

Abstract

The purpose of this desktop study was to evaluate the impact of tax knowledge on tax compliance among small medium enterprises (SMEs) in a developing country. The study interrogated literature so as to ascertain if SMEs in the developing country under study possessed tax knowledge and also to identify the possible elements that constitute tax knowledge among SMEs. Other factors that could be influencing noncompliance among SMEs were identified as well as methods which could be adopted by tax Authority to increase awareness and compliance SMEs. The study established that SMEs in this particular developing country do not comply with tax law. They possess only basic tax knowledge and lack a deeper understanding of tax issues. It also emerged that enhancing tax knowledge on its own without addressing the high tax rates and corruption will not positively impact on tax compliance behaviour among SMEs. The study recommends that an introductory tax course be introduced, perhaps as an elective subject at the beginning of higher learning education so that students are aware of their responsibilities as future taxpayers. This education method could be expected to help cultivate responsible taxpayers.