



The Effects of Economic Factors on Tax Compliance by Small and Medium Enterprises of Tamale Metropolis in Ghana

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Author's contribution

The sole author designed, analysed, interpreted and prepared the manuscript.

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ABSTRACT

In a case study on Small and Medium Enterprises (SMEs) in the Tamale Metropolis, the researcher looked at the economic factors that influence tax compliance by the SMEs with the review of relevant literature. Regression technique and correlation were employed for the analysis in the determination of the relationship between the variables of study. The study found that tax rates have positive and insignificant effect on tax compliance by the SMEs; that income levels have positive and significant effect on tax compliance by the SMEs; and that fines/penalties exert positive and significant influence on tax compliance by the SMEs in Ghana. The study recommended that government should formulate and implement policies on enacting high tax rates, imposition of fines & penalties, and enhancing incomes to improve upon the overall tax compliance of SMEs in the republic of Ghana.

Keywords: Tax rates; fines & penalties; income levels; tax compliance.

1. INTRODUCTION

1.1 Background to the Study

In a case study of SMEs in the Tamale Metropolis, the study looked at basic economic

factors that affect tax compliance by firms in Ghana. The study's goal was to see how tax rates, income levels, fines, and penalties affected tax compliance among SMEs in Tamale. Tax revenue is of enormous importance to our national growth and development in that

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taxes are usually the vehicles for triggering the economic development of nations and therefore have huge impact on meeting the millennium developmental goals of every nation. All countries, the world over, depend on taxation as a means of generating the required revenue for development. It is therefore appropriate to suggest that mobilization of tax revenue is a crucial economic and policy objective for Nigeria across all state levels [1]. The Organization for Economic Cooperation and Development (OECD) and other international organizations work to ensure that correct rates of taxes are paid in every jurisdiction. Stakeholders play vital role in the mobilization of tax revenue to the national development. Tax revenue can be effectively mobilized when taxpayers are accessible, transparent and fair in the payment of their taxes. Tax administration staff can also contribute to the mobilization of tax revenue by being skillful on the taxation function. Globalization has ensured the need for revenue authorities around the world to cooperate with other to enhance the revenue generation of their respective jurisdictions. According to Mwangi [2], governments generate tax revenue for development and reduction of social inequities thorough effective redistribution of income in the implantation of government policy. Similarly, SMEs being profit generating establishment, ought to meet their tax obligations because they are supposed to be awarded special treatment in relation to the need to meet their tax obligations.

Delport (2003, as cited in Mbilla et al. [3]) stated that people naturally dislike the payment of taxes and governments are averse to imposing them. Without a question, one of the most important elements in managing national revenue, particularly in emerging countries, is taxation [4]. Increasing more revenue is crucial for development because continued low tax revenue mobilization is detrimental for development (Cobham, 2005 as cited in Mwangi [2]). Taxation non-compliance has a negative effect on development and can impact very badly on the economy [5]. In effect, it is widely known that revenue generated from taxation is an essential revenue stream of government. But Helhel & Ahmed [6] however stated that taxes are essential to source funds for spending to create the requisite infrastructure for development. Mwangi [2] provided that widening tax the tax base and increasing investment in tax administration mechanisms put an ensure maximization of revenue from tax as appropriate. The OECD (2000) also stated that

imposing of tax fines, penalties and audits are some of the very measures that are supposed to be put in place to improve on compliance by tax payers.

Adom and William (2012, as cited in Mintah [7]), stated it is that essential to obtain an understanding of the seriousness of the tax compliance mechanisms from the viewpoint of an emerging economy where the SMEs constitute roughly about 70% of small businesses in sub-Saharan Africa with low mobilization of domestic tax revenue. It is also worth noting that much of the focus of developing economies is on the formal sector to the detriment of the informal through which a lot of tax revenue leak out from collection by the state. (Adjei 2004, as cited in Mintah [7]). In terms of revenue collection and mobilization, SMEs are critical to the country's economic progress [1].

Against this background therefore, the study sought to assess the relationship between economic factors and tax compliance of SMEs in the Tamale Metropolis of Ghana.

