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EFFECTS OF TAX AWARENESS, KNOWLEDGE AND SOCIAL COSTS ON TAX COMPLIANCE OF SMEs OPERATORS IN JALINGO LGA

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ABSTRACT

There was perceived failures of taxpayers to report correctly the actual income, claim deductions and rebates and to remit the actual amount of tax payable to the tax authority on time in Taraba State generally and Jalingo Local Government Area in particular. This may be due to non-compliance of taxpayers as the results of tax evasion and multiple taxes. Non-compliance has been a great challenge in the informal sector of the Nigerian economy. In line with this background this investigated the effect of taxpayer's characteristics on the tax compliance of SME's operators in Jalingo local government of Taraba state. The sample size of one hundred and ninety (190) managers of SMEs operating in Jalingo LGA was drawn from the entire population of manager in the study area using simple purposive sampling technique. The study employed survey research design and data collected were analyzed using descriptive statistics of mean and standard deviation while hypotheses formulated were tested using linear regression analysis with the aid of a statistical package for social sciences (SPSS) version 23. The findings revealed that tax awareness (TAW) and tax knowledge (TAK) have significant positive effects on the tax compliance of SME's operators in Jalingo local government area of Taraba state; while tax social cost has an insignificant negative effect on tax compliance of small and medium scale (SMEs) operators in Jalingo LGA. Therefore, the study recommends among others that the tax authorities should try as much as possible to create more awareness to the taxpayers through seminars, workshops and conferences to the SME's operators; tax authorities/collectors should simplify the process of tax collection by not collecting bribe from the tax payers, filing expenses, distance etc as these will make the tax payers

feel reluctant to pay tax as at when due as well as multiple taxes should be checked by the tax authority in order to reduce the burden of tax on taxpayers in Jalingo LGA, Taraba State.

Keywords: Effect, Tax Awareness, Tax Knowledge, Taxpayer, Social Cost, SMEs.

Introduction

Taxation is one of the main sources of revenue generated by the government at all levels. It has been helping the developing countries to achieve political, social, economic and developmental goals. Revenue collected through taxes have been used to finance social and physical infrastructure needs, provide stable and predictable fiscal environment, promote economic growth and investment, promote good governance and accountability by strengthening the relationship between the government and its citizens; and ensure that the costs and benefits of development are fairly shared (Akinboade, 2018). Individuals and companies pay various taxes to the government which are use as part of measures to control the economy and redistribution of income. Compliance in tax payment enables the government to provide sufficient infrastructure to the populace. Tax compliance is an ultimate condition for taxpayers who meet tax regulations and report income accurately and honestly (Night & Bananuka, 2020). Tax compliance is paramount for the government to provide public goods and reallocate wealth accordingly. However, the reality in developing countries shows the voluntary compliance level to the community is still low (Yuniarta & Purnamawati, 2020). Taxpayer's attitude is a fundamental motivation to pay taxes or feel guilt from failure to comply with the tax authority which has been linked to tax compliance by underreporting taxable income (Kemmea, Parikh & Steign, 2020). In addition, the authors further explained that tax compliance can be attributed to some factors which include: tax awareness, taxpayers' knowledge, taxpayers' gender, burden of tax and taxpayers' income among others.

Barbuta (2019) argued that the disposition of the taxpayer can fundamentally affect the level of compliance. The attributes of taxpayers such as attitude of taxpayers, social and psychological makeup as well as the environment within which non-compliance may increase or decrease tax compliance. The more tax payers understand the tax system, realize that government provides adequate services and infrastructure, the more they are likely to increase compliance and vice versa. Thus, emotional experiences play a central role in tax compliance decisions since it is crucial to take the taxpayers' subjective perceptions into consideration when designing policies to promote compliance (Enachescu, Olsen, Kogler, Zeelenberg, Breugelmans & Kirchler, 2019).

