ISSN:1533-9211
SEYBOLD REPORT
www.seybold-report.com

E-PAYMENT TAX COLLECTION SYSTEM AND LEVEL OF COMPLIANCE AMONG THE SMALL AND MEDIUM ENTERPRISES IN ONDO STATE, NIGERIA

ISSN: 1533 - 9211

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KEYWORDS:

E-Payment, Taxation, Tax Collection System, Tax Compliance Small and Medium Enterprises

Received: 14 April 2025
Accepted: 25 May 2025
Published : 03 June 2025

TO CITE THIS ARTICLE:

Aribaba, F. O., Ahmodu, A. O., & Olasehinde, S. A. (2025). E-payment tax collection system and level of compliance among the small and medium enterprises in Ondo State, Nigeria. *Seybold Report Journal*, *20*(6), 35–52. DOI: 10.5281/zenodo.15577814

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Abstract

The study examined the influence of e-payment tax collection systems on the level of compliance among SMEs in Ondo State. The study employed a cross sectional survey research design with the population of *one thousand, nine hundred and ninety-nine (1,999) registered SMEs* in Ondo State. The krejcie and Morgan (2010) table were used to select the sample size of 154. Purposive and stratified sampling techniques were adopted. Data were obtained from SMEs business owners. A self-designed closed-ended questionnaire designed on a 4-point Likert scale was used. This instrument was validated, and the reliability of the instrument were tested with the aid of Cronbach Alpha statistics and revealed a coefficient of 0.762. The data collected were analysed using descriptive and categorical regression analysis. The statistical package for social sciences (SPSS) software were used to analyse the data. The study revealed ETCC ($B = 0.025$; $t = 0.408$; $p = 0.684 > 0.05$); CCCS ($B = -0.072$; $t = -1.113$; $p = 0.267 > 0.05$) and CTSS ($B = -0.049$; $t = -0.834$; $p = 0.406 > 0.05$). The null hypotheses formulated was accepted. The study therefore concluded that electronic payment tax collection code, credit card collection service, and cash transfer collection system have no significant influence on the level of tax compliance among SMEs in Ondo State. Based on this findings, it was recommended that tax authorities should increase awareness and education on the benefits of e-tax systems to improve compliance rates.

Introduction

Tax payment plays a crucial role in a country's economic development. However, the traditional manual tax collection system is unwieldy and time-intensive, particularly for small and medium-sized enterprises (SMEs) in Nigeria. The introduction of e-payment tax collection systems is expected to enhance tax compliance among SMEs. Despite these advantages, the adoption rate of e-payment tax systems by SMEs in Ondo State remains low, posing a significant compliance challenge. This necessitates an investigation into the factors influencing the limited adoption of e-payment tax systems and their impact on tax compliance among SMEs in the region. The primary challenges affecting the effectiveness of the e-tax system include inadequate internet connectivity, frequent power outages, server congestion, and language barriers.

These obstacles hinder the seamless operation of the system and negatively impact taxpayer compliance. To address these issues, strategic improvements are essential, particularly through enhanced collaboration among stakeholders and targeted investments in digital infrastructure and taxpayer education (Gebremedhin, 2021). Ethiopia's efforts to optimize its e-tax system have demonstrated the potential to improve tax compliance and administrative efficiency by mitigating these challenges (Hailu & Demeke, 2024). This study not only provides insights into taxpayer experiences but also presents actionable recommendations for policymakers to refine and expand the e-tax framework for more effective implementation.

