

The major tax related causes for small medium and micro enterprise failures in South Africa

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Abstract

The main purpose of this paper was to determine the major tax related causes for Small Medium and Micro Enterprise failures in South African. This paper performed an analysis of literature using a qualitative methodology with a systematised review adopting a pragmatic philosophical stance to gather information from existing journals. The paper reveals that taxes have a negative impact on the sustainability of SMMEs in South Africa. Taxes have been proven to increase compliance costs and to require time to complete forms, submissions and disputes of returns; acquire new knowledge or consult with experts. Overall, this paper concludes that taxes have a negative impact on the sustainability of South African SMMEs. A more comprehensive paper is necessary to establish why 90% of SMMEs in South Africa terminate within the first 10 years of operation. However, one reason may be compliance costs arising from tax.

Keywords: Tax burden | SMME failure | South Africa | Impact of tax | Tax on SMMEs.

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