

Examining the Tax Compliance of Small Businesses

Alexander Oluka¹, Nyashadzashé Chiwawa² and Abdulla Kader^{3, 1,3}
Department of Entrepreneurial Studies and Management, Durban University of Technology, Durban, South Africa, ² School of Management, IT and Governance, University of KwaZulu-Natal, Durban, South Africa, Email: olukaam@gmail.com, nyasha263@yahoo.com, kadera@ukzn.ac.za

Despite the call for businesses to pay their taxes voluntarily, many are still reluctant to comply with the tax laws. This research therefore sought to establish the perception of small businesses towards tax compliance as well as the benefits associated with tax compliance for small businesses. This research was conducted in Ugu district in KwaZulu-Natal. The study used a qualitative research approach which employed interviews on a sample of 20 small business owners. The study observed that complicated tax laws, corruption, the cost of tax compliance significantly discourages tax compliance by small business owners. However, as a benefit, it was noted that tax compliance was one of the major factors for qualifying a small business to receive government contracts. When small business owners perceive government officials to be involved in corruption, they may be encouraged to evade tax. In a corrupt society, taxpayers would rather evade paying taxes by paying a small bribe to a tax official. Trust in the government is a major driver of tax morale and tax compliance. In addition, the government should consider writing simpler tax codes which may decrease the unintentional tax noncompliance.

Key words: *Compliance cost, Corruption, Taxpayer, Tax compliance, Small business*

Introduction

South Africa's tax system is residence based (Income Tax Act, 1962), meaning that residents are taxed on their worldwide earnings, subject to certain exceptions, regardless of where these earnings were received from. Non-residents are only taxed on income earned in South Africa, with relief available under double taxation agreement (DTAs). Foreign taxes are deducted from the sum of South African tax due on foreign income (Income Tax Act, 1962).

Tax officials and taxpayers must interact with the tax system either as individuals, in their private capacity, as members of the family or corporation. Many African countries with emerging economies are facing enormous difficulties in enforcing tax laws and efficiently administering tax revenue, and communities are feeling the effects of this phenomenon in their everyday lives. The South African revenue service (SARS) failed to meet its revenue collection target of R1.3 trillion for the financial year 2019/2020 with a shortfall of R66 billion (SARS, 2020). That is why it is important to understand the perception of small business taxpayers towards tax compliance. It is critical for any nation to understand the reasons why its citizens comply or evade taxes. The loss of revenue has a significant impact on government's ability to provide public goods and services to the citizens. James and Alley (2002) refer to tax compliance as meeting tax obligations by the taxpayer through the filling of correct returns and making the tax payment in accordance with the law. Owing to the taxpayer's neglecting their essential role to comply with the tax laws, a variety of measures have been applied by authorities to improve taxpayer's behaviour, with the objective of encouraging them to comply with national tax laws to sustain tax revenues for public expenditure financing (D'agosto, Manzo, Pisani and D'arcangelo, 2018).

Small businesses play a crucial role in the development of a country and are the engine of growth (Ayandibu & Houghton, 2017). Small businesses also act as collectors of employees' tax and Value Added Tax (VAT) for the government. The National Small Enterprise Act 102 of 1996:17, classifies small businesses in different thresholds based on the total number of full-time paid employees (10-50), total turnover of between R200 000 -R32 000 000 and lastly total gross asset value of about R500 000-6 000 000. This research therefore sought to establish the perception of small businesses towards tax compliance as well as the benefits associated with tax compliance for small businesses.

Following on this introduction, the paper will present the theoretical framework upon which the research question hinges before review of the literature and the adopted research methodology. Subsequent to this will be the presentation and the discussion of the results which will be finally followed by the conclusion as well as suggested areas for further research.