In recent years, the Nigerian government has made efforts to improve the efficiency and effectiveness of tax collection in the country, including the introduction of e-payment systems. E-payment tax collection systems allow taxpayers to pay their taxes electronically, providing convenience and reducing the burden of manual tax collection methods. However, the adoption of e-payment systems by small and medium-sized enterprises (SMEs) has been relatively low, leading to concerns about low level of compliance rates and revenue loss for the state. Ondo State, Nigeria, has implemented an e-payment tax collection system in an effort to improve tax compliance and revenue generation (Festus & Oluwaseun, 2018). However, the level of SMEs' compliance with this system has yet to be revealed. There is a need to understand the factors that influence low level of compliance among the SMEs owners with e-payment tax collection systems. Taxation is one of the most crucial sources of revenue for governments worldwide, and its efficient collection is essential for sustainable economic development. In Nigeria, the government has made efforts to improve its tax collection system, particularly with the adoption of e-payment tax collection systems. E-payment tax collection is a digital system that enables taxpayers to pay their taxes electronically, which is faster, more secure, and cost-effective than traditional manual methods. However, the adoption of e-payment tax collection systems among small and medium-sized enterprises (SMEs) in Nigeria could have been faster, leading to a significant revenue loss for the government. The low level of compliance among SMEs in Ondo State poses a significant challenge to the government's effort to improve its revenue generation through taxation. Thus, there is a need to investigate the factors that influence SMEs' adoption and compliance with e-payment tax collection systems in Ondo State. Such factors could include the level of awareness, accessibility, trust, and support for the system, as well as the ease of use, costs, and benefits of the system (Adegbie & Adekunle, 2020). Understanding these factors could help to design policies and strategies that would encourage SMEs to adopt and comply with the e-payment tax collection system, leading to increased revenue generation for the government and sustainable economic development. The study will examine the e-payment tax collection system and level of compliance among the SMEs in Ondo State. The study is grounded on ability to pay theory.

Hypotheses

The hypotheses below were formulated to guide the study.

1. E-payment tax collection code does not influence the level of compliance among the SMEs in Ondo State.
2. Credit card collection service does not influence the level of compliance among the SMEs in Ondo State.
3. Cash transfer service system does not enhance the level of compliance among the SMEs in Ondo State.

Literature

E-payment tax collection code refers to the use of digital platforms to facilitate the assessment, filing, and payment of taxes, enhancing efficiency, transparency, and compliance in tax administration. Governments worldwide are increasingly adopting e-payment systems to modernize tax collection, reduce leakages, and improve taxpayer convenience (Chepkoech, et al. 2022). The e-payment tax collection code serves as a regulatory framework governing digital tax transactions, ensuring security, accountability, and integration with existing financial infrastructures. It is a systematic foundation for modernising tax administration using digital platforms offered by the e-payment tax collection code. Governments may improve tax compliance by including multi-channel payment choices, real-time payment processing, and strong security measures. To optimise e-tax systems, it is still imperative to address cybersecurity threats, taxpayer education, and infrastructure deficiencies. The successful adoption and long-term viability of e-payment tax collecting systems throughout the world depend on ongoing research and regulatory changes.

A credit card collection service is a system that facilitates the payment and collection of taxes, fees, or other financial obligations using credit cards. These services are commonly integrated into government tax agencies, businesses, and financial institutions to streamline revenue collection, enhance convenience, and improve compliance. **Garg** et al. (2024) explained that credit card collection services play a crucial role in modernizing tax payments, business transactions, and revenue collection. Despite challenges such as transaction fees and cybersecurity risks, these services significantly enhance convenience, efficiency, and financial management. Investing in secure and user-friendly credit card payment solutions can further improve tax compliance and streamline revenue collection efforts. Masino and Nino-Zarazúa (2020) opined that **cash transfer service system** is a financial mechanism that enables individuals, businesses, and governments to electronically transfer money between accounts, often in real time or within a short period. These systems are widely used for personal remittances, business transactions, government aid disbursements, and tax payments.

Tax compliance refers to adherence to established tax laws and regulations set by the government or tax authorities. It involves accurately calculating tax liabilities, making timely payments, maintaining proper tax records, and submitting tax returns as required. Compliance is essential for both individual and corporate taxpayers to avoid penalties, legal consequences, and to contribute to national economic development through tax contributions. According to the Organisation for Economic Co-operation and Development (OECD, 2016), tax compliance encompasses four key metrics: registration, filing, reporting, and payment. Taxation serves as a fundamental pillar for economic and social development, yet inefficient tax administration systems can hinder compliance and overall efficiency. The implementation of an e-tax system represents a significant step toward digitizing tax administration, enabling taxpayers to electronically file tax forms and make payments.

