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BUSINESS RESILIENCE AND TAXATION: THE EFFECTS OF RECENT TAX REFORMS ON SMES IN ANAMBRA STATE

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Abstract: The study examined the influence of tax reform on business sustainability of selected SMEs in Anambra state. The specific objective was to analyse the extent to which value-added tax reform, online tax payment platform and integrated tax administration system influence financial sustainability of selected SMEs in Anambra state. This study adopted a descriptive survey research design. The population of the study comprises 631 staff members from selected SMEs operating in Anambra state. Stratified sampling was used to select a sample size of 244. Primary data were collected from the respondents using structured questionnaire. Descriptive analysis was conducted using frequency, mean and percentage. Spearman ranked correlation was used to test the hypotheses. The study found that: value-added tax reform has a significant positive influence on financial sustainability of selected SMEs in Anambra state, online tax payment platform has a significant positive influence on financial sustainability of selected SMEs in Anambra state, and integrated tax administration system has a significant positive influence on financial sustainability of selected SMEs in Anambra state. In conclusion, well-designed reforms can facilitate a more cooperative relationship between tax authorities and the business community, reinforcing sustainable economic development through mutual trust and transparency. The study recommends that the Federal and State Governments continue to refine and expand value-added tax (VAT) reforms, ensuring that these reforms are tailored to the needs of SMEs by simplifying the VAT process, reducing compliance costs, and enhancing the transparency of VAT administration to further promote financial sustainability among SMEs.

Keyword:
Tax Reform, Business Sustainability, Value-Added Tax Reform, Online Tax Payment Platform, Integrated Tax Administration System

1.0 Introduction

The tax system of any country plays a crucial role in shaping the economic landscape. For businesses, taxes represent a significant component of the operating environment, influencing profitability, investment decisions, and ultimately, their long-term sustainability. This is particularly important in developing economies like Nigeria, where Small and Medium Enterprises (SMEs) are considered the backbone of the economy (Ngbede, Itodo &

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James, 2025). The role of SMEs cannot be overstated as they contribute significantly to employment, innovation, and the diversification of the economy. However, many SMEs in Nigeria, particularly in regions such as Anambra State, face numerous challenges, ranging from financial constraints to an unfavorable business climate, which can hinder their growth and sustainability (Ezeanokwasa, Chinelo, Raphael & Ejike, 2024; Nwoye, Obiorah & Chidiebere, 2023). One of the primary factors influencing the success of SMEs is the taxation system, which has been characterized by complexities, inefficiencies, and an overburdened tax structure (Kwara & Lawal, 2024). In today's globalized economy, tax reform has become a critical issue for businesses of all sizes (Oyewobi & Gundu, 2024; Ologun & Oloruntoba, 2024). The world is seeing increasingly sophisticated and dynamic tax structures, and this has created both challenges and opportunities for businesses. Effective tax reforms are essential for fostering an environment where businesses, especially SMEs, can thrive. Tax reforms are seen as a way to streamline the tax system, reduce the burden on businesses, increase compliance, and ensure fairness (Chamba, 2025). Reforms can include simplifying the tax structure, reducing the tax rates, improving tax collection efficiency, and providing tax incentives for growth and innovation (Mijinyawa, Ibrahim & Shagari, 2025). This is particularly pertinent for SMEs, which often operate with limited resources and face higher relative tax burdens compared to larger corporations. Nwokoye, Rolle, and Akwarandu (2020) argued that the introduction of reforms that reduce the complexity of tax compliance, create clear and predictable policies, and provide incentives for growth and investment can contribute significantly to the long-term sustainability of these businesses. In developing economies like Nigeria, where the business environment can be volatile, the need for effective tax reforms has never been more pressing (Tuoyo, Suleiman & Falusi, 2024). Tax reform in Nigeria has been an ongoing process, with various administrations attempting to address the challenges of an inefficient tax system that impedes business development (Igariwey, 2025). Over the years, the Nigerian government has introduced several reforms aimed at enhancing tax compliance, broadening the tax base, and improving the business climate (Chamba, 2025). In recent years, Nigeria has undertaken significant tax reforms aimed at simplifying its complex tax system and fostering economic growth. A notable initiative is the proposal by the Presidential Fiscal Policy and Tax Reforms Committee to consolidate the multitude of federal, state, and local government taxes—numbering over 60—into eight streamlined categories (CNBC Africa, 2024). This consolidation seeks to modernize tax administration, reduce the burden on businesses, particularly small and medium enterprises (SMEs), and enhance compliance. Additionally, the committee has recommended the establishment of a central tax authority, the Nigerian Revenue Service, to unify tax collection processes and eliminate redundancies. One of the major concerns for businesses, especially small and medium-sized enterprises (SMEs), is the rise in taxes such as VAT, which was increased from 5% to 7.5% under the Finance Act 2019 (Igariwey, 2025). While this was aimed at boosting government revenue, it has increased the cost of doing business, especially for enterprises in consumer-facing industries. The 2024 Finance Act introduced further changes, including the imposition of a 0.5% import levy on goods from outside Africa to encourage local production, a 5% excise duty on telecommunication services, and a 10% capital gains tax on digital assets such as cryptocurrencies. To support SMEs, the Act exempts businesses with annual turnovers of ₦25 million or less from withholding tax obligations, provided certain conditions are met (Andersen, 2024). These reforms reflect Nigeria's commitment to creating a more efficient and equitable tax system that promotes investment and economic development. Tax reform has a direct influence on the sustainability of SMEs. Sustainability, in the context of SMEs, refers to the ability of a business to remain

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operational over the long term, achieving steady growth, profitability, and resilience in the face of external challenges (Udodiugwu, 2023; Ezeala et al., 2024). Tax policies can either promote or undermine business sustainability depending on how they are structured. In the case of SMEs, an overbearing tax regime can lead to financial strain, while the absence of adequate tax incentives and reliefs can stifle innovation and growth (Nwokoye, Rolle & Akwarandu, 2020). On the other hand, well-implemented tax reforms that lower tax burdens, introduce incentives for reinvestment, and simplify compliance procedures can provide SMEs with the breathing room needed to expand their operations and strengthen their competitive edge. Moreover, reforms that provide tax reliefs or credits for businesses that invest in technology, training, and other growth-oriented activities can encourage SMEs to adopt more sustainable practices, which can improve their overall financial performance and long-term viability (Nwokoye, Rolle & Akwarandu, 2020). Thus, the influence of tax reform on the sustainability of SMEs in Anambra State is an important area of study, as it addresses the relationship between tax policies and the operational success of small businesses. Tax systems are designed to promote economic growth, foster investment, and ensure fairness among businesses. A well-structured tax system helps businesses thrive by providing clear guidelines, reducing administrative burdens, and incentivizing innovation (Ologun & Oloruntoba, 2024). For Small and Medium Enterprises (SMEs), which are vital for job creation, economic diversification, and poverty reduction, an efficient tax system is crucial for fostering business sustainability. When SMEs operate within a predictable and transparent tax framework, they can plan for the future, manage resources effectively, and reinvest profits into their growth and development. Tax reforms ought to simplify the process of tax compliance, reduce unnecessary costs, and provide appropriate incentives that allow businesses to focus on expansion rather than being overwhelmed by tax obligations (Tuoyo, Suleiman & Falusi, 2024). However, the country's tax system remains complex and fragmented, with more than 60 different tax obligations across federal, state, and local levels. The multiplicity of taxes creates confusion and increases the administrative burden for small businesses, many of which lack the resources to fully comply with the existing regulations (Oyewobi & Gundu, 2024). Additionally, inconsistent enforcement and frequent changes in tax policies contribute to an unpredictable business environment, making it difficult for SMEs to plan for the future (Nwokoye, Rolle & Akwarandu, 2020). While the government has introduced several tax reforms, such as the establishment of the Nigerian Revenue Service and the consolidation of tax categories, these measures have not yet fully addressed the underlying challenges faced by small businesses. Many SMEs continue to face high tax rates, compliance difficulties, and a lack of incentives that could support their growth (Kwara & Lawal, 2024). The consequences of this situation are severe for the sustainability of SMEs in Anambra State and Nigeria at large. Due to the complexity and multiplicity of the tax system, many SMEs struggle to remain compliant with tax laws, leading to underreporting of income or, in some cases, tax evasion. This not only exposes them to penalties and legal risks but also hinders their access to financial services, as inadequate tax records reduce their credibility with banks and investors. The high tax burden and lack of clear tax incentives further discourage reinvestment in the business, stalling innovation and expansion efforts (Oloyede, Otusanya & David, 2024). As a result, SMEs are unable to realize their full potential, limiting their ability to contribute meaningfully to the economy. This situation ultimately hampers the long-term growth prospects of SMEs, stifles job creation, and undermines the broader economic development goals of the country.

