Nigeria's Small and Medium-Size Companies' Tax Burden and Financial Outcome

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Abstract

Researchers in Nigeria looked examined the effects of corporation taxation on small and medium-sized enterprises. This study aims to answer the question, "How have Corporate Income Taxes and Education Taxes affected the bottom lines of Nigeria's smallest and largest firms?" Ordinary least squares regression was used to analyze time series data, and secondary literature was explored. E-views version 9 was used to gather the numerical values of the model coefficient, and the sample population comprised of all SMEs in Nigeria, or around 41.5 million people. Financial performance of small and medium-sized enterprises (SMEs) in Nigeria was demonstrated to be negatively correlated with the education tax but positively correlated with the business income tax. It was found that the three types of taxation that had the largest effect on the financial performance of SMEs in Nigeria were company income tax, education tax, and personal income tax. It is advised that businesses learn how to calculate the amount of tax payable using the available information in order to achieve social sustainability and a larger per capita income for an enhanced standard of living by people.

Keywords: *Business taxation, Taxation of Higher Education, Economic Outcomes, Medium-sized and small-scale businesses.*

1. Introduction

The Nigerian stock exchange established the Alternative Securities Market (ASEM), a specialized board for small and medium-sized firms with significant development potential, as a legitimate platform for them to access the capital market. The fund's high cost is a result of the considerable risk that rising enterprises in Nigeria are believed to pose, and it aims to alleviate this problem. operations' informality, Poor resource management, accounting procedures, and controls Despite the potential benefits, participation in this capital market is low (11 SMEs or less). According to the 2015 study, small and medium-sized enterprises (SMEs) made up around 90% of Nigerian businesses. It has recently come to light that the establishment of entrepreneurial cells around the country is one strategy to bolstering the economic climate, which is essential to maintaining a robust and growing economy.

Governments are continually modifying their economic policies in an effort to boost the economy, create employment, enhance the quality of life for their inhabitants, and produce money to offset her expenditure. Fiscal policy encompasses the government's stance on taxation.

It focuses on using changes in government spending and taxation to affect broad measures of the economy's health, such GDP, employment, and inflation. The topic at hand is the macroeconomic impact of government spending and taxation on things like GDP, output, and employment. If government spending or taxation are raised, the policy is considered expansionary, but if they are decreased, the policy is considered contractionary. Without a well-designed fiscal policy framework, real sector output, tax revenue, and employment are all at risk from the negative effects of high real interest rates and uncompetitive exchange rates.

The study set out to ascertain whether or not corporate taxation had a role in the prosperity of Nigeria's small and medium-sized enterprises. However, the actual objectives were quite specific.

1. Analyse the impact of Nigeria's CIT on small and medium-sized businesses' bottom lines..

2. Determine how the education tax has affected SMEs in Nigeria.

2. Literature Review

2.1. Financial Performance

Businesses with high profit margins are more likely to expand their use of short-term debt6 as a result of their financial success, which in turn has a substantial impact on the financing decisions of SMEs. There is a negative correlation between financial success and overall leverage, suggesting that SMEs follow the status quo (Babatunde, Ibukun, & Oyeyemi, 2017). Takumah and lyke's (2017) finding of an inverse relationship between financial success and leverage was borne up by the data. Even if a company has a strong financial performance, that doesn't mean they should ignore their external debt completely. Institutional investors tend to favour larger, more established, and more financially stable businesses. These characteristics provide the company a higher credit rating, which allows it to have access to funding on more favourable terms than companies with economic and financial difficulties. In addition, the greater the likelihood of bankruptcy or non-payment, the greater the limits on institutional financing, increasing the likelihood that a company may turn to its suppliers for funding (Kujore, Dada, & Adegbie, 2021). Financial performance is linked to access to external financing, as is highlighted here (Olunga & Solomon, 2019). There is a negative correlation between the health of the company's connection with its bank and its reliance on trade credit. Financial performance and total leverage appear to be negatively correlated, however there is evidence to suggest that successful businesses are more likely to pursue institutional financing. Poorly performing businesses will likely increase their use of and interest in non-traditional sources of funding as a result.

This is relevant to the degree project's research question, which asks whether or not SMBs' financial success influences their use of trade credit. Thus, the authors will get insight into the reasons for the variation in capital structure among SMEs by controlling for financial performance.