Underpinning Theories

Ability to Pay Theory:

The ability to pay theory was first proposed by economist and philosopher Adam Smith in his 1776 work "An Inquiry into the Nature and Causes of the Wealth of Nations." The concept has since been developed and expanded upon by various economists and tax scholars, and it continues to influence tax policy and debates about taxation today (Muturi & Kiarie, 2015). The ability to pay theory is a concept in taxation that suggests that the amount of tax an individual or entity should pay should be based on their ability to pay rather than their income or the value of their property. The theory asserts that those with higher incomes or more significant wealth should pay more in taxes because they have a greater ability to bear the burden of taxation without suffering undue hardship. This theory is often used to justify progressive taxation systems, where tax rates increase as income levels rise. Supporters of the theory argue that it promotes social justice by ensuring that those who have more in society contribute more to public goods and services. However, critics of the theory argue that it can discourage productivity and innovation, as those who are more heavily taxed may be less motivated to work or invest in their businesses (Oladele et al. 2019).

Benefit Theory:

The benefit theory of taxation has been traced back to various philosophers and economists throughout history, but it was most notably developed by economists Adam Smith and John Stuart Mill. Smith argued that taxes should be proportional to the benefits received from government services. At the same time, Mill believed that taxes should be based on the ability to pay, but with exemptions for those who receive no benefits from government services (Obert, et al. 2018). The benefit theory is a concept in taxation that suggests that the amount of tax an individual or entity should pay should be based on the benefits they receive from public goods and services provided by the government. The theory asserts that those who benefit the most from government services should pay more taxes to support those services, while those who benefit less should pay less. The benefit theory is often used to justify user fees, tolls, and other charges directly related to the use of specific government services, such as highways, parks, or public utilities. For example, those who drive on toll roads or use public transportation may be required to pay a fee to cover the cost of those services. Similarly, property owners may be required to pay fees to support the maintenance of local parks or other public amenities. Critics of the benefit theory argue that it can be difficult to determine the exact amount of benefits an individual or entity receives from government services and that it may not be fair to require some people to pay more than others simply because they use a particular service more frequently (Oladele et al. 2019). Nonetheless, the benefit theory remains a significant concept in taxation and continues to influence tax policy and debates about taxation today.

Empirical Review

Oladele et al. (2020) examined the impact of electronic tax administration on tax compliance and its subsequent effect on tax revenue has been analyzed. A quantitative research design was utilized, relying on existing data obtained from the Federal Inland Revenue Service (FIRS). The dataset included tax revenue records for seven years before and after the implementation of e-tax administration by FIRS in 2013. The analysis employed descriptive statistics and a pairwise t-test to determine whether there was a significant difference or relationship between pre- and post-e-tax revenue figures. The findings revealed a strong correlation between electronic tax administration and tax compliance, as evidenced by the pairwise test (p-value = 0.012 < 0.05). Additionally, the mean tax revenue in the post-e-tax period (₦4,466,828.57) was significantly higher than in the pre-e-tax period (₦3,051,200.00), with an average annual increase of ₦1.4 trillion. These results highlight a significant improvement in tax revenue following the adoption of e-tax administration, affirming a strong relationship between digital taxation and tax compliance. To sustain this progress, the study recommends continuous enhancement of the Information and Communication Technology (ICT) infrastructure to ensure ease of access and flexibility for taxpayers while strengthening tax administration. Furthermore, robust security measures should be regularly implemented to safeguard against cyber threats, hacking attempts, and other ICT-related risks.

