





# Enhancing tax literacy among South African small business owners



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**Orientation:** Small enterprises are vital contributors to South Africa's economy, yet many continue to struggle with the complexities of tax compliance. Limited taxation literacy often undermines their sustainability, leading to business closures and missed opportunities for growth.

**Research purpose:** This study explores the primary tax-related challenges encountered by small business owners in South Africa and investigates the strategies they use to manage their tax responsibilities effectively.

**Motivation for the study:** Despite numerous government interventions to support small businesses, limited research has examined how taxation knowledge gaps affect their operational stability. Understanding these dynamics is critical for improving tax compliance and enhancing enterprise resilience.

**Research design, approach and method:** A qualitative research design was employed. Ten small business owners were purposively selected for in-depth interviews. Data were analysed through thematic analysis to identify recurring patterns, perceptions and coping mechanisms related to taxation.

**Main findings:** The study found that small business owners face persistent challenges, including frequent legislative changes, administrative burdens and fear of penalties. Participants also reported perceptions of bias within the tax system and difficulties accessing government incentives. Nonetheless, many demonstrated adaptability through tax planning, consulting professionals and leveraging available relief measures.

**Practical/managerial implications:** Enhanced tax education programmes and simplified administrative procedures could strengthen compliance and operational performance. Peer-to-peer learning initiatives may further improve taxation literacy within the small business sector.

**Contribution/value-add:** The study contributes to understanding how taxation literacy influences the sustainability of small enterprises in South Africa. It provides evidence-based insights for policymakers to design more equitable and accessible tax support systems tailored to small business realities.

**Keywords:** small business taxation; tax compliance; regulatory environment; entrepreneurial challenges; tax literacy; sustainable growth.

## Introduction

South Africa's economic landscape is dotted with small businesses that form the backbone of the nation's entrepreneurial spirit (Winchester 2021). Ranging from corner stores to technology startups, these ventures provide jobs and stimulate economic growth (Nare 2023). As these ventures struggle to find their footing and grow, they are usually forced to navigate the treacherous waters of the South African tax system. Understanding and complying with tax legislation is crucial to the success and survival of small businesses, yet it is one of the most complex aspects in running an enterprise in the country (Gcabo et al. 2019).

The South African Revenue Service (SARS) has made several attempts to make taxation matters easier for small businesses, after having recognised their great contribution to the economy. These include simplified tax returns, reduced tax rates for qualifying small business corporations and turnover taxes for micro businesses (Kotze 2022; Van den Berg 2021). Despite these interventions,

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the majority of small business owners are overwhelmed by the complexity of tax compliance. Therefore, navigating the tax world can be overwhelming for business owners who tend to juggle many hats in their ventures.

One of the biggest obstacles for small businesses is figuring out the taxes that are relevant to their individual circumstances. Depending on the business size and type, entrepreneurs may have to deal with various forms of taxation such as income tax, value-added tax (VAT), pay-as-you-earn (PAYE) for employees and provisional tax (Gcabo et al. 2019). Each of these has varying regulations, timelines and reporting requirements. For the majority of small business owners, especially first-time entrepreneurs, these numerous tax obligations and how they overlap can be overwhelming and time consuming to understand (Bunn 2018).

The dynamic nature of tax law in South Africa adds another layer of complexity. As the government continuously amends and updates taxation legislation to address new economic circumstances and close loopholes, small business operators must keep up with such updates and their potential effects on their tax obligations (Nankoo 2022). The ongoing evolution of the taxation landscape requires regular learning and adaptation, which can be particularly challenging for entrepreneurs who are already overextended and focusing on other aspects of their businesses.

The implications of failure to comply with tax legislation can be disastrous, ranging from financial penalties to litigation that can jeopardise the existence of small businesses. But the majority of entrepreneurs find themselves inadvertently breaching tax legislation through ignorance or inadequate resources to manage their tax affairs effectively (Moyo, Samour & Tursoy 2021; Schoeman, Evans & Du Preez 2022). This finding highlights the critical necessity for accessible, comprehensible and comprehensive guidelines on tax compliance that respond to the particular requirements of small businesses in South Africa.