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1.1 Objectives of the Study

The main aim of the study is to examine the influence of tax reform on business sustainability of selected SMEs in Anambra state. The specific objectives are:

1. To analyse the extent to which value-added tax reform influence financial sustainability of selected SMEs in Anambra state.
2. To ascertain the degree to which online tax payment platform influence financial sustainability of selected SMEs in Anambra state.
3. To determine the influence of integrated tax administration systems on financial sustainability of selected SMEs in Anambra state.

1.2 Research Hypotheses

H01. Value-added tax reform has no significant influence on financial sustainability of selected SMEs in Anambra state.

H02. Online tax payment platform does not significantly influence financial sustainability of selected SMEs in Anambra state.

H03. Integrated tax administration systems has no significant influence on financial sustainability of selected SMEs in Anambra state.

2.0 Review of Related Literature

2.1 Conceptual Review

2.1.1 Tax Reform

Tax reform refers to the process of revising or improving a country's existing tax system to make it more efficient, equitable, and responsive to the economic and social needs of the population (Mijinyawa, Ibrahim & Shagari, 2025). It involves changes in tax policies, structures, and regulations to ensure that the tax system is better suited to the evolving economic environment and meets the government's fiscal objectives (Ologun & Oloruntoba, 2024). Tax reforms can encompass a wide range of changes, including the introduction of new taxes, the adjustment of tax rates, the elimination of redundant or outdated taxes, and the implementation of simplified tax compliance procedures. The goal of tax reform is to create a tax system that promotes fairness, economic growth, and efficiency while reducing the administrative burden on both taxpayers and government agencies (Igariwey, 2025). Tax reform can also address issues of tax compliance and enforcement (Chamba, 2025). A reformed tax system is intended to minimize tax evasion and fraud by creating a more transparent and accountable tax collection process. One key element of tax reform is the simplification of the tax code, making it easier for businesses and individuals to understand their tax obligations and comply with the law. This simplification can include streamlining complex tax codes, eliminating outdated taxes, and improving tax administration practices. Effective tax reforms may also focus on enhancing the equity of the tax system by ensuring that tax burdens are distributed fairly across different income groups, sectors, and regions of the country (Tuoyo, Suleiman & Falusi, 2024). In addition to administrative improvements, tax reform may involve policy changes that stimulate economic growth and investment (Chamba, 2025). For example, tax incentives can be introduced to encourage businesses to invest in research and development, expand their operations, or hire more workers. Furthermore, tax reforms can include efforts to broaden the tax base by ensuring that a larger proportion of the population contributes to the national revenue, which can help reduce the reliance on a narrow range of taxes, such as those

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on oil and gas exports. A reformed tax system can also help government revenue generation by making the tax process more efficient, reducing loopholes, and ensuring better collection of taxes (Mijinyawa, Ibrahim & Shagari, 2025). Thus, tax reform is a vital tool for governments to enhance the effectiveness of their tax systems, foster economic development, and achieve fiscal sustainability (Ologun & Oloruntoba, 2024). It helps businesses, especially SMEs, to function in a more predictable and supportive environment. When implemented effectively, tax reforms can lead to a more transparent, equitable, and economically beneficial tax system, encouraging business investment, innovation, and long-term growth.

2.1.2 Value-Added Tax Reform

Value-added tax (VAT) reform refers to the process of altering the structure, policies, or implementation mechanisms of VAT systems within a country to enhance their efficiency, compliance, and economic impact (Ologun & Oloruntoba, 2024). According to Mijinyawa, Ibrahim, and Shagari (2025), VAT is a consumption tax that is levied on the value added at each stage of production or distribution. Reforming VAT typically involves changes to the rate of tax, the exemptions applied to certain goods and services, or the processes by which VAT is collected. The aim of VAT reform is often to streamline the tax system, reduce the administrative burden, and improve compliance rates among businesses and consumers (Omodero, 2023). VAT reform is a critical aspect of a country's tax policy, as it can significantly impact government revenue generation and the overall economy (Mijinyawa, Ibrahim & Shagari, 2025). For example, one major reason for VAT reform might be to increase government income without raising the tax burden on individuals. By adjusting VAT rates or altering exemptions, governments can either broaden the tax base or encourage specific economic behaviors, such as promoting investment in certain sectors or supporting low-income populations. Additionally, VAT reform may be targeted at improving the fairness of the tax system by eliminating loopholes and reducing evasion, thus making the tax system more equitable. A well-implemented VAT reform has the potential to improve the overall efficiency of the tax collection system. Streamlining the process of VAT collection and payment can reduce administrative costs for both businesses and the government (Ologun & Oloruntoba, 2024). This is particularly important in developing countries, where tax evasion and non-compliance can be significant obstacles to revenue generation. VAT reforms can also contribute to economic growth by creating a more predictable and stable tax environment, which can encourage both domestic and foreign investment (Omodero, 2023). However, VAT reform can also be politically challenging. Changing VAT rates or exemptions can face resistance from interest groups that are negatively affected by the reform. Furthermore, any change in the VAT system must be carefully planned and executed to prevent creating new complexities or administrative burdens. In essence, VAT reform is a dynamic tool used by governments to optimize the impact of VAT as a reliable source of revenue (Mijinyawa, Ibrahim & Shagari, 2025) while addressing broader economic and social objectives.

2.1.3 Online Tax Payment Platforms

Online tax payment platforms are digital systems that enable individuals and businesses to pay their taxes over the internet, offering a modern and convenient alternative to traditional, in-person tax payment methods (Ologun & Oloruntoba, 2024). These platforms provide a secure and efficient way for taxpayers to fulfill their tax obligations without needing to physically visit tax offices or deal with paper-based procedures. The rise of online tax payment platforms has revolutionized tax collection systems globally, offering significant improvements in terms of accessibility, convenience, and transparency (Mukiri, 2022; Omaliko, Mordi & Okpala, 2023). The

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essence of an online tax payment platform is to provide taxpayers with a user-friendly interface that allows them to pay various types of taxes, including income tax, corporate tax, value-added tax (VAT), and others. These platforms are designed to make the payment process as straightforward as possible, often integrating payment gateways that facilitate various methods of payment, such as credit cards, debit cards, bank transfers, or even mobile money options (Mukiri, 2022). In addition to making tax payments easier, these platforms typically include features such as tax calculation tools, historical payment records, and notifications about due dates, helping to ensure compliance with tax laws. The implementation of online tax payment platforms offers several advantages. For one, it significantly reduces the time and resources required for both taxpayers and tax authorities to process payments (Ologun & Oloruntoba, 2024). Traditionally, tax payments would require physical visits to tax offices, lengthy queues, and paperwork, which not only delayed the process but also increased the likelihood of errors and inefficiencies. With online platforms, these processes are streamlined, and taxpayers can make payments at their convenience, 24/7, from anywhere with an internet connection. This not only improves the overall efficiency of the tax system but also enhances taxpayer satisfaction. Furthermore, online tax payment platforms increase transparency and accountability in the tax system. Payments made through these platforms are recorded electronically, which reduces the risk of tax evasion and fraud (Mukiri, 2022). This transparency benefits both taxpayers, who can track their payments easily, and tax authorities, who can monitor and manage tax collection more effectively. In the long run, online tax payment systems help build trust between taxpayers and government institutions by making the tax payment process more accessible, efficient, and transparent.