Even though financial ratios like profitability, liquidity, market, and debt ratios are used to evaluate SMEs' performance in the finance and accounting literature, these ratios are lagging indicators that are affected by firms' efficiency and productivity as well as changes in input and product prices (Nwidobie & Oyedokun, 2018). However, there are a variety of ways to gauge the success of small and medium-sized enterprises (Liargovas & Skandalis, 2010). Measures taken from a company's financial statements are considered objective metrics since they can be independently quantified. Businesses that care about their future and the value they bring to their shareholders and owners need better metrics than the ones provided by traditional financial statements, asset and liability statements, and management accounts.

Key performance indicators (KPIs) need to be attached to specific processing levels in order to measure performance in SMEs. Bank loans have been shown to boost company performance in a number of important ways, including higher profits, workforce size, sales volume, diversity, capital stock, and client income levels (Okwara & Amori, 2017). Another monetary indicator is pretax profit (Stobirski, 2020). Growth in staff, pleased customers, successful rivals, and general contentment are some of the non-financial metrics used to evaluate a company's success (Liargovas & Skandalis, 2010). Solvency ratios and interest coverage are two measures of SME performance that vary depending on the type of financing they use (Igga, 2018). Having access to capital defines a company's capabilities in terms of technology selection, market penetration, and the acquisition of necessary resources, all of which have a significant impact on the company's chances of survival and growth (Kurfi, 2003). Grant money is one source of funding that high-potential new businesses may use to get their products off the ground and into the hands of consumers. Increases in the growth of financial markets encourage more startups to enter industries that rely substantially on outside funding. When more people are able to get loans, businesses all around the country benefit. Due to the strict restrictions that financiers try to connect to their lending and investment, SMEs are hampered in their capacity building efforts

(Okwara & Amori, 2017). While long-term loans have the potential to increase output, short-term loans have been shown to have the opposite effect (Akinsulire, 2014). SMEs who are fighting for their very existence must demonstrate to their lenders not only their creditworthiness but also their potential to turn a profit. The profitability of this study was determined by analysing income and costs.

(Jouini, Lustig, Moummi, & Shimeles, 2018) Two measures of financial health are the gross profit margin and the pre-tax margin. Despite its importance for performance review, most SMEs struggle to accurately measure profitability ratios. Because most SMEs in underdeveloped countries don't keep detailed records, this is the case (Shane & Hushy, 2000). SMBs that make do with borrowed money often have trouble making their debt payments. Companies' profitability decreases when they raise the proportion of operational capital used to pay down debt (Igga, 2018). High debt expenses were also shown in the same study to cut into shareholder profitability. Success in business may be gauged in part by looking at the project's profitability.

Without income or revenues, a business would eventually fail (Emeni, Ajide, Ogunnoiki, & Akande, 2019). The proprietors of a successful business may receive financial compensation. Profits are reduced because the solvability ratio, which establishes the firm's creditworthiness, places limits on cash management (Okwara & Amori, 2017). The term "solvency" refers to a company's capacity to meet all of its financial commitments in the event of a total loss of assets or to maintain profitable operations notwithstanding such a loss.

Net profit as a percentage of total investment is known as the return on investment (ROI). It's the money you made from your investment. The effectiveness of an investment may be evaluated with the use of this metric. A high return on investment (ROI) indicates that the benefits of the investment outweigh the costs.

The Return on Assets (ROA) measures how much profit a company generates relative to how much it has invested in its assets.

It's a measure of the return on investment for the business as a whole.

Enterprises classified as SMEs have a total asset base (excluding land) between N5 million and N50 million and employ between eleven and three hundred people (Sanusi, 2003). According to Mahohoma and Agbenyegah (2020), a "small and medium-sized enterprise" (SME) is a company with less than 100 people and an asset base of between N10 million and N1 billion (excluding land and buildings). A "small" business has 10 to 49 workers, while a "medium" business has 100 to 199 workers. Companies that earn less than NI00 million per year or employ less than 300 people are considered SMEs (Lawai & Ajayi-Owoeye, 2020). Dzomoda (2022) notes that SMEs are always adapting and developing.

The National Council on Industry standardized the multiple meanings of SMEs and decided to revise them every four years in 1992, making their definition an alternative worth embracing. Those companies with fixed assets between Nlm and NlOm (not counting working capital) and N40m (not counting working capital but including the cost of land) are considered to be small and medium-sized enterprises. Firms were classified as small if they had between N1 million and N10 million in fixed assets (including working capital) and employed between 11 and 35 people, as medium if they employed between N40 million and N150 million (including fixed assets and working capital), and as large if they employed over N150 million (including fixed assets and working capital) and between 101 and 5,000 people. Small and medium-sized enterprises (SMEs) are those with an investment of between N100,000 and N2,000,000 (not including the cost of capital but including working capital), as defined by the OECD (2017) and the New Industrial Policy for Nigeria (2017).