Tax awareness is an effort by the tax authority to provide information about tax, create more knowledge, understanding and guidance to the general public especially on tax laws through motivation and understanding towards improvement of taxpayers' compliance. Tax awareness has been reported to have a positive effect on tax compliance if service quality is efficient for some taxes (Savitri & Musfialdy, 2018). In addition, it includes counselling from the tax board, discussions with the taxpayers and public figured, delivery of information from tax officials, billboards and website creation. Government has made various regulations and policies that either positively or negatively affects multiple sectors of the economy, small and medium enterprises (SMEs) are inclusive. Small and medium enterprises (SMEs) are fundamental to every economy.

Small and medium enterprises (SMEs) create employment, help to check rural-urban drift, help in international trade, provide services and support to big companies, and help in the diversification of the economy (Savitri & Musfialdy, 2018). The authors further asserted that some SME taxpayers do not have adequate knowledge about tax laws, lack adequate knowledge of tax which sometimes results in low tax compliance. Tax compliance is presently a topical policy issue, especially in developing countries, as governments are seeking ways to improve efficiency in tax revenue collection to finance their budgets. SMEs are the majority business taxpayers in most developing countries and as such their compliance levels directly impact on government tax revenue collections.

In Nigeria, small and medium enterprises (SMEs) represent over 95% of enterprises that generate over 50% of private sector employment (Atawodi & Ojeka, 2020). Most large companies have their roots in small and medium enterprises suggesting that the future large corporations are the small and medium enterprises of today that must be nurtured to ensure their growth. Thus, small and medium enterprises are generally perceived to be the seedbed for indigenous entrepreneurship and generate all the many small investments, which would otherwise not have taken place (Barbuta, 2019).

Therefore, developing economy like Nigeria needs to further the development of its private sector by creating an environment favourable to the growth of small and medium enterprises, strengthening the factors that lead to business success, and addressing the problems threatening the existence and advancement of small and medium enterprises. This will improve mobilisation of domestic savings for investment, appreciable contribution to gross domestic product, increased harnessing of local raw materials, employment generation, and significant contribution of poverty reduction.

Tax revenue is the source of funds used for development projects such as provision of infrastructure like good roads, stable power supply, and stable water supply to mention a few. All of which combine to create an enabling environment for businesses and in turn the economy at large to grow. Small and Medium Enterprises being profit generating establishments are also expected to pay their dues. Small and medium enterprises (SMEs) in developing countries are the backbone of indigenous investments.

The factors affecting growth of small and medium scale enterprises among others are perceived to be the economic environment which has ripple effects in contaminating tax compliance. In developing countries, tax noncompliance is a serious challenge facing income tax administration and hindering tax revenue performance according to Friedman (2018). Tax compliance is a major problem for many tax authorities and it is not an easy task to persuade taxpayers to comply with tax requirements even though tax laws are not always precise. However, compliance fee is the cost incurred by the taxpayers in fulfilling the taxation requirements imposed on the taxpayers by the law and the authority of the country. The problem of poor tax compliance has attracted attention worldwide and this has caused researches both empirical and theoretical to emerge. Low tax compliance has resulted into a persistent decline in the non- oil tax revenue of the government which have been attributed to factors which most are inclined to tax payer's characteristics (Alabede, Ariffin & Idris, 2019). There is a high rate of non-compliance among taxpayers among SSEs operators in Jalingo local government area which is perceived as the failure of a taxpayer to report correctly the actual

income, claim deductions and rebates and remit the actual amount of tax payable to the tax authority on time. This has tremendously affected the level of tax compliance in Taraba State and hence leads to low revenue generation to cater for infrastructural development in the state. Tax Compliance poses a serious challenge to governments in developing countries. One of the factors attributed to this high mortality rate is tax related matters. These include multiple taxation, high tax rates and penalties.

Studies conducted have revealed that more than 50% of potential tax revenue remains uncollected in Nigeria with Taraba State inclusive (Akinsulire, 2017; Uvaneswaran & Zemen, 2020; Adebisi & Gbegi, 2016). Accordint to Uvaneswaran and Zemen, (2020), about 90% of owners of business identified that taxes were a serious barrier to their businesses and multiple taxations are common in Nigeria. In addition, tax knowledge constitutes a major problem of taxation in Nigeria including Taraba State. Small medium enterprise (SME) taxpayers are group that has low tax knowledge and they unintentionally committed mistake in their tax calculation and tax return filling (Pratama, 2018). To overcome these setbacks, more empirical work needs to be conducted to provide better avenues for improved knowledge.