Technology has presented a solution and a problem to tax compliance for small businesses. The SARS has introduced e-filing systems and online platforms that aim to simplify tax submissions and access to information. Transitioning to e-tax governance, nonetheless, requires small businesses to be technologically savvy and invest in the requisite software and systems. For some business owners, particularly those in less urban areas or those with less digital competence, this change to digital can generate new problems (Chatterjee, Czajka & Gethin 2021).

Another significant issue of small businesses is tax compliance costs. Hiring tax professionals or acquiring sophisticated accounting packages can stretch the budgets of most small businesses (Moyo et al. 2021). The expense forces most entrepreneurs to manage the tax issues by themselves, a situation that can lead to errors and omissions (Samson 2022). Maintaining a delicate balance between ensuring compliance and managing expenses is a tightrope that most small business owners struggle to walk.

In addition, the intertwining of business and personal finance in most small firms adds another layer of complexity to dealing with taxes (Boujelben & Medhioub 2024). Sole proprietors and partnerships, in particular, are prone to mix personal and business spending, leading to potential issues in tax reporting and deductions (Panțoiu 2022; Shome 2021). Being aware of the nuances of what constitutes a legitimate business expense and maintaining proper records is crucial here.

While information and support for small business tax compliance in South Africa are accessible, there is a significant discrepancy between the information offered and its utility for entrepreneurs. One of the typical complaints for most entrepreneurs is that they are overwhelmed by the volume and complexity of tax information and cannot translate it into tangible steps relevant to the specific situation of their firms (Bunn 2018; Nare 2023). This gap suggests a need for more targeted and accessible content that can guide small business owners step by step through the tax compliance process.

There is a notable lack of comprehensive support systems that combine education, practical tools and personalised advice for small businesses that engage with the tax system. Although SARS and other business bodies offer some support, the majority of entrepreneurs are left to piece together information from various sources with the outcome too frequently being confusion and contradictions (Bosire et al. 2020). To bridge this gap, there must be additional integrated tax education and assistance for small ventures that not only avails information but also empowers entrepreneurs to take control of their tax compliance with confidence in the long term.

## Literature review

### Taxation in South Africa

The development of taxation in South Africa is inextricably linked with the country's complex political and economic past. The modern tax system in South Africa has its origins in the colonial era but has undergone significant adjustments, particularly since the demise of apartheid in 1994 (Gcabo et al. 2019). Indigenous African societies had various forms of tribute and taxation prior to colonial times. But the codified taxation system did not mature until the Dutch and British colonial times. The Dutch East India Company formalised the earliest taxes in the Cape Colony in the 17th century mainly to finance colonial government (Samson 2002). The influence of Britain widened during the 19th century and the complexity of the tax system as well, especially following the discovery of the diamond in Kimberley in 1867 and gold in Witwatersrand in 1886. These led to significant economic changes and the necessity for a sophisticated tax system (Chatterjee et al. 2021). The enactment of the first *Income Tax Act* in 1914 marked a turning point for the country's tax history, instituting a proper taxation framework that would evolve over the years.

During the apartheid era (1948–1994), the tax system was characterised by racist disparities that underpinned the government's policies of segregation (Amira 2023). Disparate rates and exemptions that were levied on racial minorities created economic disparity and limited opportunities for many small businesses, particularly those owned by minorities. That history of disparity still has its impact, especially on whether or not small businesses can thrive in a world that previously was inherently prejudiced against them. The tax system framework at this time tended to benefit the white minority interest, thus creating a large imbalance in economic power and resources. As a result, minority small business entrepreneurs had more to fight against in terms of access to money and bureaucratic hurdles. This in turn made it harder for small businesses to survive in a competitive market.

The fall of apartheid in 1994 ushered a new era in taxation in South Africa, as the African National Congress (ANC) administration launched sweeping reforms with the view of designing a fairer and more effective tax system. One of the most dramatic reforms was the establishment of the SARS in 1997, which consolidated all the agencies responsible for collecting taxes into one more effective body (Terreblanche 2018). Significant changes during the post-apartheid era included the levy of Capital Gains Tax in 2001 and the transition from Sales Tax to VAT in 1991, marking the beginning of the post-apartheid era. Several overhauls of corporate and personal income tax regimes were also implemented to improve the tax regime's inclusivity. Despite these efforts, several small businesses continue to be confronted with high compliance costs, hard-to-understand tax laws and poor access to resources for educating them about their tax requirements. The government's initiative to expand the tax base and enhance compliance has not necessarily translated into assisting small business owners to cope with the changing tax environment.