2.1.4 Integrated Tax Administration Systems

An integrated tax administration system refers to a unified digital framework used by tax authorities to manage and streamline various aspects of the tax collection process, including registration, assessment, collection, and enforcement (Ologun & Oloruntoba, 2024). This system seeks to consolidate and automate all functions related to taxation into a single cohesive platform. The integration of tax administration systems plays a pivotal role in simplifying the tax process, reducing administrative costs, and improving compliance rates, making it a crucial component of modern tax systems in both developed and developing nations (Efobi, Beecroft, Belmondo & Katan, 2019). The core idea behind integrated tax administration systems is to create a centralized platform where tax-related data is collected, stored, and processed seamlessly. These systems typically allow for the integration of different forms of taxes, such as income tax, corporate tax, VAT, excise duties, and others, into a single system. By having all tax-related information in one place, tax authorities can track compliance more effectively and ensure that taxpayers are fulfilling their obligations across various types of taxes (Ologun & Oloruntoba, 2024). Additionally, this integration helps to prevent issues such as tax evasion and double taxation, as it enables tax authorities to access real-time data on taxpayers' financial activities.

One of the key advantages of an integrated tax administration system is the ability to improve operational efficiency (Omaliko, Anichebe & Okoli, 2016; Efobi, Beecroft, Belmondo & Katan, 2019). By automating key processes, such as data entry, assessment, and reporting, tax authorities can significantly reduce the time and resources required for tax management. This automation not only reduces human errors but also speeds up the entire tax collection process. Furthermore, integrated systems can provide taxpayers with easier access to information regarding their tax obligations, reducing confusion and making compliance more straightforward (Ologun & Oloruntoba, 2024). Another benefit of an integrated system is the ability to generate comprehensive

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reports and hints based on real-time data. With an integrated approach, tax authorities can analyze trends in tax collection, identify areas of non-compliance, and optimize their strategies for revenue collection (Efobi, Beecroft, Belmondo & Katan, 2019). These systems also facilitate better communication between different government agencies, ensuring that all relevant stakeholders have access to accurate and timely tax data. As a result, integrated tax administration systems can contribute significantly to the efficiency and effectiveness of the tax system as a whole, benefiting both taxpayers and government institutions (Ologun & Oloruntoba, 2024).

2.1.5 Business Sustainability of SMEs

Business sustainability of Small and Medium Enterprises (SMEs) refers to the ability of these businesses to maintain operations, adapt to changes, and remain profitable over the long term, while balancing economic, social, and environmental considerations (Udodiugwu, 2023). It encompasses not just financial performance but also the ability of SMEs to survive and thrive in a competitive business environment while meeting the demands of stakeholders, including customers, employees, suppliers, and local communities (Hanaysha, Al-Shaikh, Joghee & Alzoubi, 2022). Sustainability for SMEs goes beyond profit-making; it includes adopting practices that promote environmental stewardship, social responsibility, and ethical business behavior (Oluwaseun, Akingbade, Aribaba & Ahmodu, 2023). Sustainable SMEs are those that can withstand economic challenges, adapt to market fluctuations, and continuously innovate to stay relevant in an ever-changing business landscape (Udodiugwu, 2023). To achieve this, businesses must develop strategies that are both resilient and adaptable to external factors, such as changes in market demand, regulatory shifts, or economic downturns. For SMEs, sustainability means being able to generate consistent revenues, control costs effectively, and reinvest profits in a way that supports their long-term viability. These businesses must have sound financial management practices, including budgeting, cost control, and proper use of resources, to ensure they do not run into financial difficulties that could jeopardize their operations. For SMEs, business sustainability is also tied to innovation and the ability to adapt to technological advancements (Hanaysha, Al-Shaikh, Joghee & Alzoubi, 2022). This involves investing in new technologies, improving operational processes, and staying ahead of industry trends. In today’s fast-paced business environment, those SMEs that can incorporate new technologies and adapt to changing consumer preferences are more likely to remain competitive and profitable (Baporikar, 2018). Furthermore, sustainable SMEs are those that are able to anticipate risks and implement effective risk management strategies. This includes diversifying their revenue streams, securing funding through various channels, and developing contingency plans for unforeseen events, such as economic crises or disruptions in the supply chain. In all, business sustainability for SMEs means achieving long-term success (Udodiugwu, 2023) while balancing economic growth with social and environmental responsibility (Burlea-Schiopoiu & Mihai, 2019). By focusing on these three pillars—economic performance, social impact, and environmental responsibility—SMEs can ensure their survival and growth in a dynamic and competitive marketplace. Sustainability is not only a key to business longevity but also a critical factor in building a positive brand reputation and contributing to broader societal goals. Therefore, the sustainability of SMEs is crucial for economic development, job creation, and the overall well-being of communities.

2.1.6 Financial Sustainability

Financial sustainability refers to an organization's ability to maintain long-term financial health and stability while effectively managing its resources, fulfilling its obligations, and achieving its objectives (Msomi & Olarewaju,

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2021). It involves ensuring that a business or entity generates sufficient revenue to cover its operating costs, service its debts, and invest in future growth without compromising its financial well-being. The concept of financial sustainability extends beyond short-term profitability, focusing on maintaining stable financial performance over time, often in the face of changing economic conditions or external shocks (Schwab, Gold & Reiner, 2019). The essence of financial sustainability is the idea of balance. Organizations must be able to manage their income and expenses in a way that ensures they do not operate at a loss for prolonged periods. This requires careful financial planning, budgeting, and forecasting to ensure that the organization has enough cash flow to meet its obligations while still investing in future growth opportunities (Herman & Zsido, 2023). Financial sustainability also involves risk management, ensuring that the organization can weather economic downturns or unexpected financial challenges without compromising its long-term goals. In practice, financial sustainability means having a strong financial foundation (Schwab, Gold & Reiner, 2019), which includes maintaining a healthy balance sheet with manageable levels of debt, positive cash flow, and adequate reserves. A financially sustainable organization is able to generate consistent profits, invest in its operations, and provide returns to stakeholders, all while remaining resilient in the face of financial pressures (Herman & Zsido, 2023). For businesses, this often means diversifying revenue streams, optimizing operational efficiency, and controlling costs to ensure that the organization can continue to operate and grow over time.