Small and medium-sized businesses (SMEs) will find the nation to be an ideal location because to its plentiful agriculture, mineral riches, and people resources. Because of these assets, Nigeria has risen to prominence on the African continent. As a result, strategies to foster the expansion and maturation of such businesses are required to help them realise their full potential. Many little investments that otherwise wouldn't happen are made by SMEs, making them the backbone of indigenous businesses (Adeusi, Alawiye, & Ibitoye, 2014). Fostering private sector growth in Nigeria requires removing trade and other barriers, as well as bolstering successful business practices and addressing challenges to the survival and growth of SMEs (Egwuonwu & Osuchukwu, 2021).

In order for small and medium-sized enterprises (SMEs) in Nigeria to play the role in economic transformation that is expected of them, it is important that the required enabling environments be provided for their development. The creation of new employment, the reduction of poverty, a rise in the country's gross domestic product, and the mobilization of savings for investment are all examples. The characteristics of SMEs are what make the concept of SMEs relevant and active, as noted by Ufua, Olujobi, Ogbari, Dada, and Edafe (2020). A thorough acquaintance with the traits of SMEs is necessary for comprehending them. Businesses in rural regions are frequently less organized than their urban counterparts because of their lower size and the absence of a large organizational structure and management culture. Most small businesses are owned by a single person or a small group of people, and others are run as partnerships or limited liability companies (Okechukwu & Emeti, 2014). Ufua, Olujobi, Ogbari, Dada, & Edafe (2020) found that despite having fewer staff and, in certain cases, a poor level of understanding among some owners, small and medium-sized businesses were easier to manage than large ones.

Company Taxes

The Corporation Income Tax Act (CITA) governs corporate taxes. Companies operating in a given country are required to make regular tax payments to that country's central government. Taxes are levied by the government on a company's earnings after expenses (Olaoye & Alade, 2019). In Nigeria, the CITA serves as the primary law governing business taxation. All three levels of government—federal, state, and municipal—are responsible for taxation in Nigeria. The Federal Inland Revenue Service (FIRS) collects taxes from businesses. This tax is levied on the earnings of Nigerian corporations. Foreign corporations doing business in Nigeria are subject to a tax on their earnings. Including public LLPs, limited liability businesses are liable for the CIT. Company revenue earned in Nigeria is subject to corporate income tax (CIT) by both resident and non-resident businesses. Profits from business operations are subject to income tax depending on the after-tax amount. Nigerian businesses may also be subject to taxes besides CIT. The Withholding Tax is one example; it is due in advance on completed contracts but can be deducted from a company's taxable income. In addition, there is the Value Added Tax that must be paid on some purchases. Businesses in Nigeria are required to contribute to a number of different funds, including an Education Tax and an Industrial Training Fund (Oyedokun, 2022). Companies having a turnover of less than N25 million are no longer required to pay corporate income tax as of the effective date of the Finance Act 2019.

It has been shown that a country's corporate tax rate has a major effect on its level of capital investment (Oyedokun, 2022). The CIT is a tax on the income of businesses in Nigeria and other nations that do business there. Except as otherwise provided in the businesses Income Tax Act, 2007 (as amended), the Federal Inland Revenue Service Board (FIRSB) is responsible for collecting tax from all limited liability businesses operating in or from Nigeria. Adejare (2015) claims that whereas local companies must pay tax on their worldwide assessable profit, international companies need only pay tax on income generated inside the jurisdiction. Companies are expected to fork out 30% of their remaining assessable earnings after taking all deductions into account. Companies with yearly sales of N25 million or less are exempt from paying corporate income tax, while those with sales between N25 million and N100 million pay a 20% CIT rate (PricewaterhouseCoopers, 2021). Property tax, withholding tax, customs charges, payroll tax, excise tax, value-added tax, and others are all levied on businesses, although these are not always grouped together under the umbrella term "corporate tax."Present tense of Adejare (2015). According to Omodero and Amah (2018), the FIRS is largely responsible for tax administration. From a theoretical perspective, the idea of corporate tax is complex (Graham, 2003). Both corporate taxpayers and the effect of the tax on company earnings as they carry out production activities are taken into account in the first dimension, while the effect of the tax on business financing is taken into account in the second. Longevity considerations drive a company's choice of financing method, therefore the first and second aspects of corporation tax interact to influence this decision (Oyedokun, 2022).