In recent years, South Africa has been continually modifying its tax framework to keep pace with changing economic conditions and global conventions. This has included efforts to curb tax avoidance, increase international cooperation on taxes and introduce fresh taxes, for instance the Sugar Tax in 2018 (Shome 2021). South African tax history reflects the country's evolution from a colonial outpost to an apartheid state and finally to a democratic nation striving for economic equality and growth (Robinson & De Beer 2024). Even with the current tax system attempting to be more equitable, transparent and economically developmental than its historic roots, the legacy of history leaves behind biases that continue to pose challenges for small businesses to grow and flourish in a competitive setting. Redress of these historical injustices and creation of a more facilitative environment for small businesses continues to remain crucial to building the economy as well as reducing disparities in South African society (Shome 2021).

## The impact of tax policies on small business growth in South Africa

The relationship between tax policies and small business development in South Africa has been an issue of immense study and debate. Boujelben and Medhioub (2025) showed that the tax environment has a considerable influence on the trajectory of small companies, influencing their survival, success and role in the overall economy. Both decision-makers and entrepreneurs must be aware of this relationship. Nankoo's research (2022) highlighted the disproportionate impact of the tax compliance cost on small businesses compared to large firms. The costs can effectively hinder the growth opportunities of small businesses in terms of both time and money. The report found that small businesses pay a higher percentage of their earnings on tax compliance than their larger counterparts, and this creates an unlevelled playing field in the competitive business world.

A key aspect of South Africa's policy towards the taxation of small businesses was the Turnover Tax scheme, instituted in 2009. This was a simplified tax system that was intended to reduce the burden of compliance for micro businesses with a turnover of up to R1 million annually (Carpenter & Phaswana 2021). Several researchers have attempted an evaluation of the success of this regime, with varying results. While it has been established by some scholars that it actually facilitated tax processes for eligible businesses, others argue that its impact in encouraging the formalisation of informal firms has been limited (Mpofu 2021). The role played by tax incentives in the development of small businesses has also been a subject of academic inquiry. Robinson and De Beer (2024) look at the effectiveness of some of the tax incentives offered to South African small firms, including reduced corporate tax rates and accelerated depreciation allowances. The findings show that, while the incentives do provide some relief, their impact in terms of increased growth and employment may be less than anticipated.

A central concern within the literature is the equilibrium between the state's desire for revenue and its ambition to create a conducive environment for small enterprises. Scholars have suggested that overly aggressive tax collection activities sometimes choke the growth of small businesses, particularly those in sectors that experience low-profit margins (De Mahieu et al. 2023). This has led to calls for more balanced treatment that balances the long-term economic benefits of a thriving small-business sector. The impact of VAT on small businesses has been another area of focus within the literature. Gcabo et al. (2019) considered issues facing small businesses in complying with VAT regulations such as cash flow problems because of the need to pay VAT prior to being paid by their clients and the intricacies of VAT registration and reporting for businesses operating near the registration threshold.

Some have examined the psychological impact of taxation on the owners of small businesses. Robinson and De Beer's (2024) study confirmed that the perceived complexity of tax

and fear of non-compliance can increase the stress levels of entrepreneurs. This psychological burden was found to discourage business growth or lead to a deliberate restriction of growth to prevent crossing more complex tax thresholds. Comparative studies have also provided valuable insights by comparing the tax treatment of small businesses in South Africa with that of other emerging economies. These studies have generally concluded that while South Africa has made significant advances in creating a more favourable tax climate for small businesses, there remains room to further streamline processes and provide focused support for new enterprises.

As the tax policy landscape evolves, so as the manner in which small businesses comply especially with the advent of emerging technologies.