Research Questions

i. What is the effect of Tax awareness on tax compliance of SMEs operating in Jalingo, Taraba State?
ii. What is the level of tax knowledge on tax compliance decision of SMEs operating in Jalingo, Taraba State?
iii. To what extent does social cost Related with tax compliance behaviour of SMEs operating in Jalingo, Taraba State?

Research Objectives

Thus, the main objective of the study is to examine the effect of taxpayers' awareness, knowledge and social costs on tax compliance among small and medium enterprises (SMEs) operators in Jalingo Local Government Area of Taraba State, Nigeria.

The specific objectives are:

i. To examine the effect of Tax awareness on tax compliance of SMEs operating in Jalingo, Taraba State
ii. To evaluate the level of tax knowledge on tax compliance decision of SMEs operating in Jalingo, Taraba State.
iii. To determine the social cost Related with tax compliance behaviour of SMEs operating in Jalingo, Taraba State

Hypotheses

To effectively achieve the stated objectives, the following null hypotheses were formulated and tested at 0.05 levels of significance:

H_{O1}: Tax awareness has no significant effect on tax compliance of SMEs operators in Jalingo, Taraba state.

H_{O2}: Tax knowledge has no significant effect on tax compliance of SMEs operators in Jalingo, Taraba state.

Ho_3: Social cost has no significant effect on tax compliance of SMEs operators in Jalingo, Taraba state.

Literature Review

Conceptual Clarifications

Concepts related to the topic under investigations are explained for proper understanding

Tax knowledge

The important factor which could influence tax compliance is the knowledge of taxation. Knowledge requirements for small business owners' tax compliance are essential. Tax specific knowledge is necessary in order to enable small business owners to comply, as well as to increase their willingness to pay argued **Newman & Nokhu (2018**). They further indicated that general educational level is essentially related to tax compliance. One of the fundamental ways to increase public awareness is for the taxpayer to have knowledge about taxation argued **Newman & Nokhu (2018**).

Tax awareness

Tax knowledge is the level of awareness or sensitivity of the taxpayers to tax legislation. Tax knowledge refers to the processes, by which taxpayers become aware of tax legislation and other tax-related information (Hasseldine, J., Holland, K. and Rijt, 2009). The degree of formal holistic education received by taxpayers is an essential ingredient that contributes to the understanding of tax prerequisites in the areas of regarding registration and filling requirements.

Theoretical Review

Fiscal Psychology Theory

Psychology theory posits that taxpayers are influenced to comply with their tax obligations by psychological factors. It focuses on the taxpayers' morals and ethics. Fiscal Psychology Theory was firstly introduced by Schmölders (1959) and the theory suggests that a taxpayer may comply even when the probability of detection is low. As opposed to the deterrence theory that emphasizes increased penalty as solution to compliance issues, psychology theory lays emphasis on changing individual attitudes towards tax systems. Thus, one instrument of changing taxpayers' attitude to tax matters is tax education. It is assumed that improved tax education would increase tax compliance and vice versa.

Materials and Methods

The procedure for collection of data for this paper involved the collection of views, perspectives or opinions of respondents regarding a particular issue. Thus a survey research design was employed. The choice was made due to the fact that survey design is effective when it comes to getting opinions, attitudes and descriptions as well as getting cause and effect relationship. The population of this study consists of two hundred and forty (240) SMEs operating in Jalingo as obtained from Taraba State Ministry of Commerce and Industry (TMCI, 2020). The population comprised business names registered in Jalingo local government area of Taraba State. Therefore, this study employed the entire managers of the SMEs to constitute the population of the study as they are more knowledgeable about tax matters than the rest of the employees. This gives the researcher opportunity to acquire more robust study of the population.