Conceptual framework

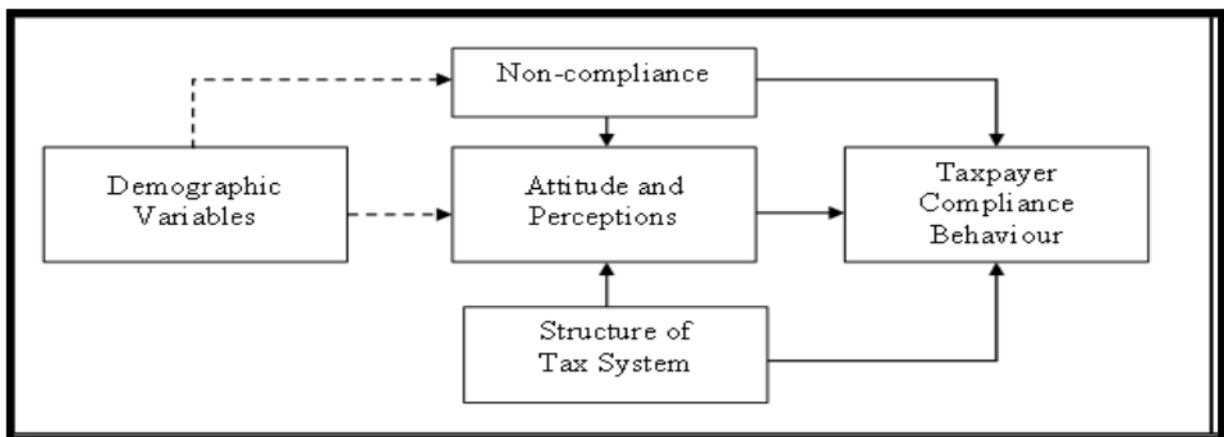
A single approach is not likely to be entirely effective in explaining the tax compliance behaviour of taxpayers but a blend of both economic and behavioural approaches seems most appropriate (Hasseldine and Bebbington, 1991). Researchers examining taxpayer compliance come from a variety of fields and backgrounds, consequently bringing with them a variety of theoretical frameworks to their studies. The economic perspective suggests that taxpayer's compliance behaviour is influenced by tax rate, size of the penalty and detection probability (Hasseldine and Bebbington, 1991). The theory of expected utility perceives the taxpayers as individuals who always looks for the opportunity to evade to pay tax if the cost of the

opportunity to evade tax exceeds the penalty (Allingham and Sandmo, 1972). The threats of punishment and the effects of punishment is what the theory is mainly concerned with (Hauptman, Gürarda and Korez-Vide, 2015).

In addition Hauptman et al. (2015) believe that undesirable behaviour can be deterred by harsh and high penalties, coupled with the certainty of the imposition of these penalties by the tax collector. The theory of expected utility perceives taxpayers as being responsive mainly to monetary incentives as the benefits and punishments as the costs to tax evasions (Rodriguez-Justicia and Theilen, 2018). Penalties, tax audits and prosecution are the theoretical deterrence measures that the theory proposes to the tax authorities for encouraging tax compliance (Rodriguez-Justicia and Theilen, 2018).

Complying with the tax law is complicated because human behaviour is involved. Therefore, the compliance decisions of taxpayers do not merely depend on their isolated assessments of economic variables such as income, audit probability and penalty, but also on their beliefs about what they should do and what others would do (Tan and Yim, 2014). Behavioural and economics approaches have helped with the understanding of individual's tax compliance behaviour which is captured through the expanded model of tax compliance shown in figure 1 below. Economic, sociological, and psychological factors are all included in an expanded model of tax compliance behaviour. The behavioural perspective assumes that taxpayers interact according to different beliefs, roles, norms, and attitudes rather than being utility maximisers.

Figure: 1. Expanded Model of Taxpayer Compliance



Source: Fischer, Wartick and Mark (1992, p.4)

Literature review

The perception of small businesses towards tax compliance

Ibrahim, Musah and Abdul-Hanan (2015) suggest that tax morale and tax compliance is mainly driven by trust in the government. Faizal, Palil, Maelah and Ramli (2017) believe that the degree to which the taxpayers comply with the tax law is dependent on the perception of justice in the tax system. However, taxpayers are likely to believe that the authorities are unjust by not returning the favour through service delivery. Faizal et al. (2017) further urge that when taxpayers receive fair treatment from the tax authority it encourages them to build trust with the authorities and enhances tax compliance. When incorrectly reported income is detected, and a taxpayer is not afforded a chance to explain reasons for the mistake, this might make a taxpayer feel offended and disrespected of being suspected of tax evasion and could lead to a decrease in tax morale (Feld & Frey, 2018). However, taxpayers would treasure the respect when tax authorities upon detecting an error or omission make an endeavour to contact him/her to explain reasons for the discrepancy (Feld and Frey, 2018). This would subsequently increase tax compliance as taxpayers would build trust with the authority.