1.2 Problem Statement

The purpose of the study was to assess the prospect and the challenge of SMEs in complying with payment of taxes in Tamale Metropolis. Thus, the research examined economic factors that underpin the attitude of SMEs in complying with payment of taxes in the Metropolis. The study therefore reviewed previous studies into the research area. Helhel and Ahmed [6] conducted a study into factors that affected negatively tax payers' compliance in Yemen. They concluded that high tax rates and an unfair tax system were linked to low compliance using a quantitative study approach. Mwangi [2] looked into the elements that influence tax compliance in Kenyan SMEs. With a descriptive study design, he assessed a sample of 150 SMEs in the capital city, Nairobi, and empirically found that high tax rates, low tax education and high compliance costs negatively affected the level of tax compliance in Kenya. Abdul Razak and Bidin [8] did a quantitative study into the factors that affect tax compliance of sole proprietors in Malaysia and empirically established that audit probability and tax rates positively influenced compliance with tax laws. Kuug [1] did an explanatory study into factors that broadly affected tax compliance in three regional areas in Ghana namely the Ashanti,

Greater Accra and Northern regions and established that capital structure, compliance costs, tax rates and tax audits positively influenced compliance with the tax laws.

In the light of the foregoing, the study identified a research gap in specifically assessing the tax behavior of SMEs in the Tamale Metropolis and therefore aimed at finding out which factors affected the behavior of SMEs in relation to tax compliance in the Metropolis.

1.3 Objectives of the Study

1. To examine the economic effect of tax rates on tax compliance by Small and Medium Enterprises in Tamale Metropolis.
2. To assess the economic effect of income levels on tax compliance by Small and Medium Enterprises in Tamale Metropolis.
3. To evaluate the economic effect of fines & penalties on tax compliance by Small and Medium Enterprises in Tamale Metropolis.

1.4 Significance of Study

The study has helped the researchers understand how SMEs might comply with payment of tax levies in the Tamale Metropolis. Also, it has the potential to benefit future researchers, scholars and academicians who may wish to carry out studies on compliance of Small and Medium Enterprises with payments of tax levies in the district. Moreover, it is intended assist business in the Tamale Metropolis to assess their tax compliance behaviour. The findings of the study may be used by the government to assess the effect of economic and social factors on tax compliance behaviour of SMEs in Ghana.

2. LITERATURE REVIEW

2.1 Conceptual Review

Tuay and Guvenc (2007, as cited in Helhel and Ahmed [6]) stated that taxation is the economic obligation imposed by governments on natural and legal persons and entities to cover the expenditure outlays of their programs with no specific return to the taxpayers. Tax is any amount of money collected by the government from citizens as a result of a legal obligation, without the citizens offering any service or supplying any commodities in exchange for the money collected [9]. Furthermore, Similarly,

According to Le et al. [10], taxes are levied in every jurisdiction to raise revenue for government budgeted expenditures but Mukasa [11], on the other hand, describes taxes as the mechanism by which the government enacts tax duties and rules in order to reap the benefits of its revenues.

Samuelson (1955, as cited in Abdallah [12]) has noted that tax is a compulsory collection of a sum of money by the state from the citizens without any direct return for the collection. Direct and indirect taxes are the two types of taxes in Ghana. Direct taxes are levies that are meant to be paid by those who are exposed to them and that have the same incidence and impact on the same person or business [12]. As a result of earning income or possessing wealth, direct taxes are paid directly to the government. According to the Ghana Revenue Authority (GRA), direct taxes in Ghana are mobilized in such a manner that employees' salaries are taxed under the Pay as You Earn (PAYE) system. Boadway et al (2008, as cited in Abdallah [12]) have noted that direct taxes on income and capital are charged directly on the chargeable persons. It is primarily a progressive tax in which higher-income earners pay a higher proportion of income tax than lower-income earners. Similarly, corporate tax is a type of direct tax that is charged on the profits of a company. It is essentially a progressive tax, meaning that higher-income people pay a higher share of income tax than those with lower incomes. It is essentially a progressive tax, meaning that higher-income people pay a higher share of income tax than those with lower incomes. It is essentially a progressive tax, meaning that higher-income people pay a higher share of income tax than those with lower incomes. Similarly, corporate tax is a sort of direct tax levied on a corporation's profits. The tax rate varies by industry and is determined by the entity's geographic location. Furthermore, capital gains tax is a tax on the rise in the value of a chargeable asset caused by the difference between the sale and purchase price [12]. Mbilla et al. [3] defined taxes as the government's compulsory unrequited payment for citizens' obligatory payment of money in a particular year, other than as payment for specified services or goods or as a penalty for breaking any law. A further type of direct tax is gift tax, which is levied on the transfer of personal property from one person to another. However, some transactions are exempt, such as those made between couples and other presents made to

family members and relatives. Last but not least, a rent tax is levied on citizens' earnings from properties such as buildings and farmland. Indirect taxes, on the other hand, are collected on expenditure on goods and services and are only paid when they are acquired and consumed [9]. Indirect taxes, on the other hand, are collected on expenditure on goods and services and are only paid when they are acquired and consumed [9]. Indirect taxes are imposed on individuals as a result of their consumption of goods or services that are taxable [12].

