

2.1.1 AN OVERVIEW OF TAX

Taxation is a compulsory transfer or Payment of money from private individuals, institutions, and corporations to the government. [1] noted that taxation has three Principal objectives, which are regulation of the economy and economic activities, raising of revenue for the government and controlling of income and employment.

Revenue realizable from taxation depends on some factors but principally on the tax base and rate. Tax base refers to the specification of the minimum amount above which is taxable, while tax rate is the amount, which is levied per unity of base. Tax bases simply are those objects upon which tax revenue is derived; [15]

Tax is the major source of revenue for the government and as such government makes effort towards maximizing tax revenue. But, to the extent that government tries to maximize tax revenue, consideration of tax effects on economic agents that pay the tax should not be over looked. To this extent, [3] opined that what matters in government policies including tax policy is to frame them to induce rapid growth with social justice, and at the same time to ensure that they are simple, easily intelligible and are not likely to change in an ad hoc, unprincipled manner. Tax system, therefore, should be consistent with over-all economic policy, which may include such objectives as favouring savings over consumption and raising private investment. Taxes no matter the type and how there are being administered bear effects on payer.

Effects of taxation are the changes in the economy consequent upon tax imposition. [1] contended that the presence of tax distorts the Pattern of production, consumption, investment, employment and other similar patterns for good or for bad and these distortions are collectively viewed as the effects to taxation.

Taxes may have a great variety of effects. They may cause some goods to become more expensive relative to others and so cause a change in the pattern of consumption. They may fall more heavily on some households. than others, thus altering the distribution of net income. "They may affect people's willingness to work and to save, and to take risks, that is, they may affect the total supply of resources available to the economy", [22]

[3] noted that the tax system is an organic part of the economic system, and hence it is essential that there be some certainty and stability about its basic features. According to him, a large number of ad hoc changes each year creates a climate of uncertainty, which hampers productive effort and diverts valuable scarce resources towards speculative and other undesirable channels, as well as encouraging efforts to circumvent the government measurers. Thus, the qualitative aspect of taxation in the conventional economic analysis is not much concerned with the revenue-yielding capacity of a tax but with its effects on economic units who are subjected to the payment of tax.

2.1.2 TAX MULTIPLICITY

Tax Policy in Nigeria has been largely used to generate maximum revenue for the government and as a result its use for optimal allocation of resources or redistribution of income is being neglected. [1] noted that tax authority in Nigeria has concentrated on the manipulation of the rates and tax bases in order to generate enough revenue for the government. This has led to imposing of different types of taxes and levies by tax authorities. These different taxes, which should have otherwise come under one major type of tax but are split into many forms, are in this work referred to as "multiple tax".

[18] observed that so many taxes are imposed at different or supplementary' rates and it involves different tax bases and different times of payment. In Nigeria, tax policy planning is not clearly assigned to specific unit. Any change in tax law is usually designed in ad hoc manner and is based on expediency rather than on long-term studies, [1]. [23] in line with 'this view noted that Nigeria has a confused taxation philosophy. This results in proliferation of taxes and tax laws hence tax multiplicity.

[2] observed that over 300 different taxes are paid by tax payers in some African countries, while in some Asian countries, local officials impose dozen of ... illegal charges from fees for growing bananas to taxes on slaughtering pigs-either to top up (increase) the local finances or pad their pockets.

Among the three tiers of government in Nigeria, the local governments involve themselves more in the issue of tax multiplicity. This according to [8] resulted from the expansion of local government responsibilities. Local government imposes various types of taxes and levies in order to cope with the added responsibilities expected of them to discharge. Apart from personal and business income taxes, traders and small-scale entrepreneurs are expected to pay other taxes and levies such as special levy, development levy, advert fee, stallage fee, market taxes, trade license such as business registration fees etc.

These levies run counter to the economic objectives of the federal government, which clamours for rapid economic growth and reduction of inflation. Small and Medium Scale Enterprise operators in Jega Local Government Area of Kebbi State not only complain of government imposition of new taxes but also of increase in the rates of the existing ones. The entrepreneurs transfer the burdens of these taxes to the consumers by a way of price hike hence inflation. Traders and entrepreneurs whose- elasticity of their goods and services do not permit the transfer of these taxes to the consumers most times are crowded out from operation.