Oladele et al. (2019) evaluated the impact of e-tax administration on tax revenue in the Ondo State Internal Revenue Service, Nigeria. A survey research design was adopted, utilizing primary data collected through a well-structured questionnaire distributed to staff members of the Ondo State Board of Internal Revenue (OSBIR). The data were analyzed using descriptive and inferential statistics, including frequency counts, mean scores, and a Z-test to test the formulated hypotheses. The findings indicated that electronic taxation significantly influences tax evasion, as shown by the Z-test results, where the calculated Z-score (6.44) exceeded the Z-table score (1.96). Additionally, e-taxation was found to mitigate corrupt practices among tax administrators, as demonstrated by the Z-table score (1.96 < 3.08). These results suggest that implementing electronic taxation can effectively reduce tax evasion and curb corruption within tax administration in Nigeria. The study concluded that e-taxation is a crucial tool in enhancing tax compliance and transparency. Therefore, it was recommended that OSBIR urgently adopt a robust e-taxation system by investing in advanced Information Technology (IT) infrastructure. Additionally, regular training for tax officials and taxpayer sensitization programs should be implemented to ensure a seamless transition to digital tax administration. By doing so, the government can improve compliance rates and address tax-related inefficiencies while protecting stakeholders' interests.

Mansur et al. (2024) investigated the collaborative efforts involved in implementing an E-Payment system for motor vehicle tax payments in West Sulawesi Province. The study employed a qualitative research design with a phenomenological approach, utilizing data collection techniques such as observations, interviews, and document reviews. Conducted in West Sulawesi Province, the research adopted a descriptive approach to analyze the effectiveness of the collaborative process. The findings indicate that the implementation of the E-Payment system has not yet reached its full potential. Challenges persist in several key aspects, including cooperation, which remains low due to the use of semi-online applications. Communication barriers also exist, as some individuals lack access to mobile phones and prefer manual payment methods. Additionally, the principle of freedom and equality is not fully realized, as inter-agency collaboration is weak, with stakeholders primarily focusing on their individual roles without effective coordination. Furthermore, issues related to capability and trust persist, as some Samsat offices are unable to facilitate E-Payment transactions. Lastly, efforts to unify strength and commitment remain ineffective due to frequent miscommunications regarding the Samsat database, further complicating the implementation process.

Ogunsola (2024) investigated the moderating role of perceived ease of use on the relationship between electronic taxation and tax compliance among small and medium-sized enterprises (SMEs) in Kogi State. The study focused on registered SME owners in the state, selecting a sample of 40 participants through an accidental/convenient sampling method. Data were gathered using structured questionnaires administered to the selected SME owners. Employing multiple regression analysis at a 5% significance level, the study found that electronic tax registration had a negligible and statistically insignificant effect on tax compliance. However, electronic tax filing and electronic tax payment demonstrated a positive and moderately significant impact on tax compliance. Additionally, perceived ease of use did not significantly moderate the effects of electronic tax registration, filing, or payment on tax compliance among the sampled SMEs. The study concluded that while electronic tax registration does not meaningfully influence tax compliance, electronic tax filing and payment positively contribute to compliance levels. Consequently, the study recommends that tax authorities enhance awareness campaigns and taxpayer education on the benefits of electronic tax services to improve adoption and compliance.

Salawu et al. (2024) investigated the impact of adopting an e-tax filing system on tax compliance among small and medium-sized enterprises (SMEs) in Lagos State. The study aimed to provide insights into SME compliance with electronic tax filing systems. A descriptive survey research design was employed, targeting a population of 91,097 SMEs. Using Taro Yamane's formula, a sample of 398 SMEs was selected. Data were collected through structured questionnaires and analyzed using ordinal logit regression techniques. The findings revealed that factors such as performance expectancy, effort expectancy, and awareness of e-tax filing significantly and positively influenced SMEs' tax compliance. The study concluded that the adoption of an electronic tax filing system has a favorable impact on tax compliance among SMEs in Lagos State. It was recommended that tax authorities enhance the system's performance and ease of use by addressing technical challenges, simplifying the filing process, and improving the user interface to encourage greater compliance.