2.2 Theoretical Review

The principle of economy-based theory, according to Fischer et al (1992, as cited in Kuug, 2014), is based on the premise that where there is a need to increase compliance, penalties and tax audits should increase, and that the incidence of deterrence can be accomplished from punitive or persuasive measures. To discourage tax non-compliance, deterrence might take the form of fines, the likelihood of detection, and penalties and sanctions. Essentially, taxpayers are amoral value maximizers, according to the theory, because they are driven by economic pressures like profit maximization (Trevioli et al, 2004). Allingham and Sandmo (1972, as cited in Mwangi [2]) developed the AS theory, which is based on a number of assumptions. These assumptions are based on the premise that those who maximize utility have actual knowledge of fines, penalties and detection rates and that taxpayers might have the motivation not to pay tax if they perceive that the cost of evasion is low. This is due to their belief that people operated in an economically sensible manner. They claimed that the outcomes of a cost-benefit analysis are the primary cause of complying or non-compliant behavior. People cooperate when the costs of evasion outweigh the benefits, and they do not comply when the benefits outweigh the costs, although this is still a theoretical model that has yet to be validated. The notion of economic deterrence is founded on the realization that taxpayers are recognized as maximizing utility, according to Allingham and Sandmo (1972, as referenced in Mwangi [2]). According to Becker [13], if the punitive outcome of engaging in the crime exceeded the crime itself, the person may be restrained in perpetuating the crime in the first place. According to their research, non-compliance traits such as ethics and equity had a significant impact on tax compliance behavior. The Theory of Reasoned Action (TRA) grew out

of the psychological theory, according to Ajzen and Fishbein (1977, as referenced in Amaning et al. [14]). This idea proposed that taxpayers' intents and behaviors toward the tax administration system have a direct impact on their behavior. Three elements, according to Ajzen & Fishbein (1977, as referenced in Amaning et al. [14]), determine behavior motivations: attitude toward behavior, social ethics, and control of perceived behavior. According to the Theory of Planned Behavior (TPB), the intention to provide behavior and the perceived control a person has over that behavior lead to real behavior. Owners and/or managers' perceptions of the complexity of tax compliance and the factors that influence them were investigated in this study. Based on the aforementioned, this research used economic-based theories to evaluate the factors that drive individuals and businesses to pay their taxes on time, in the context of tax rates, fines/penalties, and taxpayer income levels.

2.3 Empirical Review

2.3.1 Tax rates and tax compliance

Mwangi [2] has argued that the rate of tax is the value levied by the central or local government on the basis of the chargeable income of the assessable person and may as well be defined as the percentage of income charge as tax. Tax rates, on the other hand, are values and percentages imposed on taxpayers' wealth that can be assessed for taxation, according to Clotfelter [15]. In the Fisher model, the rate of tax is the third most important component of the tax system. Even if cutting tax rates is not the only way to demotivate tax evasion, according to Clotfelter [15], the tax rate is an essential component in affecting tax compliance behavior, however the exact influence of the tax rate on compliance behavior is still unknown and debated. High tax rates, according to Helhel and Ahmed [6], are particularly essential in preventing individuals and businesses from paying additional taxes, although lowering tax rates does not necessarily improve tax compliance. Regardless of the tax rate, Allingham and Sandmo (1972, as quoted in Mwangi [2]) stated that persons who pay tax might choose to completely record their income or report less of it. They empirically proved that tax rates are inconsequential in influencing tax evasion utilizing statistical modeling in their study.

Furthermore, studies using experimental approaches typically find that while high tax rates may not have a significant impact on compliance, the impact of tax rates on individual compliance becomes stronger in the regression model when the moderator variables of tax knowledge and awareness are included [16]. Kuug [1], on the other hand, examined the association between marginal tax rates and tax compliance in Ghana using a regression model. In a sample of 500 small firms, the study discovered that tax rates have a considerable impact on tax payer compliance. Tax rates have no effect on tax compliance, according to Porcano [17]. Chebusit et al. [5], on the other hand, used different economic models to show that there is a positive correlation and effect between compliance costs and businesses' willingness to pay additional taxes. Kirchler et al. [18], on the other hand, stated that the level of trust between taxpayers and the government is a key factor in influencing how tax rates affect company compliance. The tax rate structure, according to Mukasa [11], has a considerable and favorable impact on tax compliance. On the basis of the foregoing therefore, the following hypotheses were established.