Hallsworth (2014) believes that tax compliant taxpayers may disregard the law leading to a decrease in morality between taxpayers. Gangl, Hofmann and Kirchler (2015) explain that the issue of compliance is regarded as morally binding among the society. Therefore, compliance with legal regulations is contingent on the adoption of its fundamental principles and on its ability to discourage non-compliance (Abraham, Lorek, Richter & Wrede, 2018). Tan and Yim (2014) suggest that the decision by taxpayers on tax compliance does not only rest on an economic variable but also on the morals, values and beliefs among the society. Tan and Yim (2014) further point out that taxpayers can choose to disclose their income honestly or otherwise for additional funds when they are not detected. However, Hauptman, Horvat and Korez-Vide (2014) suggest that non-compliance can be detected and deterred by using a risk management approach. This may be done by putting taxpayers into sectors based on their risk profile.

Pickhardt and Prinz (2014) believe that when the government does not trust taxpayers to pay their tax voluntarily, taxpayers may also reciprocate the same attitude, and this may affect voluntary tax compliance. When taxpayers perceive government policies to be unfavourable, they may remain non-compliant to the tax system (Engida & Baisa, 2014). Additionally, Luttmer and Singhal (2014) believe that tax evasion can be influenced by the nature of services that the government spent the tax revenue on and how the taxpayers view these services.

Rosid, Evans and Tran-Nam (2016) reveal that the overstating of expenses and underreporting of tax income by taxpayers is associated with the believe that high ranking tax officials and public office bearer are involved in tax fraud and corruption. In the United States of America,

companies that are owned by individuals that come from countries with high levels of corruption are more likely to engage in tax evasion despite facing the same administration environment (Luttmer & Singhal, 2014). Furthermore, Alm, Martinez-Vazquez and McClellan (2016) argue that when tax officials engage in corrupt activities, they promote tax evasion by making it easier for taxpayers to conceal their income. Conversely tax evasion can facilitate corruption by aiding the prospects for it to thrive.

Annan, Bekoe and Nketiah-Amponsah (2014) opine that tax noncompliance is considerably and positively influenced by the general increase in the prices of goods and services, the age of taxpayers and the average tax rate. Tax compliance is a significant challenge for many small businesses particularly when it comes to compliance costs as these costs are substantial and severely regressive in relation to taxpayer's income (Smulders, Stiglingh, Franzsen and Fletcher, 2017).

Tax compliance benefits for small businesses

The discipline exerted on small businesses to keep and prepare the correct financial statements, especially VAT, is one of the indirect advantages of tax compliance. Evans, Hansford, Hasseldine, Lignier, Smulders et al. (2014) suggest that small businesses benefit from financial information they acquire from tax compliance activities that assist the taxpayers better manage their businesses. In addition, Evans et al. (2014) believe that some of the benefits that small businesses would receive from tax compliance may be in the form of accurate record keeping and access to improved knowledge of financial matters. However, informal small businesses perceived registering for tax to be of no advantage (Govender, 2008). The achievement of managerial benefits are not reliant on a particular type of the tax obligation (Ramli, Palil, Hassan and Mustapha, 2015).

Faridy, Freudenberg and Sarker (2018) explain that cash flow benefit emanates if there is a time gap between the time of tax payment and the real-time the tax obligation is sustained. When small businesses comply with the tax law, they derive some tax compliance benefits that flow in the form of tax deductibility, managerial benefits and cash flow (Tran-Nam, 2015). In addition, Gupta and Sawyer (2015) indicate that businesses benefited from cash flow benefit by paying the tax they withhold from their employees (Pay As You Earn) and the one they collect from customers (VAT) to revenue authorities, weeks or months after they are collected. Tran-Nam (2015) argue that cash flow benefits, recurrent cash subsidies and tax deductibility benefits are some of the benefits that accrue to tax compliant taxpayers.

Methodology

This study employed a non-probability purposive sampling as an effective sampling technique because it helps the researcher to target particular and relevant participants, in this case small

businesses. The majority of the participants were males within the age range of 30 to 54 years. All ethical protocols were observed. The researchers collected data from participants through semi-structured in-depth interviews with a view to obtain rich data. In addition, the interviews were supported by secondary literature sources. Semi-structured in-depth interviews are preferable in the qualitative research as they allow for flexibility from the participants when they respond to questions and the researcher can probe on the themes that arise during the interview. The interviews were audio recorded, transcribed, and coded before the data were analysed thematically. The sample of this study comprised of 20 small businesses in KwaZulu-Natal in South Africa.