2.2 Theoretical Framework

2.2.1 Social Contract Theory

Social Contract Theory traces its origins to the works of prominent philosophers like Thomas Hobbes, John Locke, and Jean-Jacques Rousseau (Hobbes, 1964). These philosophers, writing in the 17th and 18th centuries, sought to explain the legitimacy of political authority and the foundation of societal rules. According to Reagan (2012), Hobbes, in his seminal work Leviathan in 1651, argued that in the absence of a structured government, human life would be "solitary, poor, nasty, brutish, and short," leading to the need for a social contract that grants authority to a sovereign in exchange for peace and security. According to Kelly (2007), Locke, in his Second Treatise of Government published in 1689, refined this concept by suggesting that the social contract should ensure the protection of individuals' natural rights to life, liberty, and property. Even, McKenzie (1982) submitted that Rousseau, in The Social Contract published in 1762, introduced the idea that legitimate political authority rests on the "general will" of the people, emphasizing collective decision-making and the idea of mutual agreement between the government and the governed. This philosophical framework has evolved over time and remains a cornerstone in political theory and governance discussions. The main postulations of Social Contract Theory revolve around the idea of an implicit agreement between individuals and the government or state (Frecknall-Hughes & Gribnau, 2022; Omaliko, Mordi & Ezeala, 2025). According to the theory, individuals consent, either explicitly or tacitly, to surrender some of their freedoms and submit to the authority of a government or sovereign in exchange for protection and the maintenance of social order. This mutual agreement ensures that the governed comply with societal rules, while the government upholds its duty to protect the rights and welfare of its citizens. The theory posits that a legitimate government derives its power from the consent of the governed, and this agreement should serve to balance individual freedom with collective responsibility. In modern interpretations, Social Contract Theory often extends beyond political governance to encompass broader social and economic agreements between various stakeholders, including businesses and their customers or the

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broader community (Frecknall-Hughes & Gribnau, 2022). Social Contract Theory is highly relevant to the topic of tax reform and business sustainability, particularly when applied to the relationship between small and medium-sized enterprises (SMEs) and the government. In this context, SMEs, as part of the societal fabric, implicitly agree to contribute to the economic system through tax payments, in exchange for the benefits of government protection, infrastructure, and social stability. Tax reforms, when aligned with the principles of the social contract, should aim to create a fair, transparent, and efficient tax system that ensures businesses are not unduly burdened and can thrive. The theory supports the idea that the government has an obligation to create a conducive business environment through tax policies that promote sustainability and long-term growth. In turn, SMEs, in recognizing their role in the collective social contract, will be more likely to comply with tax regulations, leading to improved business sustainability and contributing to the broader economic development of the country. This framework highlights the mutual responsibilities of the government and businesses in fostering a system where both can prosper through cooperation and fair policy implementation.

2.3 Empirical Review

Mijinyawa, Ibrahim, and Shagari (2025) examined the effect of tax reforms on Nigeria's economic development, using time series data from 2013 to 2022. The study adopted an ex-post facto research design and sourced data from the National Bureau of Statistics, the Central Bank of Nigeria, and the Federal Inland Revenue Service. The researchers focused on key tax reforms, including changes in Petroleum Profit Tax, Company Income Tax, Value Added Tax, and Customs and Excise Duties. Regression analysis indicated that while VAT reforms showed a significant negative impact, reforms in Petroleum Profit Tax and Company Income Tax had a positive and significant effect. The study concluded that tax reforms in Nigeria significantly influenced the country's economic development, albeit with varying effects depending on the type of tax reform. Tengerapena, Mlambo, Tarwa, Mufanebadza, Feya, Masunda and Manhimanzi (2025) investigated the impact of taxation on the performance of SMEs in Zimbabwe's Lowveld region. SMEs play a crucial role in driving economic growth, job creation, and poverty alleviation, but the challenges posed by high tax rates and complex tax systems threaten their viability. The study aimed to identify these tax-related challenges and propose solutions to improve SME performance and sustainability. The research utilized a combination of qualitative and quantitative approaches, employing a descriptive research design that included document analysis, observations, and questionnaires. The findings highlighted that high tax burdens, lack of tax knowledge, and inefficiencies in tax administration hindered SME profitability and growth. The average ease of meeting tax obligations was rated at just 3.33 out of 10, illustrating the significant difficulties SMEs face in complying with tax regulations. The study concluded that excessive taxation, compounded by poor administrative practices and inadequate tax education, severely limits the growth and sustainability of SMEs in the region. Chamba (2025) conducted a study on the impact of tax reforms on the revenue performance of the Federal Inland Revenue Service (FIRS) in Nigeria. Using an ex-post facto research design, the study analyzed secondary data to compare the revenue performance of the FIRS before and after the implementation of tax reforms. The data were sourced from FIRS and examined revenue trends during two distinct periods: pre-reform (1991-2006) and post-reform (2007-2023). The t-test analysis revealed a statistically significant difference between the revenue performances in the two periods, supporting the conclusion that the 2007 tax reforms had a positive impact on revenue collection. The study emphasized that the reforms enhanced the efficiency of tax administration, improved tax compliance, and contributed to fiscal sustainability. Ologun

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and Oloruntoba (2024) explored how tax reforms affect tax compliance among small and medium enterprises (SMEs) in Ondo State, Nigeria. The study used a survey research design with primary data collected through questionnaires. The target population consisted of 7,899 registered SMEs across the 18 local government areas in Ondo State, as reported by SMEDAN in 2023. A sample of 380 SMEs was selected using the Taro Yamane formula. The demographic data were analyzed using frequency distribution, while the relationship between tax reforms and tax compliance was examined using ordinary least squares regression via E-view 13. The findings revealed that value-added tax reform, online tax payment platforms, and integrated tax administration systems significantly impacted tax compliance at a 1% level. Based on the results, the study concluded that these reforms positively influenced the tax compliance of SMEs in Ondo State. Tuoyo, Suleiman, and Falusi (2024) studied the relationship between tax reform administration and revenue generation in South Western Nigeria. The research employed a survey design, gathering data from Federal Inland Revenue Service (FIRS) employees in the region. A total of 110 FIRS staff were surveyed using a structured questionnaire, and data were analyzed using the STATA statistical software. The findings revealed that tax reform administration, poverty levels, and compliance with tax reforms had a significant impact on revenue generation. However, tax rates did not show a significant relationship with revenue generation. The study concluded that effective tax reform administration plays a crucial role in boosting revenue generation, especially when coupled with proper compliance strategies. Oyewobi and Gundu (2024) explored the impact of tax reforms on the tax burden of listed consumer goods firms in Nigeria. To meet the research objectives, they adopted a longitudinal panel research design. The focus was on twelve publicly listed consumer goods firms consistently publishing their audited annual financial reports between 2013 and 2022. The analysis was conducted using panel data regression techniques, facilitated by statistical software such as E-Views 10. The results revealed that direct taxes had an insignificant effect on the tax burden of these companies, while indirect taxes exhibited a significant negative influence. Onwuka, Friday, Onyegbuna, Onah, and Obijiaku (2024) analyzed how tax policies influence the performance of small and medium-scale enterprises (SMEs) in Anambra State, Nigeria. Recognizing SMEs as pivotal to economic development—through contributions to employment, innovation, and GDP—the study underscored that these businesses face regulatory and policy-related tax challenges that undermine their performance. These challenges include high operating costs, limited access to external capital, and barriers to innovation and development. The research utilized a qualitative methodology with a descriptive design to provide a comprehensive understanding of these issues. Participants were selected using a convenience sampling technique, and interviews were recorded and transcribed for analysis. Findings showed that multiple taxes levied by different government bodies significantly raised business expenses. Additionally, poor electricity infrastructure compounded operational costs and reduced productivity. The authors recommended reducing the number of tax levies and improving transparency within the tax administration system to support SME sustainability. Kwara and Lawal (2024) examined the effect of varied tax policies on the performance of SMEs in Nigeria using content analysis. By reviewing legislative documents, academic publications, government records, and interviews with SME owners, the study highlighted inconsistencies between the official tax regime and actual taxes collected, exposing transparency issues and increased financial stress for businesses. The study concluded that these discrepancies create an unfavorable business environment. Ezeanokwasa, Chinelo, Raphael, and Ejike (2024) investigated the link between multiple taxation and the survival of businesses in Awka, Anambra State. The aim was to assess how current tax policies