- ${}_1H_0$: Tax rates do not influence significant impact on tax compliance.
- ${}_2H_1$: Tax rates do influence significant impact on tax compliance.

2.3.2 Fines/penalties and tax compliance

Manual and Xin [19] carried out a quantitative research in Malaysia on a sample of 150 enterprises. They found that tax deterrence through fines and penalties has a significant impact on tax compliance using multiple regression models. Fear of fines and penalties has a favorable link with tax compliance behavior, according to the data [5]. According to this research, establishing an efficient tax system that fines and penalizes tax evaders is a critical step in encouraging tax compliance. In their theoretical work, Allingham and Sandmo (1972, as referenced in Mwangi [2]) argued that fines and penalties for tax evasion can be used to enforce tax compliance. Using regression analysis, they discovered that tax deterrence has a positive impact on tax compliance. Other empirical research, on the other hand, suggests that increasing penalties may have an unfavorable effect, leading to taxpayers dodging to pay more tax [18]. Manual and Xin [19], on the other hand, focused their research on 150

Malaysian self-employed people. Using regression analysis, they discovered that tax deterrence has a positive impact on tax compliance. Similarly, Chebusit et al. [5] discovered that fines and penalties have a favorable influence on cost of compliance and tax compliance, but the effects were insignificantly lower than expected based on the empirical findings. Fines do influence tax compliance, according to Alm et al. [20], despite the fact that the impact was shown to be nearly insignificant. Evidence demonstrates that increasing fines and penalties may influence voluntary compliance, leading to increased tax evasion [18]. Other research has demonstrated that penalties and fines have a positive impact on tax payer compliance attitudes, despite the fact that these effects are minor. As a result of the above, the following hypotheses were developed:

- ${}_3H_0$: Fines & penalties do not influence significant impact on tax compliance.
- ${}_4H_1$: Fines & penalties do influence significant impact on tax compliance.

2.3.3 Income levels and tax compliance

Many theoretical models show that, as income rises, the likelihood of tax evasion rises as well [21]. Chebusit et al. [5] also looked at the elements that influence SMEs' tax compliance in Kenya. They used regression and correlation analyses on a sample of 132 SMEs to establish the empirical link and found that compliance expenses have a negative impact on tax compliance. Kuug [1] used regression analysis to analyze the impact of economic factors on tax compliance in Ghana in a survey of 500 SMEs in three areas. She proved empirically that capital structure, tax rates, and audits all have a major impact on tax compliance. In Sri Lanka, Dissanayake and Pretmaratna [22] conducted an empirical study on the relationship between income levels and SMEs' compliance. They discovered that voluntary compliance is linked to higher incomes, but forced compliance is linked to lower incomes. Palil [4] also looked into the role of tax knowledge in determining individuals' tax behavior in Malaysia. They employed regression and correlation approaches on a sample of 5,500 individual taxpayers and experimentally discovered that personal financial restrictions significantly affect tax compliance and that tax compliance is heavily influenced by public perceptions of government spending and the probability of being audited. Le et al. [10]

investigated the elements that influence SMEs' tax compliance in Vietnam. In an explanatory analysis that relied on regression and correlation approaches, they collected data from 376 SMEs. They discovered that business features, tax awareness, tax policy, and tax compliance perspective all had a substantial impact on tax compliance [23].

- H_0 : Income levels do not influence significant impact on tax compliance.
- H_1 : Income levels do influence significant impact on tax compliance.