2.2. Theoretical Foundation

The Ability to Pay Theory provides conceptual grounding for the research in this article. According to the Ability to Pay method, taxes are determined solely by a person's financial situation (Adams, 1977). Taxpayers view paying the government what they are owed as a form of sacrifice, but it is up to the government to decide how much of a sacrifice each taxpayer should make. All taxpayers should make the same relative sacrifice in terms of the overall utility lost due to taxes. People's tax burdens should be proportional to their incomes since it is generally accepted that the wealthy should be responsible for funding the government rather than the poor. This concept has been around at least since the 1600s (Ohiokha & Ohiokha, 2018), when it was first given explicit focus. A progressive tax system is predicated on the ability to pay theory, which states that as the tax rate rises, so does the taxable amount. If inconsistency exists, the immediate loss of value as determined by the derivative of the utility function must be accounted for by making an adjustment for tax-equal utility (Eiya & America, 2018).

2.3. Empirical Foundation

The effects of corporate income tax on business performance were studied by Akadakpo and Akogo (2022). Data for the study came from the annual reports of twelve (12) companies traded on the Nigerian Stock Exchange, and the data was analysed using regression analysis and SPSS 2020. Ten years of information are included here, from 2011 to 2020. Both PAT and ROE were shown to be positively linked with CIT, which was proven to be statistically significant. Both CSHF and CIT have large effects on ROE, but CIT is especially beneficial to shareholders. The research found that Nigerian businesses have their own distinct features and play an important part in the country's economic growth, thus the government's fiscal policy should reflect that. Nigeria's government should encourage commercial activity and continued concerns by enacting fiscal policy that provides tax incentives and makes constructive tax reforms that lighten the tax load and obligation of enterprises in Nigeria.

Lormbagah, Abiahu, and Ibiam (2021) investigated how the corporate tax mix in Nigeria affected the financial performance of publicly listed industrial enterprises in the country. We analyzed information from the Nigerian Stock Exchange listings of ten distinct manufacturing companies between 2014 and 2018. Reflecting the study's retrospective character, Pearson correlation and multiple linear regression were used to analyze the data. According to the findings, the tax mix has a positive effect on the net income of publicly traded Nigerian manufacturing companies, whereas the deferred tax has a negative effect. There was a statistically significant and favorable impact of the corporate income tax on the net income of publicly traded Nigerian manufacturing companies. Since the existing tax incentives are insufficient to drive manufacturing activities for firm development, the results suggest that manufacturing enterprises are obliged to delay their tax payment, producing deferred tax obligations.

It is suggested that the government offer additional tax incentives to minimize corporate income tax payments and promote tax deferral in order to raise the net income of the listed manufacturing enterprises.

The best corporate tax mix may be determined by weighing the benefits of the different tax incentives offered to manufacturing companies.

Listed enterprises in Nigeria, and in particular listed manufacturing firms, were studied by Nwaorgu, Oyekezie, and Abiahu (2020), who looked at how corporation tax affected their long-term financial success. Data from 10 publicly traded manufacturing companies were used to conduct this ex post facto investigation.

The information, which spans the years 2013-2017, was analyzed using a simple linear regression model. The findings indicated that the decision of whether or not to pay corporation taxes had little effect on the equity returns of corporations. The statistics also showed that the debt-to-equity ratio of publicly traded companies improved once tax payments were made. The results of this study suggest that investors in the manufacturing industry may want to consider the company's tax pay-out policy when deciding on the optimal debt-to-equity ratio. Additionally, they should insist on timely tax payments, as doing so increases the worth of the firm without considerably cutting into earnings.

Olaoye and Alade (2019) analyzed the effect of corporation taxes on the profitability of selected firms in Nigeria between 2007 and 2016 using secondary data obtained from a range of publications of the businesses' financial reports. In this study, an estimate was calculated using pooled ordinary least squares. Corporation tax on post-tax earnings was found to have a positive constant of 2.418830 with a P-value of 0.0000, whereas value-added tax was found to have a coefficient of 14.51298 with a P-value of 0.0000. The withholding tax coefficient also had a positive value (7.256489) and a 0.0000 level of significance.