Data required for assessing the effect of tax awareness, knowledge and social cost on tax compliance of small and medium enterprises operators in Jalingo local government area of Taraba State were sourced from primary source with the aid of a self-structured questionnaire. The questionnaires were administered to the sampled respondents who filled and submitted immediately to generate data for the study. Questionnaires were administered to two hundred and forty (240) respondents. Out of the two hundred and forty questionnaires administered, one hundred and ninety questionnaires were filled and returned.

The items in the research instrument were subjected to content and face validations. The content validation was meant to ensure a thorough and strict adherence. In other words, it was meant to ensure that the items are set based on the specific objectives of the study. The reliability coefficient of the instrument was determined using Alpha Cronbach's reliability test criteria which revealed the reliability coefficient of 0.85. Hence, this result showed that the instrument is considered reliable, because the closer the result to positive one (+1) the more reliable the instrument becomes.

Descriptive statistics are used to describe and summarize the behaviour of the variables in a study. It is also used to compute the summary statistics that describe the average values and the variability of the data. This tool also described the mean and the standard deviation of the data for the dependent and independent variables of the study. Beta (coefficients) results of the analysis were used to determine of association between the variables of the study.

Linear regression analysis was employed to estimate the parameters of each of the variables in the model. The model is considered appropriate given the objective of the study and its consistence with most previous empirical studies.

The linear regression model has been used because it is flexible, powerful and produces optimal results in predicting numeric output when properly structured. Linear regression analysis was also used in estimating, testing and predicting the variation in dependent variables due to variation in any of the independent variables. This is because the models are very flexible and can take many forms, depending on the way in which the independent variables are entered into the model.

Model Specification

The model of this study is presented below:

$TAC = \beta_{o+}\beta_1\ TAW+\beta_2 TAK+\ \beta_3 TSC+£_4$

Where

TAC = Tax compliance

TAW = Tax awareness

TAK = Tax Knowledge

TSC = Tax social cost

β_1-β_3 = Parameters of the regression

£ = Error term

Results

Research Question One: What is the effect of Tax awareness on tax compliance of SMEs operating in Jalingo, Taraba State?

Table 1: Mean and standard deviation of the effect of Tax awareness on tax Compliance of SMEs operating in Jalingo, Taraba State

S/N	Description of items	N	Mean	S.D	Decision
1	We always file our tax return in compliance to the tax authority	190	2.9947	1.41980	Disagree
2	We often notify the tax authorities any changes in our particulars	190	3.3421	1.23606	Accepted
3	We always pay our tax properly	190	3.2895	1.31551	Accepted
4	We don't always give true account of our asset to the tax authorities	190	3.1842	1.33443	Accepted
5	We always submit our tax assessment form as at when due	190	3.3895	1.24548	Accepted
6	We often sought for interpretation of tax laws to avoid mistakes	190	3.5211	1.20716	Accepted
7	We logically request for the repayment of excess money when our tax obligation is over stated	190	3.5053	1.20733	Accepted
8	We often fail to pay our tax	190	3.2526	1.33308	Accepted
9	We don't pay tax because it reduces our profit	190	3.3053	1.23077	Accepted
10	Tax authorities always detect and punish defaulters among SMEs operators	190	3.5000	1.21172	Accepted
11	We always pay the balance when our tax obligations is under stated	190	3.5684	1.11889	Accepted
12	We always evade tax payment	190	3.7474	1.10284	Accepted
13	We give bribe to tax authorities so as not to pay correct tax	190	3.7947	1.11979	Accepted
14	Payment of tax is a responsibility of all SMEs operators	190	3.5474	1.28292	Accepted

Source: Field Survey, 2022.

Research Question Two: What is the level of tax knowledge on tax compliance decision of SMEs operating in Jalingo, Taraba State?