Results and discussion

Complicated tax law

The constant changes in the tax laws pose a significant challenge to taxpayers. Businesses are operated by individuals with different educational backgrounds. To be able to interpret the tax law, one needs to have an experience in accounting or tax law. According to Wadesango, Mutema, Mhaka, and Wadesango (2018), the frequent changes in the tax law generate an atmosphere of uncertainty in tax interpretation and application for small firms. One participant points out that the changes in the relief offered by the government to small businesses make it difficult to understand and interpret the tax law. This is also coupled with a lack of tax knowledge to understand and apply for these reliefs. Abdul and Wang'ombe (2018) believe that small businesses are confronted with a complex and time-consuming tax registration process that is burdensome and complicated due to the numerous legal paperwork that they must fill out, as well as the onerous procedure for filing tax returns. The views of small business taxpayers further indicate that taxpayers face difficulty in interpreting the tax law because of the technical language used in the tax Act which may lead to unintended tax non-compliance. Taxpayers' may face challenges in applying some of the tax concession and rebates given by the government to encourage small business growth due to the lack of tax knowledge to interpret the law. Moreover, multiple taxes, onerous tax duties, and the general complexity of tax legislation creates a burden for small enterprises (Swistak, 2016). One of the participants stated that:

Tax law is complicated to interpret, and it keeps changing all the time, so you need to be up to date with your tax knowledge especially after the budget speech. For example, the government recently announced some tax relief for businesses during COVID-19 and I didn't know where to start from... Tax has been made more complex with the introduction of e-taxes in which you have to get everything online and people who are not savvy with technology may have a challenge in this regard (P5).

The findings of the study suggest that complex tax law poses a significant challenge for the taxpayer, as they are unable to interpret the law due to the type of language used in writing the tax law. The study finding is corroborated by Sue and Martin (2016) who suggest that small businesses encounter challenges in discharging their tax obligations because they do not have adequate accounting knowledge, they lack financial management skills and lack cash flow planning. The issue of low tax compliance and tax evasion is generally related to the complexity of tax systems where taxpayers are insufficiently aware of their tax obligations. Complex tax law together with high compliance costs may cause unintentional tax non-compliance and decrease effective access to tax fairness for small businesses (Sapiei, Abdullah & Sulaiman, 2014). The study further found that the constant changes in the tax law presented another challenge for taxpayers. These findings are supported by Cvrlje (2015) who explains that the tax system itself presents a complex system, and in the context of continuous changes, it becomes even more challenging for taxpayers to be adequately educated on it.

Time constrains to deal with tax matters

Dealing with tax matters is always time-consuming. Taxpayers' view the time they spent on tax matters as a waste of time because they could devote that time to run and manage their businesses. Participants indicated that they spent a substantial amount of time on tax issues to void penalties and interests. When taxpayers submit incorrect information, they are penalised and fined. The time they take out to do record-keeping, correct preparation, and accurate completion of tax returns to avoid mistakes may cause financial loss. Calculating tax due requires time and accuracy to avoid sanctions from the collector of revenue.

In addition, taxpayers also experience stress, worry, and frustration when dealing with tax matters. Faridy et al. (2016), reveal that tax compliance taxpayers suffer a higher psychological cost than noncompliant taxpayers. These could be related to the fear of making mistake which can attract fine and penalties. The psychological effects of coping with tax legislation are the most difficult to quantify.

There is a major delay in resolving objections by South African revenue service. For example, when you place an objection, you expect to receive a response in 21 days but after 21 days you still do not get a response. So, as a result, it takes an impact on business. Sometimes you will be taken around circles for a very long time, and this requires you to make numerous phone calls or go to SARS offices and this waste a lot of time and money (P2).

The study findings also indicate that small business taxpayers must allocate productive time to tax related activities (sorting invoices, statement, filing tax returns, consultation with an accountant) that they could have used to run their businesses. This highlights the challenges that taxpayers encounter in resolving tax matters. These findings are in line with the study by

Eichfelder and Hechtner (2018) who found that small businesses spend a considerable amount of time in tax-related activities, for example, record-keeping, correct preparation, and accurate completion of tax returns in order to avoid mistakes that may attract an administrative penalty. In addition, small business taxpayers continue to face extreme time constraints and financial constraints during the tax dispute resolution process. The delay in adjudicating the objection has a negative impact on taxpayers because they cannot have a tax clearance certificate. The tax clearance certificate is essential as it indicates that the taxpayer is tax compliant. These findings corroborate with a study by Kogler et al. (2016) who found that participants with delayed feedback perceive the timing of information on audits as significantly more unfair, and furthermore evaluate the respective authorities as acting unfairly. It would seem probable that the perception of unfair treatment would lead honest taxpayers to abandon compliance.