Kebede et al. (2025) investigated the dynamics of the e-tax system by analyzing its practices, challenges, and opportunities based on the experiences of Ethiopian taxpayers. The study adopted a descriptive research design and utilized a random sampling technique to select respondents. A total of 269 taxpayers from the Hawassa revenue office participated, providing valuable insights into taxpayer perceptions and behaviors. The findings reveal a substantial increase in e-tax system adoption since its launch in 2021, with taxpayers acknowledging its advantages, such as reduced paperwork, lower transportation costs, minimized calculation errors, and shorter wait times. However, a significant segment of the taxpayer population remains disengaged, underscoring persistent challenges to widespread adoption.

Chepkoech et al. (2022) investigated the impact of e-services, mobile payment systems, and e-banking payment systems on sustainable revenue collection within the Nairobi County Government. The study was grounded in the Information Systems Success Theory, Diffusion of Innovation Theory, and Resource-Based Theory. A cross-sectional research design was employed, with the target population comprising staff from the Nairobi City County Government (NCCG) and the Kenya Revenue Authority (KRA). Specifically, the study included 98 middle-level management employees and 143 low-level management employees, with all participants taking part due to the relatively small population size. Primary data was gathered through semi-structured questionnaires, and descriptive statistics such as means, frequencies, percentages, and standard deviations were utilized. Inferential analysis was conducted using Pearson's product-moment correlation and multiple regression analysis. The findings revealed that e-receipting enhances county revenue collection, e-services improve revenue mobilization, e-billing facilitates county revenue collection, and e-invoicing contributes to revenue sustainability. The study noted that the Nairobi County Government utilizes M-Pesa for revenue collection, enables payments via the USSD code *647#, allows mobile app-based transactions through an Android application, and operates a web portal to facilitate revenue collection. The research recommended that measures be put in place by the federal government and local governments to improve sustainable tax collection in light of these findings.

Roger (2021) studied the changes in the tax collection system by analyzing data from the Rwanda Revenue Authority (RRA) annual reports spanning 2013 to 2019. The study employed ratio analysis to assess revenue collection trends over six consecutive years, categorizing the evaluation into two sections. The first section focused on the data migration process, while the second examined the full digitalization of tax administration and its subsequent sensitization. The findings revealed that the adoption of digital tax administration significantly reduced the risks of tax avoidance and evasion while promoting effective service delivery. The transition played a crucial role in strengthening Rwanda's tax system through technological innovations that enhanced tax compliance efficiency. However, challenges such as inadequate tax education, limited awareness, and insufficient ICT infrastructure persisted. The study concluded that after full sensitization of the digital tax system, Rwanda experienced a consistent increase in tax revenues over three consecutive years. Specifically, revenue collection saw a steady annual growth, with increments of 1.6% in 2017 and an average yearly increase of 1.5% thereafter.

Methodology

The study employed a cross sectional survey research design with the population of *one thousand, nine hundred and ninety-nine (1,999) registered SME*s in Ondo State. The krejcie and Morgan (2010) table were used to select the sample size of 154. Purposive and stratified sampling techniques were adopted. Data were obtained from SMEs business owners. A self-designed closed-ended questionnaire designed on a 4-point Likert scale was used. This instrument was validated, and the reliability of the instrument were tested with the aid of Cronbach Alpha statistics and revealed a coefficient of 0.762. The data collected were analysed using descriptive and categorical regression analysis. The statistical package for social sciences (SPSS) software were used to analyse the data.

Model Specification

The model below captured the influence of e-payment tax collection system variables on the level of compliance among the SMEs in Ondo State, Nigeria which could be measured using metrics.

Where:

$$LC = ß0 + ß_1 (ETCC_t) + ß_2 (CCCS_t) + ß_3 (CTSS_t) + \varepsilon_t \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots (eqn.\ 1)$$

Where:

LC = Level of Compliance

ETCC = E-payment Tax Collection Code

CCCS = Credit Cash Collection Service

CTSS = Cash Transfer Service System

β_0 = intercept

β_{1-3} = coefficient of explanatory variables

ε_{t} = Stochastic error term to represent other explanatory variables not mentioned in research.

The aprori expectation with respect to sign: $\beta 1>0:\beta 2>0:\beta 3>0:$ denote the formulated null hypotheses.