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support business continuity and to explore how businesses adapt to multiple taxation. The researchers used a survey design involving 330 small-scale entrepreneurs. Applying Taro Yamane's formula, a sample size of 319 respondents was drawn. Data were collected via structured questionnaires administered to SME owners and managers. Hypotheses were tested using the Chi-square statistical method with SPSS version 22. Results revealed a strong relationship between existing tax policy effectiveness and multiple taxation ($p = 0.000$), as well as between multiple taxation and business coping strategies ($p = 0.000$). Oloyede, Otusanya, and David (2024) studied how taxation affects the performance of SMEs in Lagos State, Nigeria. The research investigated the relationships between tax policy and SME effectiveness, tax administration and profitability, multiple taxation and productivity, and tax incentives and efficiency. A survey design was used, and a sample of 396 SME operators was selected from a population of 42,067, based on Taro Yamane's formula. Data collection was carried out through self-administered questionnaires. The analysis was done using correlation and analysis of variance (ANOVA) with the aid of SPSS. The study found that tax policy significantly influences SME effectiveness. However, tax administration did not show a significant effect on profitability. Douglas, Akoyeyeke, Michael, and Ogbonnaya (2024) explored how multiple taxation influences the growth of small and medium enterprises (SMEs) in Abakaliki, Ebonyi State, Nigeria. The study surveyed 400 SME operators, gathering information on their profit levels, tax payment status, types of taxes paid, timing of initial taxation, whether they were subject to multiple taxes, business locations, and energy sources. Profit was categorized from low to high, prompting the use of ordinal logistic and probit regression models for analysis. Results from the ordinal logistic regression showed that tax payment significantly reduced the likelihood of achieving higher profit levels, with a coefficient of -0.7. Although sales tax and royalties had no substantial effect, environmental levies and business premises levies reduced the odds of higher profits by -0.133 and -0.134, respectively. Being taxed from the second year of business operations further reduced profitability by -0.37, while taxation beginning in the third year increased profitability by 0.22. Overall, multiple taxation lowered the odds of achieving higher profits. Marginal effect analysis showed that multiple taxation increased the likelihood of low profit by 7%, while reducing the chances of normal and high profit by 5% and 3%, respectively. Babatunde, Manongi, Abiodun, and Rufai (2023) investigated the impact of multiple taxation on the growth of SMEs in Ogun Central Senatorial District using a questionnaire-based survey design. The study sampled 78 SMEs, and the data were analyzed using descriptive statistics, Pearson correlation, and linear regression. Findings demonstrated a significant relationship between multiple taxation, taxability, and SME growth at the 0.05 significance level. The study noted that this taxation burden contributes to limited SME growth, impeding economic development and diminishing government revenue. The researchers argued that multiple taxation undermines the income potential of SMEs, jeopardizing both business sustainability and employment opportunities, including apprenticeship schemes. Adewara, Dagunduro, Falana, and Busayo (2023) studied the relationship between multiple taxation and the financial performance of SMEs in Ekiti State, Nigeria. The research utilized a survey method and applied correlation and multiple regression analysis for data interpretation. The study focused on SMEs in Ado Ekiti that were registered, had been operational for more than five years, and could verify tax compliance. Findings indicated that both the burden of multiple taxes and the complexities of multiple tax administrations negatively influenced financial performance. However, the capacity of businesses to pay taxes was positively associated with financial outcomes. Based on these results, the study concluded that multiple taxation hinders investment potential and stifles sectoral

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revenue generation. Nwoye, Obiorah, and Chidiebere (2023) assessed how illegal taxation and tax holidays affect the performance of SMEs in Awka South Local Government Area of Anambra State. The study specifically examined whether well-implemented tax holidays enhance SME performance and to what extent illegal taxation by unauthorized collectors (touts) impairs business outcomes. Using a descriptive survey design, the study sampled 119 senior staff members from 11 selected SMEs. Data were collected via structured questionnaires and analyzed using simple linear regression. Results showed that tax holidays positively and significantly impacted SME performance ($p = 0.000$), while illegal taxation had a significant and negative effect ($p = 0.031$). The findings suggest that effective tax incentives enable SMEs to reinvest retained earnings, fostering business expansion, employment generation, and broader economic contributions. Conversely, illegal tax practices were found to erode business performance and threaten economic sustainability at the local level. Omodero (2023) analyzed the impact of value-added tax (VAT) reform on economic productivity in Nigeria, examining sectors such as agriculture, construction, manufacturing, transportation, entertainment, and finance. The study aimed to provide empirical evidence to guide VAT policy modifications and used Auto-Regressive Distributed Lag (ARDL) and Error Correction Model (ECM) methods to analyze data from 1994 to 2022. Findings revealed that VAT reform had a significant and positive effect on economic productivity in the long run, while the short-term impact was negligible. This suggests that businesses require time to adjust to VAT changes before tangible effects are realized. Additionally, inflation was found to negatively influence economic productivity in both short and long terms. Adanlawo and Vezi-Magigaba (2022) examined the impact of tax policies on the performance of small and medium-sized enterprises (SMEs) in Nigeria, guided by the Unicist Theory of business growth. This theory provided a framework for analyzing the effects of multiple taxes on SMEs' growth. A survey method was used, with a structured questionnaire distributed to 110 SME owners in three local government areas of Lagos State. Descriptive statistics were employed for data analysis, and hypotheses were tested using the Chi-square method. The results indicated that government tax policies significantly influence the performance of SMEs in Lagos State.

2.4 Gap in Literature

Several scholars including Mijinyawa, Ibrahim, and Shagari (2025), Omodero (2023), and Oyewobi and Gundu (2024) have investigated the broader implications of tax reforms on economic performance and business environments in Nigeria, with specific emphasis on issues such as VAT reforms, indirect taxation, and tax burdens. Studies by Babatunde, Manongi, Abiodun, and Rufai (2023), Ezeanokwasa, Chinelo, Raphael, and Ejike (2024), as well as Douglas, Akoyeyeke, Michael, and Ogbonnaya (2024), have all addressed how multiple taxation affects SME growth, profitability, and survival. Moreover, Ologun and Oloruntoba (2024), and Adanlawo and Vezi-Magigaba (2022) highlighted the effects of tax reforms and policies on tax compliance and SME performance, particularly in Ondo and Lagos States. However, most of these studies focused either on multiple taxation or general policy frameworks, without narrowing down to the specific effects of value-added tax reform on the financial sustainability of SMEs, especially within the unique economic context of Anambra State. Furthermore, while Mukiri (2022) and Bhalla, Kaur, and Sharma (2022) discussed the benefits of technological reforms in tax administration, such as tech-based platforms and integrated tax systems, they did so within broader geographical or sectoral contexts, often outside Nigeria. The role of online tax payment platforms and integrated tax administration systems on financial sustainability remains underexplored at the subnational

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level in Nigeria. Notably, studies by Onwuka, Friday, Onyegbuna, Onah, and Obijiaku (2024) and Nwoye, Obiorah, and Chidiebere (2023) examined taxation challenges in Anambra but did not consider the digitalization of tax systems or reform-specific components like VAT and ITAS. This leaves a significant gap in literature concerning the direct influence of modern tax reforms—such as VAT restructuring, online payment platforms, and integrated systems—on the financial sustainability of SMEs in Anambra State, which this study seeks to address.