Cost of tax compliance

Taxpayers have to spend money to help them deal with tax matters. These expenses increased taxpayers' costs of running a business. These expenses could be for the installation of an appropriate accounting system. Proper accounting system enables the taxpayer to manage and keep records for tax purposes. The type of accounting system that taxpayers use has a significant impact on the tax compliance cost incurred by the taxpayer. For example, if a taxpayer decides to use the manual (paper-based) system, they will probably spend more time sorting invoices than taxpayer using computerised accounting system. The reason why the majority of small businesses do not have a proper accounting system could be because of the hefty cost of acquiring one. The other expense incurred by taxpayers is the payment to accountants to help them prepare and file their tax returns.

This was revealed as one of the research participants had the following to say:

It is so costly to pay an accountant, for us here we pay more than R10 000 a month for practitioner's fees besides everything we need to do. Sometimes SARS incorrectly issues a penalty or interest, and you might need legal advice on the matter or lawyer to represent you, these legal costs are high and decrease business profits. On one occasion the tax official added an IRP5 in my tax return although it was not supposed to be included in my tax return and this was of an amount of R150 000 (P13).

The study revealed that small business taxpayers incur financial related expenses to fulfil their tax obligation in addition to the actual taxes they must pay. Evans and Tran-Nam, (2014) argue that the fees charged by tax practitioners' increase with the business size and small businesses disproportionately spend more in comparison to firms with large turnover. The financial costs of tax compliance include expenses of employing additional staff in the tax department; fees paid to accountants for tax advice and incidental expenses of postage, telephone, and travel to communicate with tax advisers or tax office, which are easily quantifiable. Tax compliance

expenses also affect the financial behaviour of taxpayers. Smulders et al. (2017) explain that the costs related to tax compliance are regressive in nature and put a heavy burden on small business success and sustainability. According to Eichfelder and Hechtner (2018), large businesses can withstand compliance costs because their turnover is often high, but smaller businesses bear the brunt of the load. Tax compliance costs include payment of external service providers by small businesses that are unable to complete the tasks on their own and the time spent with tax officials during inspections and audits. This is in line with the study of Smulders et al. (2017) who point out that small businesses are confronted with the high fees that they must pay tax practitioners in order to comply with the tax law because the majority of the entrepreneurs do not have any accounting or tax knowledge. The money spent on these activities represents an opportunity cost that distracts taxpayers from the more important task of running the business. The findings of the study are backed up by Eragbhe and Omoye (2014), who showed that the location of some small enterprises contributed significantly to high tax compliance costs because tax offices are concentrated in metropolitan regions rather than rural ones. Furthermore, Tran-Nam and Walpole (2016) argue that litigation costs, such as court fees, expert assistance, and the value of lost time, are costs incurred by taxpayers in an effort to resolve tax disagreements with revenue authorities through a court or independent body.

Corruption by government officials

Corruption by public officials has a significant influence on the tax compliance behaviour of taxpayers. Corrupt tax officials enable the taxpayer to evade tax. This means that corrupt officials deprive communities of basic essential services. All participants shared the same sentiments on the corrupt behaviour of tax officials. When taxpayers perceive tax officials to be corrupt, they may revolt against paying tax. This could be in the form of overstating their expenses, which decreases their taxable income, or they may start to participate in black economy. One of the participants lamented that:

There is a lot of corruption in SARS now days whereby some officials take money (bribe) to clear all your outstanding tax debt. Every day you hear about corruption by politicians or civil servants, and nothing is done about it. Some businesses have started taking cash only so that they can pay less tax. Corruption has been the major reason why our country has gone down (P20).