[14] observed that Micro Small and Medium Enterprises operators battle with high cost of production as a result of various taxes and levies that were slam on them by various agencies and tiers of government. According to him, "it sounds funny that a company that reels under the burden of maintaining generators is subjected to pay what the government call generator levies". [8] had earlier observed this view when he said that traders provide necessary facilities in the markets such as good stalls, health centers, toilets, water, car parks and roads because the markets are bereft of these facilities, yet they (traders) are forced by government to pay different levies in the name of providing these facilities.

[6] has observed the need for non-distortionary and non- retrogressive economic policies and as such has directed that an efficient tax system devoid of multiplicity of taxes be adopted for accelerated growth of Micro Small and Medium Scale Enterprises and the economy as a whole.

2.2 RELEVANCE OF MSMEs TO THE DEVELOPMENT OF NATIONAL ECONOMY

Micro Small and Medium Scale Enterprises are dominating other aspect of enterprises in Nigerian economy.

[14] estimated that probably up to 90 percent of all registered business organizations in Nigeria are in the category of Micro Small and Medium Scale Enterprises. In the case of Jega Local Government Area of Kebbi State, over 96 percent of the business organizations are small-scale business. The importance and contributions of Micro Small and Medium Scale Enterprises to national economy's growth cannot be over-emphasized. They play a crucial role in providing solid base for a country's socio-economic development.

Micro Small and Medium Scale Enterprises produce goods and services for both end and intermediate users and also utilize low capital cost for creating jobs especially in the- fast growing service sector of the economy.

[16] observed that Micro Small and Medium Scale Enterprises provide productive employment and earning opportunities. [13] postulated that Micro Small and Medium Enterprises in United State of America have created over 3 million new jobs in manufacturing between 2007 and 2012. Micro Small and Medium Enterprises also play a vital role of introducing innovations. Records show that many scientific breakthroughs have A originated with independent inventors and small organizations. [14] suggest, on the basis of several studies by the US Department of Commerce, that 50 percent of all innovations since World War II have come from new and smaller firms.

[7] observed that most countries in the world that have attained advanced stage in industrial development did so because they started their industrial development with programmes in the Micro Small and Medium Scale Enterprises. Micro Small and Medium Enterprises foster linkages within industries and between industries and other sectors of the economy, [20] Micro Small and Medium Enterprises can also contribute to long-run

industrial growth by producing an increasing number of firms that grow up and out of small - scale sector. They accelerate rural development and promote the utilization estimated that probably up to 90 percent of all registered business organizations in Nigeria are in the category of Micro Small and Medium Scale Enterprises. In the case of Jega Local Government Area of Kebbi State, over 96 percent of the business organizations are small-scale business. The importance and contributions of Micro Small and Medium Scale Enterprises to national economy's growth cannot be over-emphasized. They play a crucial role in providing solid base for a country's socio-economic development.

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In realization of the advantages of promoting Micro Small and Medium Enterprises, the Federal Government of Nigeria has continued to play pioneering and active roles in stimulating Micro Small and Medium Enterprises. [3] The government has established many institutions to facilitate the growth of Micro Small and Medium Enterprises. These institutions include the National Directorate of Employment (NDE), the Family Economic Advancement Programme (FEAP) etc. The government also provided technical assistance to Micro Small and Medium Enterprises through its various agencies such as the Industrial Development Centre (IDCs), Centre for Industrial Research and Development (CIR), Project Development Centre (PRODA), Small and Medium Scale Enterprise Development Agency of Nigeria (SMEDAN), Small and Medium Scale Enterprise Investment Equity Scheme (SMEIES) etc

Specifically, the government has played lead role in: -

- i. Providing infrastructural facilities for Micro Small and Medium Enterprises by setting up industrial States,
- ii. Providing local finance through its agencies particularly the Nigeria Industrial Development Bank (NIDB), the Nigeria Bank for Commerce and Industry (NBCI) etc,
- iii. Directing the banks through its monetary policy to grant specified minimum credit to Micro Small and Medium Enterprises, iv. Facilitating and funding industrial Research institutions with the purpose of training personnel in small-scale industries management and v. Acquainting policy makers and financiers with the features and needs of Micro Small and Medium Enterprises by facilitating and guaranteeing external finance through International Financial Institutions.