3.0 Methodology

This study adopted a descriptive survey research design to examine the influence of tax reforms on the financial sustainability of selected Small and Medium Enterprises (SMEs) in Anambra State, Nigeria. The descriptive survey method is appropriate for this type of study as it enables the researcher to systematically collect and analyze data related to respondents' experiences, perceptions, and attitudes concerning tax reforms and their effects on business sustainability. The use of a descriptive survey is justified because it allows for the efficient collection of data from a relatively large sample and supports both quantitative and inferential analysis of observed relationships between tax policy changes and SME performance. The population of the study comprises 631 staff members from 10 selected SMEs operating in Anambra state. These enterprises span various sectors, ensuring a heterogeneous population ideal for assessing the influence of tax reforms. These businesses were purposefully selected to represent diverse perspectives on tax policies and their financial implications.

Table 3.1 Population

Name of Businesses	Nature of Business	Population
1) Davidyoryor	General Merchandise	60
2) Digitrybe	Technology	65
3) Rocket Search Int'l Ltd	General Merchandise	70
4) EagleTrend	Technology	62
5) Excellent Online Marketing	Marketing	68
6) Goldmine Custom Apparel	Clothing and Textile	55
7) Justclick Mobile Market	Phone and Accessories	75
8) Marbleclix Media	Entertainment	61
9) Peace Concept	Technology	65
10) Schwiz Solutions	Technology	50
Total		631

Source: Survey Findings from Firms' HR (2025)

To ensure that the study's findings are generalizable, the sample size was determined using the Taro Yamane formula (1964):

$$\mathbf{n = \frac{N}{1+N\,(e)^2}}$$

Where:

n - Sample size

N - Population size

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e - Sampling error
1 - Constant
Therefore;
Substituting the values in the formula, where e = 5%
N = 132
e = 0.05
n = ?

$$n = \frac{631}{1+631\,(0.05)^2}$$

$$n = \frac{631}{1+631\,(0.0025)}$$

n = 244

Thus, the sample size for this study is 244 respondents.

A stratified sampling technique was used to ensure proportionate representation from each of the 10 SMEs. The total population was divided into strata based on the size of each business. Proportional allocation was applied to draw the correct number of respondents from each firm, as shown in the table below.

Table 3.2: Stratified Sampling for Businesses

Name of Businesses	Ratio (Population ÷ 631)	Sample Size (Ratio × 244, Rounded)
1) Davidyoryor	60 ÷ 631 = 0.0951	0.0951 × 244 = 23
2) Digitrybe	65 ÷ 631 = 0.1030	0.1030 × 244 = 25
3) Rocket Search Int'l Ltd	70 ÷ 631 = 0.1109	0.1109 × 244 = 27
4) EagleTrend	62 ÷ 631 = 0.0983	0.0983 × 244 = 24
5) Excellent Global Concept and Marketing	68 ÷ 631 = 0.1078	0.1078 × 244 = 26
6) Goldmine Custom Apparel	55 ÷ 631 = 0.0871	0.0871 × 244 = 21
7) Justclick Mobile Market	75 ÷ 631 = 0.1189	0.1189 × 244 = 29
8) Marbleclix Media	61 ÷ 631 = 0.0967	0.0967 × 244 = 24
9) Peace Concept	65 ÷ 631 = 0.1030	0.1030 × 244 = 25
10) Schwiz Solutions	50 ÷ 631 = 0.0792	0.0792 × 244 = 20
Total	**1.000**	**244**

Source: Researcher's Computation (2025)

The primary instrument for data collection was a structured questionnaire designed by the researcher in line with the study objectives. The questionnaire comprised closed-ended questions, structured on a five-point Likert scale, ranging from Strongly Agree (5) to Strongly Disagree (1). This scale allowed respondents to express the intensity of their views concerning the influence of tax reforms on their business sustainability. The questionnaire focused on the three main dimensions of tax reforms: Value-Added Tax reform, Online Tax Payment Platforms, and Integrated Tax Administration Systems, as well as their influence on financial sustainability. The structured format ensured clarity and ease of response, while enabling uniform data for subsequent analysis. The reliability

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of the research instrument was tested using Cronbach's Alpha, a common measure of internal consistency. The reliability coefficients for each of the variables exceeded the 0.70 benchmark, indicating acceptable reliability.

Table 3.3: Reliability Coefficients

Construct	Number of Items	Cronbach's Alpha
Value-Added Tax Reform	4	α = .761
Online Tax Payment Platforms	4	α = .803
Integrated Tax Administration	4	α = .789
Financial Sustainability	4	α = .827

Source: SPSS Version 25 (2025)

The data collected was analyzed using the Statistical Package for the Social Sciences (SPSS) version 25. The analysis was conducted in two stages:

1. Descriptive Statistics such as frequencies, percentages, means, and standard deviations were used to summarize demographic data and general trends in responses.
2. Inferential Statistics were used to test the research hypotheses. Specifically, the Spearman Ranked Order Correlation Coefficient was employed to test the hypotheses which assessed the strength and direction of the influence of the independent variables (VAT reform, online tax platform, ITAS) on the dependent variable (financial sustainability).

All hypotheses were tested at a 5% level of significance (α = 0.05). The decision rule is that if the p-value < 0.05, the null hypothesis is rejected, indicating a significant relationship between the variables. However, if the p-value ≥ 0.05, the null hypothesis is not rejected, suggesting no significant relationship.

4.0 Data Analysis

The study examined the influence of tax reform on business sustainability of selected SMEs in Anambra state. The specific objective was to analyse the extent to which value-added tax reform, online tax payment platform and integrated tax administration system influence financial sustainability of selected SMEs in Anambra state. This study adopted a descriptive survey research design. The population of the study comprises 631 staff members from selected SMEs operating in Anambra state. Stratified sampling was used to select a sample size of 244. Table 4.1 shows the response rate.

Table 4.1 Presentation of Response Rate

Response	Frequency	Percentage (%)
Well Filled in Questionnaires	243	99.6
Wrongly-Filled in Questionnaires	1	0.4
Total	244	100

Source: Survey Findings, November 2024

The presentation of data in Table 4.1 illustrates the response rate achieved in the course of the study. Out of the 244 questionnaires distributed to respondents across selected SMEs in Anambra State, an overwhelming majority—243 questionnaires, representing 99.6%—were correctly completed and returned. This very high response rate indicates a strong level of engagement and willingness among the respondents to participate in the

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study. It also enhances the credibility and reliability of the data collected. Only 1 questionnaire (0.4%) was found to be wrongly filled, showing minimal data loss and affirming the adequacy of the final sample for analysis.

4.1 Descriptive Analysis of Research Questions

The data presented in Table 4.2 provide a detailed descriptive analysis of the responses to the questionnaire items, focusing on the influence of tax reform dimensions—Value-Added Tax (VAT) reform, online tax payment platforms, and integrated tax administration—on the financial sustainability of selected SMEs in Anambra State. Each item was measured using a five-point Likert scale, and the mean score for each was used to guide the decision on whether the respondents generally accepted or rejected the statements provided.