The comments indicate that tax compliance depends on the tax morality of the taxpayer. When tax morality is eroded, taxpayers may condone tax evasion when they perceive that public officials are involved in corrupt activities. Corruption has the ability to stymie governments' efforts to collect enough tax revenue to cover their expenses. The findings are in line with the study by Alm et al. (2016) who found that corruption of tax officials is a statistically and economically significant determinant of tax evasion. The study's findings are also consistent with Litina and Palivos (2016) who reveal that systemic corruption leads to a loss of social

capital, mutual mistrust between people and the government, as well as social legitimisation of tax evasion and bribery. Corruption thrives in countries where administrative bureaucracy has undue control and lacks transparency in law enforcement. Studies suggest that enforcement efforts have proven less successful in reducing tax evasion by businesses controlled by owners from corrupt countries (DeBacker, Heim & Tran, 2015). Increased corruption-related payments by businesses to tax officials decrease the level of organisational tax compliance. When illegal payments become so widespread that it is an institutionalised practice, lower tax compliance rates may be more likely. When taxpayers perceive government officials to be involved in corruption, they may overstate expenses and underreport tax income.

Benefits of paying tax

Small business taxpayers can benefit indirectly from the taxes they pay. When businesses pay taxes, they benefit from social services offered by government. For example, policing services helps in the reduction of crime which may affect their business operations. When government provides medicines in the hospitals, it helps the employees to stay healthy and reduces absenteeism from work which in turn increases productivity of the business. Taxpayers are happy to pay higher taxes if they have confidence that the government is using the funds to boost the health of the public, which benefits the taxpayer as well (Kiow, Salleh & Kassim, 2017). Furthermore, taxpayers believe that any tax payment should result in a reciprocal gain (Sudarma & Darmayasa, 2017).

In addition, small business taxpayers enjoy accelerated allowances and special tax rates in the Income Tax Act. Reduced income tax rates and accelerated depreciation allowance for movable assets result in lower income tax liability for small business taxpayers. However, these benefits are only available to tax compliant taxpayers. In addition, businesses must be tax compliant to receive this government support. (Maseko, 2014) explains that obtaining a tax clearance certificate is the highest motivation to comply with tax laws and regulations for most small businesses because it enables them to apply for government contracts or tenders. Apropos to this argument, one of the participants echoed the following verbatim:

Many businesses can only get contracts from government when they are in the database and tax compliant. When you apply for any government contract, they require you to have your tax affairs in order. Paying taxes also helps government to provide services to the citizens (P16).

This finding indicates that taxpayers can only get contracts from government when they are registered taxpayers and compliant with the tax laws. The recent outbreak of COVID-19 saw governments globally offering tax breaks to taxpayers to mitigate the impact of COVID-19 on businesses. Many governments have also introduced stimulus packages to help stimulate business activities. For example, most governments require tax clearance certificate as one of

the criteria for taxpayer to qualify for government support or be able to do business with government. One of the requirements for a business to qualify for the government relief package was that they needed to be tax compliant. The tax clearance certificate is essential as it indicates that the taxpayer is tax compliant. The lawful delay in the tax payments of tax revenues received on behalf of the receiver of revenue (PAYE, VAT) until the tax is paid to the tax authority may benefit tax compliant businesses by boosting their cash flow. Faridy, Freudenberg and Sarker (2018) explain that tax-compliant taxpayers can benefit from improved accounting information systems, enhanced decision-making based on better records, and advanced transaction tracking. Being tax complaint requires taxpayers to be up to date with their record and bookkeeping especially Value Added Tax audits.

Conclusion

Small businesses are operated by both individuals with formal and informal education. This leads to the perception of the tax law being complicated and difficult to interpret for some small business owners as they may not have had formal education in tax and accounting. To be able to interpret and understand the tax law, one needs to have a background in tax or accounting because of the terminology and the way the tax law is written. The inability to interpret and understand the tax law may lead to unintentional tax evasion by small businesses. Therefore, for small businesses to be tax compliant, they must use the services of tax practitioners. The perceived financial burden of tax compliance has significant impact on tax compliance among small business taxpayers.

It is believed that the cost of tax compliance disproportionately falls on small businesses as compared to large businesses with large cash flow. Therefore, small businesses may be discouraged to pay tax as the cost of tax compliance reduces their profits. In addition, taxpayers must take time to deal with tax matters, for example visiting the tax office, consultation with tax practitioner and compiling tax invoice for tax returns. Small business owners may perceive the time they spend dealing with tax matters as waste of time because they could spend it running their business. Some small businesses are owned and run by one person which mean that the time they spend dealing with tax issues could cause financial loss. The perceptions of corruption among tax officials and public officials can foster a distrustful relationship between taxpayers and revenue authorities. Tax compliance depends on the good relationship between citizens and the government. When this relationship is eroded, tax morality among citizens decreases. Corruption and the misuse of tax revenue often acts as moral justification for tax noncompliance.