2.3 EFFECTS OF TAXES (MULTIPLE TAXATION) ON MICRO SMALL AND MEDIUM ENTERPRISES

Generally, effects of taxation refer to all the changes in the economy as a result of tax imposition. [1] noted that the presence of tax distorts the pattern of production, consumption, investment, employment and other similar patterns for good or for bad. [20] had the same view that tax affects production. He said that the extent to which the volume of production is affected by a tax depends upon its influence on the ability and the desire to work, to save and to invest. To estimate the effects of taxes on production and growth would require knowing the effects of tax on the allocation of existing productive resources. A change in taxation will cause a realignment of consumers' wants and the reallocation of factors of production. This affects the demand for goods and services of the products of Micro Small and Medium Scale Enterprises.

On investment, [21] and [1] have observed that all taxes have immediate effect of reducing the volume of resources available for investment in the private sectors. [15] noted that one of the main obstacles for the development of private sector small enterprises is a heavy taxation burden to which is added a corrupt system of tax. In Nigeria, Particularly in Jega Local Government Area of Kebbi State, tax agents are not just corrupt but are gradually becoming "armed robbers" by the way and manner they impose and collect taxes from economic agents especially the MSMEs entrepreneurs. Amount realizable from this sale worth ten times the amount of money the business operators ought to pay. This report went further to State that the money is not remitted to the government purse and no evidence of payment is given to the payers. To worsen the situation, different groups of people do go for the collection of the tax, and issue different receipts.

[14] observed that taxes are serious burden imposed on MSMEs' cash flow and, therefore, represent a costly drain on the financial health of small firms". [13] asserted that the current level of regulations (government regulation including tax) is so ' high, so complicated and so intensive that it's strangling business and suppressing productivity of small business. Taxes imposed by Jega Local Government Area of Kebbi State government on Micro Small and Medium Enterprises include: business registration fee, Environmental Sanitation Fee, Fire Service Fee, Development Tax, Market Taxes, Produce Fee, Income Tax, retail permit and trade permit etc. [13] observed that cumbersome tax burden produces deleterious effects on running small-scale enterprises. To unchain MSMES opportunities, he suggested easing the tax burden by reducing government functions, power and obligation and dehumanizing the regulatory system.

2.4 EMPIRICAL LITERATURE

[14] using the ordinary least square estimation, estimated the economic effects of tax (selected taxes) on selected Macroeconomic variables in Nigeria economy. His result showed that company income tax (CIT) has positive and significant effects on Gross Domestic Product. It also significantly reduced national unemployment while personal income tax and other taxes except custom and exercise duties, negatively but insignificantly affect unemployment in Nigeria. Research undertaken over the last several years by IFC and other organizations have consistently shown that tax issues remain the most problematic for smaller business, [24]. In a survey of Ukrainian small enterprises, have found that MSMEs pay on average a different tax including numerous so-called non- budget funds to which entrepreneurs are strongly 'encouraged' to contribute to, that can act exactly like a tax. The survey also revealed that the average number of taxes paid varies by city, with lowest number-five in Lutsk and the highest number in Lugansk-17. It also revealed that half of all respondents Stated that taxes represent more than half of their entire turnover.

The 2013 survey of Small Business by National Small Business United (NSBU) and the Author Anderson Enterprise Group shows that business owners rank tax burden as the biggest challenge they face. [5] survey of 250 midsize manufacturers found that 81 percent listed "reduced regulation (especially tax reduction)" as the change that would be most beneficial to their companies. Another study published in Small Business Reports by the same investigators in to 2012 the government tax by 34 percent while the (2019) found that from 2017 burden per worker increased business profit per worker declined by 22 percent. According to this study "Government taxes since 2017 amount to nothing less than economic crib death, suffocating jobs in the cradle of small business".

Estimating the effects of tax on small firm's growth in Uganda, [14] found that there is a statistically stronger relationship between taxation and growth. Using historical sales data as a measure of firm growth and the rate of growth as: $Growth = (\text{Log}(\text{sales in 2017}) - \text{Log}(\text{sales in 2019})) \text{ divided by } 2$. The coefficient on tax implies that a one-percentage point increase in the rate of taxation will reduce a firm's annual growth by about 0.5 Percentage Point.

3.0 METHODOLOGY

3.1 RESEARCH DESIGN

The research method or design to be adopted for this study will be the Descriptive survey method. Descriptive survey method involves a study of a population through the use of sample. The findings obtained from studying the sample can be applied to the entire population. [11]. The choice of this design was considered most appropriate because a large population is involved in the study. Descriptive survey method is aimed at collecting data and describing it in a systematic manner, the characteristics, features or facts about a given population.