Table 4.2 Mean Analysis of Section B Items of the Questionnaire

S/N	**Value-Added Tax (VAT) Reform**	**SA**	**A**	**U**	**D**	**SD**	**Mean**	**Decision**
1	The current VAT reform has simplified the tax system for my business.	75	127	6	13	22	3.91	Accept
2	VAT reform has reduced the cost of compliance for my business.	80	125	0	4	34	3.88	Accept
3	The VAT structure is more transparent since the reform.	90	61	12	44	36	3.51	Accept
4.	The current VAT policy is fair to small and medium-sized enterprises (SMEs).	59	97	16	54	17	3.52	Accept
S/N	**Online Tax Payment Platform**	**SA**	**A**	**U**	**D**	**SD**	**Mean**	**Decision**
1	The introduction of an online tax payment system has made tax payment easier for my business.	60	110	18	31	24	3.62	Accept
2	I find the online tax platform user-friendly and accessible.	38	169	14	18	4	3.90	Accept
3	Online platforms have increased my trust in the transparency of tax administration.	78	113	13	11	28	3.83	Accept
4	Technical issues rarely hinder my ability to p taxes online.	113	97	4	32	12	3.98	Accept
S/N	**Integrated Tax Administration**	**SA**	**A**	**U**	**D**	**SD**	**Mean**	**Decision**
1	Integrated tax administration has helped reduce multiple taxations on my business.	26	175	16	18	8	3.79	Accept
2	Tax policies and processes are more coordinated and easier to follow now.	34	82	33	78	16	3.16	Accept
3	Integrated tax administration has reduced corruption and human interference in tax processes.	74	130	3	15	21	3.91	Accept

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4	Integrated tax administration has made it easier to access tax-related services.	77	131	0	2	33	3.89	Accept
	Financial Sustainability	**SA**	**A**	**U**	**D**	**SD**	**Mean**	**Decision**
1	My business can consistently meet its financial obligations.	74	88	20	34	27	3.61	Accept
2	My business generates enough revenue to support long-term growth.	41	188	0	6	8	4.02	Accept
3	My business has a stable cash flow position.	85	84	12	40	22	3.70	Accept
4	Tax reforms have contributed to better financial planning and control in my business.	67	116	11	16	33	3.69	Accept

Source: Researcher's Computation 2025

Table 4.2 above shows that for the Value-Added Tax (VAT) Reform, the first item examined whether the current VAT reform has simplified the tax system for businesses. The responses show that 75 respondents strongly agreed and 127 agreed, making up the majority. This yielded a mean score of 3.91, indicating a positive perception, hence the decision to "Accept." The second item considered whether VAT reform has reduced the cost of compliance. Here, 80 strongly agreed and 125 agreed, with a notable lack of undecided responses, resulting in a mean of 3.88, which also indicates agreement. In the third item, assessing the transparency of the VAT structure since the reform, 90 respondents strongly agreed and 61 agreed, though a significant number also disagreed (44) or strongly disagreed (36). Still, the mean score of 3.51 shows a generally positive view, albeit with some reservations. Similarly, the fourth item about fairness to SMEs saw 59 strongly agreeing and 97 agreeing, while 54 disagreed, leading to a mean of 3.52, which was sufficient for an "Accept" decision, suggesting that although a majority felt the VAT reform was fair, some SMEs expressed concerns or dissatisfaction. Concerning the Online Tax Payment Platform, the first item measured whether the introduction of the platform made tax payment easier. 60 respondents strongly agreed and 110 agreed, though 31 disagreed and 24 strongly disagreed. The mean score of 3.62 suggests a favorable response overall. The second item, which evaluated whether the platform was user-friendly and accessible, had a high level of agreement, with 38 strongly agreeing and 169 agreeing, giving a strong mean of 3.90, showing that ease of use was widely acknowledged. The third item in this category focused on whether online platforms increased trust in tax administration transparency. It had 78 strongly agreeing and 113 agreeing, against 28 who strongly disagreed, resulting in a mean of 3.83, indicating general trust among respondents. The fourth item, which explored the impact of technical issues on tax payment, showed a strong response with 98 strongly agreeing and 97 agreeing, although 32 disagreed. The mean of 3.98 was one of the highest in the table, reflecting strong confidence in the reliability of the platform. For the Integrated Tax Administration, the first item asked whether it helped reduce multiple taxations. Here, 26 strongly agreed and 175 agreed, yielding a mean of 3.79, suggesting broad approval. The second item explored the coordination and clarity of policies and processes, with 34 strongly agreeing and 82 agreeing, but 78 disagreed, leading to a lower mean of 3.16. Though still accepted, this lower mean suggests mixed opinions and highlights that not all respondents found the integration as helpful or coherent. The third item assessed whether integrated tax administration reduced

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corruption and human interference. It received strong positive responses, with 74 strongly agreeing and 130 agreeing, producing a high mean of 3.91, indicating that many SMEs perceive improved transparency and integrity in the tax system. The fourth item, on ease of accessing tax-related services, had 77 strongly agreeing and 131 agreeing, yielding a mean of 3.89, again pointing to the perceived effectiveness of the integrated system. Finally, the section on Financial Sustainability assessed how well SMEs are managing their finances in relation to tax reforms. The first item, on the ability to meet financial obligations, had 74 strongly agreeing and 88 agreeing, with 34 disagreeing, resulting in a mean of 3.61, indicating reasonable financial stability among businesses. The second item, addressing revenue sufficiency for long-term growth, saw the highest level of agreement with 41 strongly agreeing and 188 agreeing, producing the highest mean score of 4.02, reflecting strong confidence in the financial outlook of the businesses surveyed. The third item dealt with the stability of cash flow, and 85 strongly agreed and 84 agreed, though 40 disagreed, yielding a mean of 3.70, which still reflects a favorable view. The final item explored whether tax reforms have enhanced financial planning and control, with 67 strongly agreeing and 116 agreeing, although 33 strongly disagreed, leading to a mean of 3.69, which shows that most SMEs do recognize a positive financial influence from the reforms. Thus, the mean analysis across all constructs in Table 4.5 demonstrates a generally favorable perception among respondents toward tax reform initiatives and their impact on business sustainability. Despite some mixed responses, particularly around policy clarity and fairness, the overall acceptance decisions reflect the effectiveness of these reforms in supporting financial stability and growth for SMEs in Anambra State.

4.2 Test of Hypotheses

The hypotheses testing was done using correlational analysis as shown below.

4.2.1 Test of Hypothesis I

H01. Value-added tax reform has no significant influence on financial sustainability of selected SMEs in Anambra state.

Table 4.3 Test of Hypothesis I

			Financial Sustainability
Spearman's rho	Value-Added Tax Reform	Correlation Coefficient	.251**
		Sig. (2-tailed)	.000
		N	243

Source: SPSS V. 26 (2025)

The results presented in Table 4.3 relate to the first hypothesis (H01), which states that Value-added tax (VAT) reform has no significant influence on financial sustainability of selected SMEs in Anambra State. Using Spearman's rank-order correlation, a correlation coefficient (rho) of 0.251 was obtained with a p-value of 0.000. This positive coefficient indicates that as perceptions of VAT reform improve among SMEs, their level of financial sustainability tends to increase marginally. The result is statistically significant at the 5% level ($p < 0.05$), meaning that the observed influence is not due to chance. Though the strength of the relationship is relatively weak, the significance suggests that VAT reform does play a marginally positive and meaningful role in enhancing financial sustainability among SMEs in Anambra State. Having accepted the alternate hypothesis,

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it implies that Value-added tax reform has a significant positive influence on financial sustainability of selected SMEs in Anambra state (rho = 0.251, p = 0.000).

4.2.2 Test of Hypothesis II

H02. Online tax payment platform does not significantly influence financial sustainability of selected SMEs in Anambra state.