Future research

This study focused on tax compliance perception of small businesses towards tax compliance as well as the benefits associated with tax compliance for small businesses. Therefore, future



studies can employ different methodology to investigate tax compliance perception of small businesses to capture big sample size so that the results can be generalisable. In addition, further studies can explore mechanisms to reduce tax compliance costs.

REFERENCES

- Abdul, F., & Wang'ombe, D. (2018). Tax costs and tax compliance behaviour in Kenya. *Journal of Accounting and Taxation*, 10, 1-18.
- Abraham, M., Lorek, K., Richter, F., & Wrede, M. (2018). Breaking the norms: When is evading inheritance taxes socially acceptable. *European Journal of Political Economy*, 52, 85-102.
- Allingham, M.G., & Sandmo, A. (1972). Income tax evasion: A theoretical analysis. *Journal of public economics*, 1(3-4), 323-338.
- Alm, J., Martinez-Vazquez, J., & McClellan, C. (2016). Corruption and firm tax evasion. *Journal of Economic Behavior & Organization*, 124, 146-163.
- Annan, B., Bekoe, W., & Nketiah-Amponsah, E. (2014). Determinants of tax evasion in Ghana: 1970-2010.
- Ayandibu, A.O., & Houghton, J. (2017). The role of Small and Medium Scale Enterprise in local economic development (LED). *Journal of Business and Retail Management Research*, 11(2), 133-139
- Cvrlje, D. 2015. Tax literacy as an instrument of combating and overcoming tax system complexity, low tax morale and tax non-compliance. *The MacrotHEME Review*, 4, 156-167.
- D'agosto, E., Manzo, M., Pisani, S., & D'arcangelo, F. M. (2018). The Effect of Audit Activity on Tax Declaration: Evidence on Small Businesses in Italy. *Public Finance Review*, 46, 29-57.
- DeBacker, J., Heim, B.T., & Tran, A. (2015). Importing corruption culture from overseas: Evidence from corporate tax evasion in the United States. *Journal of Financial Economics*, 117(1), 122-138.
- Eichfelder, S., & Hechtner, F. (2018). Tax compliance costs: Cost burden and cost reliability. *Public Finance Review*, 46(5), 764-792.
- Eragbhe, E., & Omoye, A.S. (2014). SME characteristics and value added tax compliance costs in Nigeria. *Mediterranean Journal of Social Sciences*, 5(20), 614-620.
- Evans, C., Hansford, A., Hasseldine, J., Lignier, P., Smulders, S., & Vaillancourt, F. (2014). Small business and tax compliance costs: A cross-country study of managerial benefits and tax concessions. *eJournal of Tax Research*, 12, 453.
- Faizal, S. M., Palil, M. R., Maelah, R., & Ramli, R. (2017). Perception on justice, trust and tax compliance behavior in Malaysia. *Kasetsart Journal of Social Sciences*, 38(3), 226-232.
- Faridy, N., Freudenberg, B., & Sarker, T. (2018). What's in it for me? The potential for managerial benefits to improve tax compliance. *Australian Tax Forum*, 33, 307-342.
- Feld, L. P., & Frey, B. S. (2018). *Illegal, immoral, fattening or what?: How deterrence and responsive regulation shape tax morale* (15-37). Routledge.
- Gangl, K., Hofmann, E., & Kirchler, E. (2015). Tax authorities' interaction with taxpayers: A conception of compliance in social dilemmas by power and trust. *New ideas in psychology*, 37, 13-23.