Results and Discussion

Descriptive Analysis

Table 1: Descriptive Analysis of the Variables

Column1	*LC*	*ETCC*	*CCCS*	*CTSS*
Mean	2.37013	1.857143	1.720779	1.779221
Standard Error	0.077605	0.073952	0.06986	0.076111
Median	2	2	2	2
Mode	2	1	1	1
Standard Deviation	0.963051	0.917716	0.866944	0.944518
Sample Variance	0.927468	0.842204	0.751592	0.892114
Kurtosis	-0.75868	-0.28365	1.047021	0.184699
Skewness	0.442037	0.802559	1.246752	1.069281
Range	3	3	3	3
Minimum	1	1	1	1
Maximum	4	4	4	4
Sum	365	286	265	274
Count	154	154	154	154

The table provides a descriptive statistical summary of four variables: LC (Level of Compliance), ETCC (Electronic Tax Collection Code), CCCS (Credit Card Collection Service), and CTSS (Cash Transfer Service System). The analysis includes measures of central tendency (mean, median, mode), dispersion (standard deviation, variance), and distribution shape (kurtosis, skewness). The average responses for each variable indicate the general level of agreement or occurrence. The highest mean is for LC (2.37), suggesting relatively higher levels of tax compliance compared to the other variables. ETCC, CCCS, and CTSS have lower mean values, indicating lower engagement or agreement with these aspects. All variables have a median value of 2, showing that the middle value of the dataset is consistent across variables. The most frequently occurring values vary. While LC has 2 as its mode, the other variables (ETCC, CCCS, and CTSS) have a mode of 1, suggesting a significant number of respondents reported lower levels of engagement with these systems. LC has the highest standard deviation (0.96), meaning that responses for tax compliance are more spread out compared to the other variables. CCCS has the lowest standard deviation (0.86), indicating that responses are more clustered around the mean. Negative kurtosis for LC (-0.76) and ETCC (-0.28) suggests these distributions are flatter than normal, meaning responses are more evenly spread out. The positive kurtosis for CCCS (1.05) and CTSS (0.18) suggests that responses for these variables are more concentrated around the mean, with a few extreme values. The positive skewness for all variables suggests that responses are slightly skewed toward lower values, meaning a larger number of respondents selected lower ratings. CCCS (1.25) and CTSS (1.07) have the highest skewness, showing a strong tendency toward lower values, implying that respondents generally report lower interaction with these services. The data suggest that tax compliance levels are relatively moderate, while electronic tax collection code and alternative payment methods (credit cards and cash transfers) have limited adoption or effectiveness.

Test of Research Hypotheses

Table 2: Categorical Regression Analysis

	Unstandardized Coefficients			
Model	***B***	***Std. Error***	***t-value***	***p-value***
(Constant)	3.244	0.260	12.479	0.000
ETCC	0.025	0.061	0.408	0.684
CCCS	-0.072	0.065	-1.113	0.267
CTSS	-0.049	0.059	-0.834	0.406
Model Summary				
R			0.122[a]	
R Square			0.015	
Adjusted R Square			-0.005	
Std. Error of the Estimate			0.683	

This table presents the results of a categorical regression analysis, assessing the relationship between electronic payment tax collection code (ETCC), credit card collection service (CCCS), and cash transfer service system (CTSS) with the dependent variable (level of tax compliance). R (0.122): Represents the correlation between the observed and predicted values of the dependent variable. This weak value suggests a poor relationship between the independent variables (ETCC, CCCS, and CTSS) and the dependent variable (LC). R Square (0.015): Indicates that only 1.5% of the variation in the dependent variable is explained by the independent variables. This is very low, meaning the model does not explain much of the variation in the level of tax compliance. Adjusted R Square (-0.005): A negative adjusted R-square suggests that adding these independent variables does not improve the model's explanatory power and may even make it inferior. Standard Error of the Estimate (0.683): Indicates the average deviation of observed values from the regression line. A relatively high standard error compared to the coefficients suggests weak predictive accuracy.