Table 4.4 Test of Hypothesis II

		Financial Sustainability	
Spearman's rho	Online tax payment platform	Correlation Coefficient	.264**
		Sig. (2-tailed)	.000
		N	243

Source: SPSS V. 26 (2025)

Moving to Table 4.4, the second hypothesis (H02) posits that online tax payment platforms do not significantly influence the financial sustainability of selected SMEs in Anambra State. The Spearman's correlation coefficient (rho) was found to be 0.264, with a p-value of 0.000. This result reveals a slightly stronger positive association compared to VAT reform. It implies that greater satisfaction or engagement with online tax platforms correlates marginally with an improvement in financial sustainability among SMEs. The p-value confirms the statistical significance at the 5% level, reinforcing that this observed influence is reliable. While still a weak relationship by conventional interpretation, the direction is clearly positive and meaningful. Having accepted the alternate hypothesis, it implies that Online tax payment platform has a significant positive influence on financial sustainability of selected SMEs in Anambra state (rho = 0.264, p = 0.000).

4.2.3 Test of Hypothesis III

H03. Integrated tax administration systems has no significant influence on financial sustainability of selected SMEs in Anambra state.

Table 4.5 Test of Hypothesis III

		Financial Sustainability	
Spearman's rho	Integrated Tax Administration	Correlation Coefficient	.185**
		Sig. (2-tailed)	.004
		N	243

Source: SPSS V. 26 (2025)

Lastly, Table 4.5 provides hint on the third hypothesis (H03), which suggests that integrated tax administration systems have no significant influence on the financial sustainability of selected SMEs in Anambra State. Here, the Spearman's correlation coefficient (rho) is 0.185 with a p-value of 0.004. This indicates the weakest association among the three variables tested. Nevertheless, the correlation remains positive, meaning improvements or enhancements in the integrated tax administration system are marginally associated with better financial sustainability. Despite the relatively low correlation strength, the result is still statistically significant at the 5% level, indicating that this marginal influence is also meaningful and not random. Having accepted the

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alternate hypothesis, it implies that Integrated tax administration system has a significant positive influence on financial sustainability of selected SMEs in Anambra state (rho = 0.185, p = 0.004).

4.3 Discussion of Findings

1. Value-added Tax (VAT) Reform and Financial Sustainability

The finding that VAT reform has a significant positive influence on the financial sustainability of selected SMEs in Anambra State ($\rho = 0.251$, $p = 0.000$) suggests that recent VAT reforms may have created a more streamlined, predictable, and transparent tax system, enabling better business planning and compliance. When VAT is properly administered and businesses clearly understand their obligations, they are better positioned to manage their cash flows, pricing strategies, and long-term investments. Improved recordkeeping, enabled by clearer VAT processes, also supports SME access to credit and government support initiatives, which enhances sustainability. The positive correlation may also stem from the removal of irregular taxation practices and the replacement with a more centralized and enforceable VAT policy structure. From the literature, Omodero (2023) supports this result by stating that VAT reform can boost long-term productivity across sectors, particularly when accompanied by inflation control. Mukiri (2022) aligns as well, noting that tech-driven reforms enhance SME financial performance through simplified processes and reduced costs. Bhalla, Kaur, and Sharma (2022) also affirm that reforms improve ROI and reduce fraud, boosting financial performance. Similarly, Chamba (2025) observed that post-2007 reforms improved revenue collection, which could be attributed to improved VAT structures and compliance mechanisms. However, this finding contradicts Mijinyawa, Ibrahim, and Shagari (2025) who found VAT reform had a negative impact on Nigeria's development, though that study was more macroeconomic in scope.

2. Online Tax Payment Platform and Financial Sustainability

The result showing a significant positive influence of online tax payment platforms on SME financial sustainability ($\rho = 0.264$, $p = 0.000$) highlights the growing value of digital transformation in tax administration. Online platforms tend to reduce compliance costs, minimize human error, and limit the opportunities for corruption. For SMEs, being able to fulfill tax obligations conveniently and securely improves operational efficiency and cash management. Furthermore, the ability to keep digital records improves transparency and access to government programs. These platforms may also shorten processing times, allowing business owners to focus on core operations rather than bureaucratic procedures. This finding is supported by Mukiri (2022) who observed that technology-based reforms in Kenya led to improved SME performance and lower operational costs. Bhalla, Kaur, and Sharma (2022) also corroborate this by highlighting how reforms, especially those using technology, reduce fraud and improve returns on investment. Similarly, Awotomilusi (2022) found that tax reforms and incentives—particularly through digital means—increase voluntary compliance. Ologun and Oloruntoba (2024) further support the positive link by showing that reforms in Ondo State increased SME compliance, likely facilitated by online systems. On the other hand, Tengerapena et al. (2025) noted that poor tax administration in Zimbabwe still hampers SME growth, indicating that the effectiveness of online platforms depends on the quality of implementation.

3. Integrated Tax Administration System and Financial Sustainability

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The finding that integrated tax administration systems positively influence SME financial sustainability ($\rho = 0.185$, $p = 0.004$) reflects the role of system unification in reducing redundancies, improving coordination, and fostering compliance. Integrated systems allow SMEs to manage multiple tax obligations through a single interface, improving clarity and reducing the risks of non-compliance due to missed deadlines or duplicated levies. This also encourages better financial reporting and audit readiness, which can enhance trust with banks and investors, further supporting sustainability. Though the correlation is weaker than for other factors, the significance indicates a meaningful relationship. In agreement, Chamba (2025) notes that tax reforms have improved the performance of revenue collection agencies like FIRS, partly due to system integration. Tuoyo, Suleiman, and Falusi (2024) found that administrative reform—not just tax rate changes—positively impacted revenue, implying improved operational structures help both government and taxpayers. Awotomilusi (2022) also pointed out that integrated reforms and incentives encourage better compliance, while Bhalla, Kaur, and Sharma (2022) emphasized that system integration reduces financial mismanagement. Conversely, Onwuka et al. (2024) highlight that in Anambra, poor infrastructure and complex tax structures still burden SMEs—suggesting that integration alone is insufficient without proper infrastructure and support services.

5.0 Conclusion and Recommendations

The findings from the study reveal that various aspects of tax reform—specifically VAT reform, online tax payment platforms, and integrated tax administration systems—have a statistically significant positive influence on the financial sustainability of SMEs in Anambra State. This suggests that when tax systems are structured, simplified, and made accessible through technology, SMEs are better able to comply without excessive financial or administrative burden. The implication is that an enabling tax environment can contribute to improved recordkeeping, more predictable cash flow, and ultimately, a stronger financial position for small businesses. As SMEs represent a major component of the local economy, this connection between efficient tax administration and financial resilience underlines how institutional structures can shape business viability. Moreover, the significance of digital platforms and system integration in improving SME financial outcomes points to the importance of modernization within public financial management. The positive correlations identified indicate that ease, clarity, and consistency in tax dealings encourage compliance and reduce operational friction for small businesses. This dynamic reflects a broader trend where administrative efficiency supports not just government revenue, but private sector growth as well. The implication here is that well-designed reforms can facilitate a more cooperative relationship between tax authorities and the business community, reinforcing sustainable economic development through mutual trust and transparency.

5.1 Recommendations

1. The Federal and State Governments continue to refine and expand value-added tax (VAT) reforms, ensuring that these reforms are tailored to the needs of SMEs by simplifying the VAT process, reducing compliance costs, and enhancing the transparency of VAT administration to further promote financial sustainability among SMEs.
2. The Nigerian Tax Authorities should invest in the continuous improvement and expansion of the online tax payment platforms by ensuring that these platforms remain user-friendly, accessible, and capable of addressing technical issues, the authorities will further encourage SMEs to adopt these systems, thereby contributing to their financial sustainability.

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2. The Federal and State Governments, in collaboration with relevant tax bodies, should prioritize the enhancement of integrated tax administration systems by ensuring that tax policies and processes are well-coordinated and easy to navigate, reducing the likelihood of confusion and inefficiencies among SMEs, thus supporting their financial stability.

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