Table 2: Mean and standard deviation of the effect of level of tax knowledge on tax compliance of SMEs operating in Jalingo, Taraba State

S/N	Description of items	N	Mean	S.D	Decision
1	Tax awareness improve our perspective on tax obligation	190	3.6947	1.06482	Accepted
2	Tax knowledge help the SMEs operators to understand tax regulations	190	3.6263	1.06525	Accepted
3	We understand how to calculate our tax obligations correctly	190	3.4789	1.14876	Accepted
4	Tax awareness make us to regularly pay our tax obligation	190	3.4105	1.26821	Accepted

5	Tax regulation are very complicated	190	3.4211	1.25212	Accepted
6	Knowledge about tax help SMEs operators to evade tax payment	190	3.1842	1.32648	Accepted
7	Regular tax payment brings about good standard of living of SMEs operators	190	3.7000	1.16360	Accepted
8	Regular tax payment help in sustaining government spending on SMEs operation	190	3.4105	1.30116	Accepted
9	Tax knowledge help tax authorities to fulfil obligation of each SMEs operators	190	3.4211	1.30184	Accepted
10	Tax knowledge help us to file our tax return correctly and promptly	190	3.4789	1.31619	Accepted
11	We know when and where to pay our tax	190	3.2474	1.23308	Accepted
12	Tax awareness help SMEs operators to avoid tax obligation	190	3.5474	1.20201	Accepted

Source: Field Survey, 2022.

Research Question Three: To what extent does social cost Related with tax compliance behaviour of SMEs operating in Jalingo, Taraba State?

Table 3: Mean and standard deviation of the effect of social cost on Tax Compliance behaviour of SMEs Operating in Taraba State

S/N	Description of items	N	Mean	S.D	Decision
1	Tax collectors are difficult to reach out by SMEs operators	190	2.8447	1.41980	Rejected
2	We often pay our taxes in instalment basis	190	2.3421	1.53606	Rejected
3	Locating SMEs operators by tax collectors are very expensive	190	3.3295	1.42551	Accepted
4	SMEs operators often get their tax information via GSM phone	190	3.1884	1.24443	Accepted
5	We hardly get tax information from tax authorities due to poor network	190	3.3867	1.34448	Accepted
6	Receiving tax information via phone is very expensive for the SMEs operators	190	3.7511	1.20716	Accepted
7	Filing tax return cost SMEs operators a lot of resources	190	3.5053	1.40733	Accepted
8	We hate paying tax because is very expensive for the SMEs operators	190	3.2526	1.33308	Accepted
9	We make our tax payment through the banks	190	2.3053	1.53077	Rejected
10	We often give bribe to tax officials before submitting our tax assessment form	190	3.5234	1.24470	Accepted
11	We travel a long distance to pay our tax obligations	190	3.5684	1.24359	Accepted
12	Tax payment is expensive for SMEs owners	190	3.6434	1.10284	Accepted

Source: Field Survey, 2022.

Table 4: Estimated Linear Regression Results

Variable	Estimate	S.E	Beta	t-statistics	Prob.
(Constant)	.174	.124		1.402	.163
TAW	.310	.006	.662	4.230	.000
TAK	.481	.003	.792	4.675	.000
TSC	-.243	.052	-.296	-4.684	.000
R^2	.301				

Source: Authors' Computations using SPSS Version 23.

Test of Hypotheses

Hypothesis one: Tax awareness has no significant effect on tax compliance of small and medium scale operating in Jalingo, Taraba State. The result in table 4 showed that, Tax awareness (TAW) parameter estimate (.310) and Beta (.662) has a significant positive effect on tax compliance of the sampled small and medium scale operators in Jalingo, Taraba State. Hence the null hypothesis is rejected and the study concluded that Tax awareness has a significant positive effect on tax compliance of the sampled small and medium scale operators in Jalingo local government, Taraba State.

Hypothesis two: the level of tax knowledge has no significant effect on tax compliance decision of small and medium scale operating in Jalingo, Taraba State. Similarly, result in table 4 further showed that tax knowledge (TAK) parameter estimate (.481) and Beta (.792) has a significant positive effect on tax compliance among the sampled small and medium scale operators in Jalingo, Taraba State. Thus, the null hypothesis is rejected, and the study concluded that tax knowledge (TAK) has a significant effect on tax compliance of the sampled small and medium scale operators in Jalingo local government area, Taraba State.