2.4 Conceptual Framework

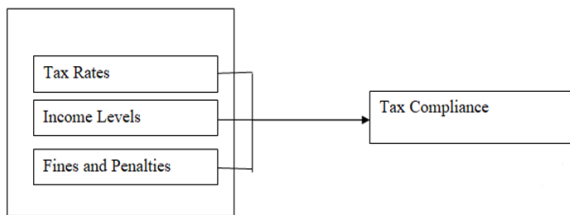


Fig. 1. Conceptual framework
 Source: Author's construct modeled on reviewed literature

3. METHODOLOGY

The study was an explanatory, quantitative study and qualitative study which adopted the deductive approach to empirical research. This population of the study comprised of provisional stores, fuel operations, internet service provisions, wood technology professionals, restaurants/chop bar operations, and repairers. The population comprised of all SMEs in the Tamale Metropolis and a target population was made up of 1,354 SMEs sized businesses in the Tamale Metropolis, from which a sample size of 93 SMEs was derived. Mainly, data was gathered from primary sources through the deployment and administration of questionnaires. A Non-probability sampling type, purposive sampling, was employed in the determination of respondent members who constituted the sample size. The researchers gathered data by using both primary and secondary sources; the study deployed a primary instrument in the form of questionnaire

which was used in the collection of data from respondents. The reliability of the questionnaire was assessed with Cronbach Alpha using Statistical Package of Social Sciences (SPSS). The coefficients of correlation were interpreted between and including -1 and +1; 0 denoted no correlation, $r \leq \pm 0.29$ denoted that correlation was weak, $\pm 0.3 \leq r \leq \pm 0.49$, denoted that correlation was moderate, $r \geq \pm 0.5$, denoted that correlation was strong and -1 or 1 denoted that correlation was either perfectly negative or perfectly positive. The sample for the study, 93 SMEs, was derived, from a target population (N) of 1,354, with an error margin of 10% as follows:

$$\text{Sample size } n = \frac{N}{1+N(\alpha)^2}$$

$$\text{Therefore, } n = \frac{1,354}{1+1,354(0.1)^2} = 93$$

3.1 Empirical Model Specification

The effects of the economic factors on tax compliance were tested by using the following empirical model specified as follows:

$$Y_i = \alpha + \beta X_i + \epsilon_i \tag{1}$$

Where Y_i is the dependent variable for each SME i , α is the intercept, β is the co-efficient of the independent variable, X_i is the independent variable for each SME i , and ϵ_i is the error term in relation to the state of observations made on the sample. The study variables were then modeled on econometric relationship, as depicted in the model above, as follows:

$$TC_i = \alpha + \beta TR_i + \beta IL_i + \beta FP_i + \epsilon_i \tag{2}$$

Where: TC: Tax Compliance, TR: Tax Rates, IL: Income Levels, FP: Fines and Penalties.

From the Table 1, results from Cronbach's Alpha suggested that there was internal consistency between the items on the questionnaire that sought the required feedback from the respondents, which is evidenced by the Cronbach's statistic of 0.760, being more than 0.700. Thus, the 11- statement questionnaire was validly conceived and presented.

Table 1. Reliability and validity

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.760	.737	11

4. RESULTS

4.1 Assumption of Multi-Collinearity

Correlations between tax rates and income levels, tax rates and fines/penalties, income levels and fines/penalties were processed as 0.558, 0.437, and 0.609 respectively. It can therefore be inferred from the correlation results on Table 2 that no multi-collinearity exists between the independent variables. This is because the correlation coefficients between the independent variables were all processed below 0.700, which suggested that the predictive ability of the empirical model was reliable and accurate. This also reduces empirical bias in the link between the independent variables of tax rates, fines and penalties, and income levels, as well as the dependent variable of tax compliance, and improves the generalizability of empirical conclusions on the generality of SMEs in Ghana.

In Table 2, the independent variables of Tax Rates, Income Levels, Fines and Penalties

correlated highly positively and strongly with the dependent variable of tax compliance. Tax rates and tax compliance ($r=0.458$, $p=0.000$); income levels and tax compliance ($r=0.681$, $p=0.000$); fines and penalties and tax compliance ($r=0.692$, $p=0.000$). There were similarly high and positive correlations between the independent variables. Correlations between tax rates and income levels, tax rates and fines/penalties, income levels and fines/penalties were processed as 0.558, 0.437, and 0.609 respectively.

In Table 3, the correlation co-efficient of the model is highly strong with a value of 0.767 whilst the Adjusted R Square is 0.577, which suggested that about 57% of the changes in the dependent variable can be explained and accounted for by changes in the independent variables. The Durbin-Watson statistic, which signifies positive autocorrelation, is within the safe range of 1 and 3, according to Field (2011).