3.2 AREA OF THE STUDY

Jega is a Local Government Area in Kebbi State, Nigeria. Its headquarters are in the town of Jega. It has an area of 891 km² and a population of 193,352 at the 2006 census. Jega LGA has an estimated population of 193,352 people as at 2006 National population Census a with a Projected annual increase 3.1%. Jega has produced many prominent people in Nigeria, one of such is Professor Attahiru Jega, former INEC Chairman. It is known to many as the commercial hub of Kebbi State because trading is prominent among citizen in that

locality. They are engaged in one form of trade or trade the other. The main reason why this study is focused in that location.

3.3 POPULATION OF THE STUDY

The population of this study comprised of Micro Small and Medium Scale Enterprises in Jega Local Government Area of Kebbi State. The business MSMEs was mapped out the eleven (11) wards of Jega Local government area of Kebbi State. Below is the population distribution of the MSMEs.

TABLE 3.1: Population Distribution of the MSMEs in Jega L.G.A

S/NO.	WARD	No. of REGISTERED MSMEs
1	ALELU/GEHURU	420
2	DANGAMAJI	312
3	DUNBEGU/BAUSARA	511
4	GINDI/NASARAWA/KYARMI/GALBI	421
5	JANDUTSI/BIRNIN MALAM	400
6	JEGA FIRCHIN	471
7	JEGA KOKANI	330
8	JEGA MAGAJI B	467
8	JEGA MAGAJI A	546
10	KATANGA/FAGADA	369
11	KIMBA	611
	Total	4858

Source: SMEDAN Office, Birnin Kebbi, Kebbi State.

3.4 SAMPLE AND SAMPLING TECHNIQUE

The population for this study was determined using Krejcie and Morgan table for determining sample size. Krejcie and Morgan table has been widely used by researchers to determine research population size. The total number of MSMEs was found to be 4,858. Based on the specification of Krejcie and Morgan table, a sample size of 357 was arrived at and was used for the conduct of the study, [11].

3.5 INSTRUMENTS FOR DATA COLLECTION

The instruments employed in gathering data for this study was a structured questionnaire. The questionnaire was designed by the researchers to illicit response from study respondents. The instrument was subjected to face validation by two experts, one in the Department of Social Sciences in Kebbi State Polytechnic Dakingari and the other from Waziri Umaru Federal Polytechnic Birnin Kebbi. Their comments, corrections and suggestions were integrated into the final copy of the instrument.

3.6 METHOD OF DATA COLLECTION

The researchers administered 357 copies of questionnaire meant for MSMEs in Jega Local Government Area randomly with the aid of two trained research assistants. The distribution was done in each of offices/business locations of the MSMEs in location under study. The distribution was done in two weeks while collection of the completed questionnaire took one week. After which an interview was organized with the respective head of business of the selected organizations in the areas that the researchers wanted more details to be provided or areas that needed clarification. The data analysis was therefore be based on the number of correctly filled and returned questionnaire by the MSMEs.

3.7 METHOD OF DATA ANALYSIS

Descriptive researched approached was used in this study. Data collected were anylised using frequency count and simple percentages. Out of the 357 questionnaires administered, a total of 343 questionnaires was correctly filled and returned. The data analysis was there based on the correctly filled questionnaires.

4.0 RESULT

This chapter deals with the presentation of results obtained from the data. It uses the data collected from the survey to provide a quick view of the distribution of Micro Small and Medium Enterprises (MSMEs) in Jega Local Government Area of Kebbi State.

4.1 DATA PRESENTATION AND ANALYSIS.

Research Question 1: What are the Areas/Sector of MSMEs in Jega Local Government Area of Kebbi State?

Table 4.1: Distribution of MSMEs according to business sector in the selected areas of study

S/NO.	BUSINESS SECTOR	NO. OF MSMEs	PERCENTAGE
1.	Processing /Services	115	33.53
2.	Extracting/Farming	189	55.10
3.	Manufacturing	39	11.37

Total	343	100%
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Filed Survey: 2023.

Out of 343 responses gathered, 115 MSMEs representing (33.53%) belong to the processing / service sector. The study observed in the extractive/farming sector, 189 MSMEs representing a total of 55.10% out of the 343 MSMEs were observed in the study area. The manufacturing sector has 39 MSMEs, which represents 11.37% of the total SSEs observed in the study area. From the table above, it can be seen that MSMEs centered more on Extracting/Farming -oriented business. The extractive/farming dominated the MSMEs in Jega Local government Area. The sector account for 55.10% of the total MSMEs in the area.