- Govender, R. (2008). Informal SMME tax compliance survey report. Washington, DC: USAID.
- Gupta, R., & Sawyer, A. (2015). The costs of compliance and associated benefits for small and medium enterprises in New Zealand: Some recent findings. *Austl. Tax Forum*, 30, 135.
- Hallsworth, M. (2014). The use of field experiments to increase tax compliance. *Oxford Review of Economic Policy*, 30(4), 658-679.
- Hasseldine, D. J., & Bebbington, K. J. (1991). Blending economic deterrence and fiscal psychology models in the design of responses to tax evasion: The New Zealand experience. *Journal of Economic Psychology*, 12, 299-324.
- Hauptman, L., Gürarda, Ş., & Korez-Vide, R. (2015). Exploring Voluntary Tax Compliance Factors in Slovenia: Implications for Tax Administration and Policymakers. *Lex Localis- Journal of Local Self-Government*, 13, 639-659.
- Hauptman, L., Horvat, M., & Korez-Vide, R. (2014). Improving tax administration's services as a factor of tax compliance: The case of tax audit. *Lex localis*, 12, 481-501.
- Ibrahim, M., Musah, A., & Abdul-Hanan, A. (2015). Beyond enforcement: what drives tax morale in Ghana? *Humanomics*, 31(4), 399-414.
- Income Tax Act. (1962). Income Tax Act 58 of 1962. Available: <https://www.gov.za/documents/income-tax-act-29-may-1962-0000> [accesses 20 May 2021]
- James, S., & Alley, C. (2002). Tax compliance, self-assessment and tax administration. University Library of Munich, Germany.
- Kiow, T.S., Salleh, M.F.M., & Kassim, A.A.B.M. (2017). The determinants of individual taxpayers' tax compliance behaviour in peninsular malaysia. *International Business and Accounting Research Journal*, 1(1), 26-43.
- Kogler, C., Mittone, L., & Kirchler, E. (2016). Delayed feedback on tax audits affects compliance and fairness perceptions. *Journal of Economic Behavior & Organization*, 124, 81-87.
- Litina, A., & Palivos, T. (2016). Corruption, tax evasion and social values. *Journal of Economic Behavior & Organization*, 124, 164-177.
- Luttmer, E. F., & Singhal, M. (2014). Tax morale. *Journal of Economic Perspectives*, 28, 149-68.
- Maseko, N. (2014). Determinants of tax compliance by small and medium enterprises in Zimbabwe. *Journal Of Economics And International Bussiness Research*, 2, 48-57.
- Pickhardt, M., & Prinz, A. (2014). Behavioral dynamics of tax evasion – A survey. *Journal of Economic Psychology*, 40, 1-19.
- Ramli, R., Palil, M. R., Hassan, N. S. A., & Mustapha, A. F. (2015). Compliance Costs of Goods and Services Tax (GST) among Small and Medium Enterprises. *Jurnal Pengurusan*, 45, 39-48.
- Rodriguez-Justicia, D., & Theilen, B. (2018). Education and tax morale. *Journal of Economic Psychology*, 64, 18-48.



- Rosid, A., Evans, C., & Tran-Nam, B. (2016). Do perceptions of corruption influence personal income taxpayer reporting behaviour? Evidence from Indonesia. *eJournal of Tax Research*, 14, 387-425.
- Sapiei, N. S., Abdullah, M., & Sulaiman, N. A. (2014). Regressivity of the corporate taxpayers' compliance costs. *Procedia-Social and Behavioral Sciences*, 164, 26-31.
- SARS. (2020). The 2020 Tax Statistics [Online]. Pretoria: National Treasury and SARS. Available: www.sars.gov.za/about/sataxsystem/pages/tax-statistics.aspx [Accessed 28 March 2021].
- Smulders, S., Stiglingh, M., Franzsen, R., & Fletcher, L. (2017). Determinants of external tax compliance costs: Evidence from South Africa. *South African Journal of Accounting Research*, 31, 134-150.
- Sudarma, I., & Darmayasa, I.N. (2017). Does voluntary tax compliance increase after granting tax amnesty?. *Accounting and Finance Review (AFR)* Vol, 2(3), 11-17
- Sue, Y., & Martin, F. (2016). Tax compliance and cultural values: The impact of "individualism and collectivism" on the behaviour of new zealand small business owners. *Australian Tax Forum*, 31, 289-320.
- Tan, F., & Yim, A. (2014). Can strategic uncertainty help deter tax evasion? An experiment on auditing rules. *Journal of Economic Psychology*, 40, 161-174.
- Tran-Nam, B. (2015). Tax compliance as a red tape to businesses: Conceptual issues and empirical evidence from Australia. *Journal of Business & Economic Policy*, 2, 76-87.
- Wadesango, N., Mutema, A., Mhaka, C., & Wadesango, V. (2018). Tax compliance of small and medium enterprisesthrough the self-assessment system: Issues and challenges. *Academy of Accounting and Financial Studies Journal*, 22, 1-15.