Table 2. Correlation analysis

		Tax Rates	Income Levels	Fines and Penalties	Tax Compliance
Tax Rates	Pearson	1	.558**	.437**	.458
	Correlation				
	Sig. (2-tailed)		.000	.000	.000
Income Levels	N	117	117	117	117
	Pearson	.558**	1	.609**	.681**
	Correlation				
Fines and Penalties	Sig. (2-tailed)	.000		.000	.000
	N	117	117	117	117
	Pearson	.437**	.609**	1	.692**
Tax Compliance	Correlation				
	Sig. (2-tailed)	.000	.000	.000	
	N	117	117	117	117

**Correlation is significant at the 0.01 level (2-tailed)

Table 3. Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.767 ^a	.588	.577	.659	1.508

^a Predictors: (Constant), Tax Rates, Income Levels, Fines & Penalties

^b Dependent Variable: Tax Compliance

Table 4. Regression coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.627	.200		3.140	.002
Tax Rates	.049	.069	.052	.702	.484
Income Levels	.330	.071	.389	4.651	.000
Fines & Penalties	.415	.074	.433	5.614	.000

^a. *Dependent Variable: Tax Compliance*

In Table 4, the intercept of the regression model is 0.627. With every 1 increase in tax rates, tax compliance changes positively by 4.9%. With every 1 increase in income levels, tax compliance changes positively by 33%. With every 1 increase in fines & penalties, tax compliance changes positively by 41.5%. Excepting that tax rates, income levels and fines & penalties exert significant effect on tax compliance.

5. DISCUSSION OF FINDINGS

The empirical results provided that there is a strong and positive correlation between tax rates and tax compliance and that tax compliance exerts a positive and insignificant effect on tax compliance. Hypothesis $1H_0$ is accordingly supported and therefore accepted. It is similarly provided by the empirical results that there is a strong and positive correlation between income levels and tax compliance and that income levels exert positive and significant effect on tax compliance. Hypothesis $3H_0$ is not accordingly supported and therefore rejected. Moreover, the empirical results evidenced there is a strong and positive correlation between fines & penalties and tax compliance and that fines & penalties influence a positive and significant impact on tax compliance. Hypothesis $5H_0$ is not accordingly supported and therefore rejected. Thus generally, the three independent variables exert positive effect on tax compliance except that the effect is empirically established to be insignificant from changes in tax rates set by the Ghana Revenue Authority (GRA).

6. CONCLUSION

The study reviewed and examined economic factors that affect the compliance of SMEs with payment of taxes in Ghana with in a multiple case study of SMEs in Tamale Metropolis. The study collected primary data on the extent to which some economic factors affect compliance

of SMEs with tax payments in the Tamale Metropolis. The study found that the independent variables of tax rates exerts insignificant effect on tax compliance whilst income levels and fines & penalties exert significant influence on tax compliance by SMEs in the Tamale Metropolis of Ghana.

7. RECOMMENDATIONS

To begin with, the government of Ghana could enact tax laws that prescribe high rates of tax for SMEs in the country so that these enterprises can respond positively to honoring their tax obligations, even though the impact might be insignificant. However, owing to the finding that tax rates might not have any significant effect on tax compliance, any policy directive should emphasize more on enhancing perception of transparency in government spending by the Ghana Revenue Authority (GRA).

Moreover, economic programmes .of government of Ghana should aim at enhancing economic growth and supporting the business environment to thrive so as to enhance on the income levels of SMEs. This is because the empirical evidence from the literature suggests that taxpayers respond positively to tax compliance as their incomes are improved. In other words, if the income levels of the SMEs improve through prudent economic management, they would respond to paying more taxes.

Furthermore, the GRA of Ghana should establish effective controls to ensure that policy directives on the imposition of fines and penalties are strictly implemented owing to the empirical finding on the positive relationship between fines & penalties and tax compliance, except that government should ensure that the imposition of fines and penalties are fairly applied so that it would enhance the attitudinal commitment of SMEs toward effective tax compliance and

further improve the integrity perception about the GRA.

Finally, the government of Ghana should restructure the GRA with formal mechanisms to monitor the effect of changes in tax rates, income levels and fines on the compliance behaviour of SMEs in Ghana with a view to receiving informative feedback on revenue policy implementation.

8. FUTURE RESEARCH STUDY

This article leaves more room for future study into other economic and social determinants of tax compliance in Ghana and other jurisdictions.

DISCLAIMER

The products used for this research are commonly and predominantly use products in our area of research and country. There is absolutely no conflict of interest between the authors and producers of the products because we do not intend to use these products as an avenue for any litigation but for the advancement of knowledge. Also, the research was not funded by the producing company rather it was funded by personal efforts of the author.

COMPETING INTERESTS

Author has declared that no competing interests exist.

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