The coefficient for the education tax is 36.28245, and it's statistically significant at the 0.0000 level. There was a statistically significant and positive correlation between the corporate tax rate and after-tax profits for companies. Taxable income was shown to be positively and substantially correlated with the value-added tax rate and the withholding tax rate. In order to limit the possibility of non-compliance, the study's authors recommend that the government and relevant tax agencies improve the administration of corporate taxes.

Lazar and Istrate (2018) analyzed the impact of total firm-specific tax mix on the profitability of publicly listed Romanian companies between 2000 and 2011. It is vital to consider not just the taxes paid on earnings when analyzing a company's "tax profile," but also the taxes paid on non-profit operations (such as real estate taxes) and labor-related expenses (such as social security charges). The rate at which a company pays taxes on its total public debt was determined by compiling a comprehensive database of information accessible in its filings with the SEC. This research used a fixed effect model to establish that there was a 0.15 percentage point decrease in returns on assets for every one percentage point increase in the overall firm-specific tax rate. Romanian publicly traded companies benefit from liquidity, expansion, and trailing profitability but suffer when exposed to tangibles, leverage, and size.

Companies traded on Kenya's Nairobi Securities Exchange were studied by Otwani, Namusonge, and Makokha (2017), who looked at how corporate income tax affected their bottom lines. The purpose of this research was to determine the impact of Kenya's corporate income tax on the bottom lines of firms traded on the Nairobi Securities Exchange. Both qualitative and quantitative techniques were utilised in this study's examination. We rely on academic publications, newspapers, the Capital Markets Authority database, and the National Stock Exchange database as secondary sources. In January 2015, the NSE had a total of 69 firms listed for public trading. From this pool, 59 were randomly selected for this study. The purpose of this research is to give hard data on the financial health of the firms trading on Kenya's Nairobi Securities Exchange. The most important conclusion was that firms registered on Kenya's NSE saw a favourable correlation between corporate income tax and financial success. To prevent bad performance and, ultimately, insolvency of listed firms, this study will provide helpful advice to regulators.

Corporate tax influence on financial performance was studied by Pitulice, Stefaneszu, Popa, and Niculescu (2016) with reference to firms trading on the Bucharest Stock Exchange. Any business should strive to be profitable, no matter what industry it operates in.

From the perspective of managerial decision-making, corporation tax is included because of the many instructive features it provides at the business level. Assuming tax liability is determined by a percentage multiplied by the total number of taxable transactions, we can say that tax responsibility rises in step with the company's economic development. Therefore, the corporation tax becomes crucial information for decisions about organizational structure, capital expenditures, and other concerns. In this investigation, we want to find evidence linking corporate tax rates to financial success. The effective tax rate has a significant, negative influence on performance metrics, as shown by two econometric models.

3. Research Method

A longitudinal study was used for this investigation. This approach is helpful for investigating the impact of Nigeria's corporation tax on Nigeria's small and medium-sized enterprises' bottom lines. Time series data from 1985-2020 will be used for this analysis. This study used a judgmental sampling strategy, gathering information and a statistical report from the Federal office of Statistics, the Central Bank of Nigeria, the Small and Medium Enterprises Development Agency of Nigeria, and the Federal Inland Revenue Service. This study's sample size of 41,500,000 accurately depicts the total number of SMEs in Nigeria. The statistics bulletin published by the CBN and the yearly reports published by the FIRS between the years 1985 and 2020 served as the secondary sources for this analysis.

The researchers in this study utilised the statistical programme "Eview version 9" to do a regression analysis on the acquired data and investigate the connection between the variables. Time series data was analysed using the ordinary least squares (OLS) regression method.

3.1. Model Specification

Our regression analysis relies on the following models, which are provided implicitly:

ROAit = P0 + pi CITit + p2EDTit

4. Results and Discussion

4.1. Data Analysis and Results

Table 1: Descriptive Statistics

Vari. Min. Max. Mean Std Dev.

ROA 38095.730 242837400 74604450 93498370

CIT 2.4000000 798.72000 172.84400 253.52230

EDT 0.0000000 223.52000 34.998440 61.017600

The descriptive statistics reveal a range of values for the financial performance proxies of SMEs, with return on Asset (ROA) ranging from a minimum of 38095.73 to a maximum of 24283740, with a mean of 7460445 and a standard deviation of 9349837. This means that the selected SMEs' financial performance is significantly different from the mean in both directions. According to the descriptive statistics, the median corporate income tax (CIT) is 172.8440 with a range from -2.400000 to 798.7200 and a SD of 253.5223. Since the std dev. of the data is less than the mean (172.8440), it does not appear to be very distributed. Education Tax (EDT) values are reported to range from 0 to 223.5200, with a mean of 34.99844 and a std dev. of 61.01760. This suggests that both extremes of the spectrum of SME education taxes are significantly different from the mean.