Research Question 2: What is the source investment funds for MSMEs in Jega Local Government Area of Kebbi State?

Table 4.2 Sources of Investment funds for MSMEs in Jega Local government Area.

S/NO.	SOURCES OF INCOME	NO. OF MSMEs	PERCENTAGE
1.	Retained income	183	53.35
2.	Loan from friends/relatives	64	18.66
3.	Leasing	21	6.12
4.	Loan from government agencies	55	16.03
5.	Other sources	20	5.83
	Total		

Filed Survey: 2023

As is typical for small firms, the largest portion of investment is received from their own retained income. Data from the table revealed that 183 (53.35%), the largest, generates their investment funds through retained income. This is followed by Loan from friends and relative with 64 (18.66%) and loan from government agencies with 55 (16.03%). Leasing and others sources of funding were rated 21 and 20 MSMEs with 6.12% and 5.83% respectively.

Research Question 3: Which level of government mostly interfere with MSMEs in Jega Local Government Area of Kebbi State?

Table 4.3 Rate of MSMEs Interference by Government in Jega Local government Area.

S/NO.	RATE OF INTERFERENCE BY GOVERNMENT	NO. OF MSMEs	PERCENTAGE
1.	Federal	34	9.91
2.	State Government	69	20.12
3.	Local Government	240	69.97
	Total	343	100

Filed Survey: 2023.

Result of the table above revealed that only 34 MSMEs lamented interference from federal government, this represent 9.91% of the total response rate. 69 MSMEs complained of state government interference. There response represents 20.12% of the response rate while 240 MSMEs represent 69.97% posits that they receive more interference from the Local Government tax authorities. This implies that the MSMEs receive more interference from the lower levels of government. This is probably because, the local government is the unit of government that is more-closer to the grassroot and they have direct contact with the business owners.

Research Question 4: What is the level of government interference in MSMEs business activities in Jega Local Government Area of Kebbi State?

Table 4.4 Level of Government Interference in Jega Local government Area.

S/NO.	Level of Government Interference	NO. OF MSMEs	PERCENTAGE
1.	Significant	305	88.92
2.	Moderate	27	7.87
3.	Little	11	3.21
	No	0	0.00
	Total	343	100

Filed Survey: 2023

With respect to the level of government interference to MSMEs business activities, respondents opined that there was significant interference with response rate of 305 out 343 representing 88.92%. With the percentage response provided, it was therefore unanimous that there was interference by some quota of government. Only 27 (7.87%) agreed that the interference was moderate and 11 (3.21%) said the level interference was little while none of the respondents said there was no interference. Conclusively, it implies that there was significant interference in business activities of MSMEs in the area under study.

Research Question 5: What are the major constraints that pose more challenges to MSMEs growth?

Table 4.5 Constraints to MSMEs Growth

S/NO.	CONSTRAINTS TO MSMEs GROWTH	NO. OF MSMEs	PERCENTAGE
1.	Cost of Materials	34	9.91
2.	Tax Burden	186	54.23
3.	Low Demand	45	13.12
4.	Lack of Infrastructure	57	16.62
5.	Other Constraints	21	6.12
	Total	343	100%

Filed Survey: 2023

Table 4.5 revealed respondent view on the major constraints to MSMEs business activities in Jega Local government area of Kebbi State. It was observed that tax burden and lack of infrastructure are the most disturbing constraints for MSMEs in the area under study.

The result further shows that Low Demand had response rate of 45 representing 13.12%, Cost of Materials had a response rate of 34 representing 9.91% while other constraints was rate 6.12% with the response rate of 21 respectively. The above result affirms the view of the respondent that tax burden which has the highest 186 and the percentage rating of 54.23% is the major constraint affecting MSMEs activities.

Research Question 6: What policies can help MSMEs to Grow in Jega Local Government Area of Kebbi State?

Table 4.6: Suggested Tax Policies that would help MSMEs to Grow

S/NO.	SUGGESTED TAX POLICIES THAT WOULD HELP MSMEs TO GROW	NO. OF MSMEs	PERCENTAGE
1.	Reduction of Tax rate	47	13.70
2.	Simplified Taxation or Unified Taxation	148	43.15
3.	Reduction of the power of tax agents	54	15.74
4.	Stable Tax Regime	54	15.74
5.	Other Policies	40	11.66
	Total	343	100%

Filed Survey: 2023.