Hypothesis three: social costs have no significant effect on tax compliance behaviour of small and medium scale operating in Jalingo, Taraba State. Result of social costs (TSC) parameter estimate (-.243) and Beta (-.296) in table 4 showed a negative insignificant effect on tax compliance on the sampled respondents in the study area. Hence, the null hypothesis is rejected, and the study concluded that social costs have negative and an insignificant effect on tax compliance among the sampled respondents in Jalingo local government area, Taraba State.

Discussion

From Table 1 presents mean analysis on the effect of Tax awareness and tax compliance of SMEs operating in Jalingo, Taraba State. The result revealed that items 2,3,4,5,6,7,8,9,10,11,12,13 and 14 have all agreed that Tax awareness has enhanced the compliance of SMEs operators in Taraba State on tax payment, while only item 1 of the responses did not agree with the opinion that Tax awareness enhances tax compliance of SMEs operators in Taraba State. Furthermore, the grand mean of the responses is 3.4244 with the corresponding standard deviation of 1.24041, which is above the benchmark of 3.0 respectively. This suggesting Tax awareness enhances tax compliance of SMEs operators in Taraba State, Nigeria.

Table 2 presents mean analysis on the effect of the level of tax knowledge on tax compliance decision of SMEs operating in Taraba State. The result showed that out of the total items

responded by the participant, items 15,16,17,18,19,20,21,22,23,24,25, and 26 have all agreed by the responded that tax knowledge affects tax compliance of the SMEs operators in Taraba State. Not a single item disagrees with the above opinion. Furthermore, the grand mean of the responses is 3.4684 with the corresponding standard deviation of 1.22029, which is again above the benchmark of 3.0 respectively. This indicates that strong relationship exist between tax knowledge and tax compliance of the SMEs operators in Taraba State, Nigeria.

Table 3 presented the mean analysis on the extent to which social cost related with tax compliance behaviour of SMEs operating in Taraba State. The result revealed that questionnaire items 29, 30, 31, 32, 33, 34, 36, 37 and 38 of the respondents have all agreed that social cost is negatively related to tax compliance of SMEs operators in Taraba State on tax payment. But items 27, 28 and 35 of the respondent have disagreed with the opinion that social cost is positively related with tax compliance of SMEs operators in Taraba State. Thus, indicated that social cost is negatively related with tax compliance of SMEs operators in Taraba State, Nigeria.

Table 4 depicted the parameter estimate of Tax awareness (TAW) to be positively correctly signed (.310) ad statistically significant at 0.05 level of significance (t = 4.230 > prob = .000). This indicated that Tax awareness among the sampled small scale operators in Jalingo has a significant positive effect on tax compliance of the sampled respondents as indicated by beta (.662). Thus, a unit change (increase) in Tax awareness among the sampled respondents would lead to 31% increase in tax compliance of the sampled small scale operators in Jalingo local government area, Taraba State.

Table 4 further presented the parameter estimate of tax knowledge (TAK) to be positively correctly signed (.481) and statistically significant at 0.05 level of significance (t = 4.675 > prob = .000). It therefore showed that tax knowledge has a significant positive effect on tax compliance of the sampled small scale operators in Jalingo as depicted in table 4 beta (.792). In addition, a unit change (increase) in creating awareness about tax would lead to 48% increase in the tax compliance of the sampled small scale operators in Jalingo Local Government Area, Taraba State. In contrast, table 4 indicated the parameter estimate of social costs (TSC) to be negatively correctly signed (-.243) and statistically insignificant at 0.05 level of significance (t = -4.684 < prob = .000). This indicated that social costs have an insignificant negative effect on tax compliance of the sampled small scale operators in Jalingo. Thus, a unit change (increase) in social costs would lead to a 24% decrease in the tax compliance of the sampled small scale operators in Jalingo local government area, Taraba State.