Correl. Mat.

Table 2: Corr. Matrix

ROA CIT

EDT

ROA 1.0000000

CIT 0.9599407 1.0000000

EDT 0.9008803 0.9762402 1.0000000

As can be shown in Table 2, the correlation coefficient between education tax (EDT) and the return on investment (ROA) of small and medium sized businesses is positive. The capital allowance incentive (CAI) has been shown to increase the return on investment (ROI) of small and medium-sized firms with a correlation value of 0.227835.

Regression Results

Table 3: OLSR: A Brief Overview

t-Sta. Prob. Coefficient Variables.

Constant -4560220.4 -1.4513250 0.15670

CIT 502790.39 10.039180 0.00000

Education Tax -836650.47 -4.8778260 0.00000

R-sq. 0.9831390

F-sta. 451.90090

Prob. (F-sta) 0.0000000

Table 3 displays the results of a regression analysis using ordinary least squares. The model is statistically significant at the 5% level of confidence or below with a Probability Prob (F-statistic) of 0.000000 (F = 451,9009). With a substantial estimated model at the 5% level, the linearized functional definition of the model is appropriate. Using the measure of explanatory power known as R-squared, we find that the combination of the corporate income tax and the education tax explains very nearly all of the systematic variation in the dependent variable. The error term accounts for the omitted 2% of variability in the dependent variable.

Hypotheses Testing

H01: Small and medium-sized businesses in Nigeria don't seem to be negatively affected by the country's corporate income tax.

Table 3's regression result demonstrates that corporate income tax has a significant beneficial influence on the financial performance of Nigeria's SMEs, with a coefficient of 50279.39, a t-statistic of 10.03918, and a prob. value of 0.00000 (less than 0.05%). Therefore, we conclude that the corporate income tax has an influence on the financial performance of Nigeria's SMEs, rejecting the null hypothesis at the 5% level of significance.

H02 The SMEs in Nigeria do not feel the effects of the education tax on their bottom lines.

The regression result indicates that school tax has a negative and significant effect on the financial performance of small and medium-sized businesses in Nigeria, with a coefficient of -83665.47, a t-statistic of -4.877826, and a probability value of 0.0000 (less than 0.05 percent). We thus reject the null hypothesis that education tax has no effect on the profits of SMEs in Nigeria at the 5% level of significance.

4.2. Results Discussion

A positive and statistically significant correlation exists between individual and corporate income taxes in Nigeria, whereas a negative and statistically significant correlation exists between education taxes and the financial success of small and medium-sized enterprises. Theoretically, the expansion of the economy is tied to the amount of corporate income tax collected by the appropriate tax authorities. Because of the importance of tax payments to SMEs, this research explores the ability to pay hypothesis and other ideas.

As can be seen in Table 3, a regression analysis found that education taxes had a statistically significant and negative impact on the financial outcomes of Nigerian SMEs. To effectively collect the Education tax revenue that is due to the government, tax administrators must use a mix of incentives and penalties, as proposed by each regulatory theory. The tax is theoretically levied to help pay for the betterment of the country's educational system and is calculated based on a company's after-tax profits.

5. Conclusion

This study analyzed how corporate taxes in Nigeria affected the bottom lines of medium and small firms. Small and medium-sized enterprises (SMEs) in Nigeria have a positive and statistically insignificant effect on the government's coffers when it comes to paying corporate income tax. There was a statistically significant and inverse correlation between the school tax and the economic success of Nigeria's micro, small, and medium-sized firms. Our research indicates that the Companies' Income Tax and the Education Tax both contribute significantly to the prosperity of Nigeria's small and large businesses.

The following are some suggestions based on the results of this study:

1. The government should implement more favourable tax rates and build sufficient infrastructure to foster a culture of tax compliance;

2. Companies should be discouraged from being subject to various tax regimes, and new state and local taxes should be evaluated and harmonised by a unified tax authority before they are implemented.

3. Better tax revenue collection for the government may be achieved through the introduction of an effective assessment and payment system, as well as through the provision of sufficient monitoring and information designed to do away with the difficulties of company tax management.

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