Discussion of Findings

The intercept value is 3.244 with a significant p-value (p = 0.000), indicating that when all independent variables (ETCC, CCCS, CTSS) are zero, the predicted value of the dependent variable is 3.244. Therefore, the coefficient (B = 0.025) of ETCC is positive but small, suggesting that ETCC has a negligible positive effect on tax compliance. The t-value (0.408) is low, and the p-value (p = 0.684) is not statistically significant (> 0.05), indicating that the influence of ETCC on the level of tax compliance is not significant. Therefore, the null hypothesis which state that e-payment tax collection code does not have significant influence on the level of compliance among the SMEs in Ondo State is hereby accepted. The findings contrast with Roger (2021), who asserted that adopting digital tax administration significantly mitigates the risks of tax avoidance and evasion while enhancing service delivery. However, Chepkoech et al. (2022) also negate the findings by emphasizing that e-receipting improves county revenue collection. This was evident in the Nairobi County Government, which utilizes M-Pesa for revenue collection, enables payments via the USSD code *647#, facilitates mobile app-based transactions through an Android application, and operates a web portal to streamline revenue collection.

Credit Card Collection Service (CCCS) indicate that the Credit Card Collection Service (CCCS) has a negative but negligible influence on tax compliance (LC), as shown by the negative coefficient (B = -0.072). The low t-value (-1.113) and the non-significant p-value (p = 0.267) suggest that CCCS does not have a statistically significant influence on tax compliance. This implies that variations in CCCS usage do not significantly influence taxpayers' compliance levels. From the findings of Salawu et al. (2024), they concluded that the adoption of an electronic tax filing system has a favourable influence on tax compliance among SMEs in Lagos State. Ogunsola (2024) also against that electronic tax filing and electronic tax collection services demonstrated a positive and moderately significant influence on tax compliance. This could be as a result technology awareness that helps most of the state in using technology to drive revenue and reduce corruption within the state.

The Cash Transfer Service System (CTSS) also shows negative coefficient (B = -0.049) which indicate a slight negative relationship with the level of tax compliance. The t-value (-0.834) is low, and the p-value (p = 0.406) is not statistically significant, the implication was that CTSS does not significantly influence the level of tax compliance (LC). The independent variables (ETCC, CCCS and CTSS) do not have a significant influence on the dependent variable level of tax compliance (LC). Their p-values are all greater than 0.05, indicating that these factors are not statistically significant predictors. The findings corroborated with the conclusion of Mansur et al. (2024), who indicates that the implementation of the E-Payment system has not yet reached its full potential. Challenges persist in several key aspects, including cooperation, which remains low due to the use of semi-online applications. Communication barriers also exist, as some individuals lack access to mobile phones and prefer manual payment methods.

Conclusion and Recommendations

The study concluded that the electronic payment tax collection code, credit card collection service, and cash transfer collection system have no significant influence on the level of tax compliance among SMEs in Ondo State. Furthermore, there is evidence that additional research into other drivers, such as taxpayer knowledge, government policy, or system efficiency, is warranted. This suggests that expanding the use of e-payment tax collecting systems has no influence on taxpayer compliance levels among Ondo State's SMEs. As a result, researchers should investigate other electronic payment systems that may have a greater influence on boosting tax compliance. Based on the findings, the study recommends that;

1. tax authorities should increase awareness and education on the benefits of e-tax systems to improve compliance rates.
2. infrastructural barriers, such as internet connectivity and system usability, need to be addressed to encourage greater compliance.
3. introduce incentives such as tax rebates or simplified e-filing procedures may encourage wider compliance of digital tax systems.

Conflicts of Interest

The authors have disclosed no conflicts of interest.

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HOW TO CITE THIS ARTICLE

Aribaba, F. O., Ahmodu, A. O., & Olasehinde, S. A. (2025). E-payment tax collection system and level of compliance among the small and medium enterprises in Ondo State, Nigeria. *Seybold Report Journal*, *20*(6), 35–52. DOI: 10.5281/zenodo.15577814

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