The coefficient of determination R^2 = .301 indicated that about 30% variation in tax compliance among small and medium scale operating in Jalingo, Taraba State is explained by the explanatory variables including Tax awareness (TAW), tax knowledge (TAK) and Tax social costs (TSC) respectively. The remaining 70% variation is been influenced by other factors other than the explanatory (independent) variables used in this study.

The null hypothesis one is rejected for hypothesis one which implies that Tax awareness has a significant effect on the tax compliance of SME's in Jalingo, Taraba state. This suggested that when Tax awareness of the SMEs operators in Jalingo Taraba State has increase, tax compliance will also increase in the same direction. This implies that Tax awareness increases

tax compliance of SMES operators in Jalingo. The hypothesis two of the study is also rejected which means that the tax knowledge has a significant positive effect on the tax compliance of SME's in Jalingo. This again suggested that whenever the tax knowledge of the SMEs operators in Jalingo Taraba State increases, tax compliance also increases, thus has a positive relationship with tax compliance.

Finally, the null hypothesis three of the study which states that tax social cost has no significant effect on tax compliance was further rejected implying that social cost of the SMEs operators in Jalingo Taraba State has an insignificant negative effect on tax compliance. By implication, any increase in social cost would lead to a decrease in tax compliance. This because increase in social costs means rise in other expenses where little income would be left at the disposal of an individual small and medium scale holder, hence reduces the chance to payment of tax as some parts of the money are spent on other necessities.

Summary and Conclusion

The study investigated the effect of tax awareness, knowledge and social cost on tax compliance of small and medium enterprises in Jalingo, Taraba State. The independent variables of this paper are Tax awareness, Tax knowledge and Tax social cost and the dependent variable is tax compliance of small and medium enterprises operators in Jalingo, Taraba State. Based on the results obtained from the data collected and analysed together with the hypotheses tested, the study found that Tax awareness (TAW) has a significant effect on the tax compliance of SME's in Jalingo, Taraba state. This suggested that when Tax awareness of the SMEs operators in Jalingo Taraba State has increase, tax compliance will also increase in the same direction.

The study concluded that tax knowledge (TAK) has a significant positive effect on the tax compliance of SME's in Jalingo. This again suggested that whenever the tax knowledge of the SMEs operators in Jalingo Taraba State increases, tax compliance also increases, thus has a positive relationship with tax compliance.

Finally, the study further concluded that tax social cost (TSC) of the SMEs operators in Jalingo Taraba State has an insignificant negative effect on tax compliance. By implication, any increase in social cost would lead to a decrease in tax compliance. This because increase in social costs means rise in other expenses where little income would be left at the disposal of an individual small and medium scale holder, hence reduces the chance to payment of tax as some parts of the money are spent on other necessities and multiple taxation on a particular goods or services.

Recommendations

In line with the findings of the study, the following recommendations were made;

i. The study recommends that the tax authorities should try as much as possible to create more awareness to the taxpayers through organizing seminars, workshops and conferences to the SME's operators in Jalingo, Taraba State. This is to enable them know how to file their returns, how to notify the tax authorities of any changes in their business activities etc.
ii. Tax knowledge and Tax awareness have been empirically identified as the important determinants to tax compliance. Therefore, government and other tax authorities

should take the advantage of tax knowledge and Tax awareness to make objective decision on tax compliance. In addition, tax authorities should create awareness to all the SME's holders in Jalingo Local Government Area to have a maximum knowledge of taxes such as knowledge on tax rate, time of collection, tax rule and regulations, penalty for defaulting. This will go a long way in enhancing the tax compliance by the SME's holders in Jalingo Local Government Area as justified by this study.

iii. Social costs have been identified to have negative effect on tax compliance among small and medium scale enterprises in Jalingo. Thus, small and medium scale holders should discourage unnecessary spending on luxuries which can hinder them from full compliance to the tax authority so as to facilitate better tax compliance with the tax collectors. In addition, tax authorities/collectors should do everything possible to simplify the process of tax collection by not collecting bribe from the tax payers, filing expenses, distance etc as these will make the tax payers feel reluctant to pay tax as at when due.

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