Table 4.6 show the suggested Tax Policies that will help MSMEs to grow. Simplified Taxation or Unified Taxation has a response rate of 47 and percentage rate of 13.70%, Reduction of the Power of Tax Agents and Stable Tax Regime has response rate of 54 representing 15.74% each while other tax policies has 40 response rates with a percentage rate of 11.66%. it is therefore glaring that simplified taxation (unified taxation) would do the most to enhance the growth of MSMEs, reduction of tax rates is in strong second place and stable tax regime third. This would imply that entrepreneurs think that overall reform of the tax environment would actually boost their growth and government budget revenue by reducing shadow activities by MSMEs entrepreneurs.

5.1 SUMMARY OF THE STUDY

This study focused on the effects of multiple taxation on micro small and medium enterprises (MSMEs) in Jega Local Government Area of Kebbi State. The importance of small-scale enterprises in the development of any given economy cannot be over-emphasized, hence, the need to undertake this study. It was equally the focus of this study to examine the various ways multiple taxation affect the investment decision of the operators of micro small and medium enterprises.

An examination of the literature on MSMEs in Nigeria, showed that most researchers believed that MSMEs are exempted from taxes, hence, they carried out research on other constraints being faced by MSMEs operators other than taxation. The data employed for this research work was basically survey data as it relates to entrepreneurs of Micro Small and Medium Enterprises. This survey included 343 respondents in eleven wards of Jega Local Government Area of Kebbi State, Nigeria. The MSMEs were categorized into three sectors namely. Farming/Extractive sector, Service/Processing sector and manufacturing sector. Questionnaire consisting of 40 questions,

requiring quantitative and qualitative information, yes or no answers and multiple-choice options was used. Data obtained were analyzed with the help of descriptive.

The result obtained from the analysis revealed that Government regulation and tax environment are bewildering and represent a very serious obstacle, to starting a micro small and medium enterprises in Jega Local Government of Kebbi State. It was observed that there is a high level of government interference in micro small and medium enterprises operations and 70% of the interference is attributed to Local Government

Authorities. It was found that simplified tax and reduction of tax rates ranked highest and second highest respectively among the suggested tax policies that would enhance the growth of micro small and medium enterprises.

5.2 CONCLUSION

Micro Small and Medium Enterprises are vital in many ways-employment generations, transformation of the economy and production of goods and services, and as such should not be over burdened with multiple levies and taxes. This is to enable them stay in the business and lend their support to the industrialization processes of the state.

In addition to the many problems that micro small and medium enterprise entrepreneurs face in Jega Local Government Area of Kebbi State are, poor business infrastructure, shortage of financing, high interest rates, corruption, they are still battling with high tax burden being imposed on them mostly by the lower tiers of government.

When, looking at everything MSMEs need to do before beginning operations, the process is far too time consuming and costly, representing a serious deterrent to starting MSMEs in Jega Local Government Area of Kebbi State. It therefore, follows that the unanimity of entrepreneurs listing taxation issues, as their biggest problems cannot be ignored. There are too many taxes and tax-like payments (Levies) being imposed on MSMEs. While it is difficult to count them all as the majority are local payments or sector specific, all in all there are over 14 taxes and levies.

5.3 RECOMMENDATIONS

The following recommendation were made based of the findings of this study:

1. As a first step, all state and Local Government Authorities should comply with national legislation in force with respect to tax incentives being granted to MSMEs.
2. Independent offices (free from local control) should be set up that monitor the activities of local officials and where entrepreneurs can receive information on their rights and all legislation and regulation in effect.
3. Corruption among tax agents and harassment of entrepreneurs by tax agents need to be tackled.
4. Governments especially the local governments need to move away from the urge to control all business activities and give MSMEs breathing space to more efficiently allocate their resources and decide on activities for themselves.
5. Government should focus its efforts on simplifying the tax system.
6. Tax authorities should not have the power to a interrupt business operations unless there is a clear criminal violation. Even this has to be done through the courts and not unilaterally through an internal decision.
7. Government should make effort to provide infrastructures for MSMEs to motivate them pay taxes.
8. Government should develop common strategy to enhance public awareness on what taxes are payable and to whom.

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