### **Tax compliance for small businesses in South Africa and technological change**

The intersection of technology and taxation is an expanding area of research in the context of small-business development in South Africa. As digital solutions have become pervasive, researchers have examined how technological advancements are changing the landscape of tax compliance among small businesses. A significant body of literature has been devoted to the introduction and impact of the SARS e-filing system. Ntsane (2022) traces the phased adoption of the system by small businesses and its effects on compliance rates and efficiency. While the overall trend is one of increased ease of filing, researchers have also noticed a digital divide, with some small businesses, particularly those in rural areas, struggling to deal with online systems.

A further area of interest is the way in which accounting software facilitates tax compliance by small businesses. A research work by Almgrash (2021) analysed the impact of the use of various accounting software solutions on the ability of small businesses to manage their tax affairs. The study shows that, while the use of such software can significantly ease taxation procedures, the cost and complexity of studying the use of these applications may be discouraging to some small enterprises. Blockchain technology and its potential application in taxation have also been an area of scholarly attention. Still speculative in the South African context, Yayman (2021) explored how blockchain could revolutionise tax compliance for small businesses, with possible benefits including real-time taxation, reduced fraud and simpler audit processes.

The concept of 'tax technology' has been elaborated in the recent literature as a specialised field that encompasses not only the software used by businesses for compliance but also the technology used by tax authorities to enhance collection and discourage evasion. Studies have shown that as SARS increasingly leverages data analytics and artificial intelligence tools, small businesses need to have robust and credible record-keeping and reporting systems (Moyo et al. 2021). Research on mobile technology and its application in tax

compliance has identified opportunities, not just challenges. Lashitew et al. (2019) examined the potential for utilising mobile apps to facilitate payments and filing of taxes by small businesses in South Africa. While the potential for enhanced accessibility was found, data security issues as well as the requirement for digital literacy were identified as major challenges.

The impact of cloud computing on tax administration for small businesses has also been a subject of academic inquiry. Ma, Fisher and Nesbit (2021) examined how cloud-based accounting and tax solutions are changing the way small businesses interact with their financial data and address tax compliance. Studies show that while cloud solutions offer flexibility and affordability, data privacy issues and internet unreliability in some areas in South Africa remain challenges to their widespread adoption. Looking to the future, several studies have begun to explore the concept of 'continuous taxation' enabled by technology. In such a regime, where tax is calculated and perhaps withheld at the point of transaction in real time, has the potential to fundamentally change the tax compliance landscape for small business. Although more conceptual than real at this point, scholars argue that such a system would reduce compliance costs and improve cash flow management for small businesses.

### **Research methods and design**

This study employs a qualitative study design grounded in an interpretivist philosophy. This methodology facilitated gaining insights into the experience and challenges of small business owners in engaging with the South African tax system (Brown & Rogers 2020). The population of the study were rural and urban small businesses in South Africa as provided for in the *National Small Business Act*. These small businesses are engaged in various sectors such as retail, services and agriculture, which reflects the general South African economic landscape.

Ten in-depth, semi-structured interviews were conducted to gather more detailed personal perspectives using purposive sampling. The sample size was guided by the principle of data saturation, where one anticipates reaching a point of decreasing returns in terms of new information after these sessions (Braun et al. 2020). Purposive sampling allowed for representation by business types, sizes and sectors.

Thematic analysis was employed to analyse the data collected, employing Braun et al.'s (2020) six-step process: familiarisation with the data, initial coding, theme searching, reviewing themes, theme definition and naming and producing a report. All the interviews were audio-recorded and transcribed verbatim so that there was a systematic method to identify and interpret patterns in tax compliance issues, strategies, perceptions and recommendations (Brown & Rogers 2020). The design was iterative in nature, and the researchers were able to track developing themes and shift their focus as new areas of understanding were established during analysis.

In order to enhance methodological rigour, intercoder reliability was provided through the use of more than one researcher coding independently a sample of the data and then comparing the findings for any conflicting areas. Furthermore, potential biases were reflected upon during the analysis process to recognise that personal opinions could impact the interpretation of themes (Brown & Rogers 2020). The researchers documented how biases were controlled and considered how their backgrounds may have influenced their appreciation of the data. This reflection enhanced the credibility of the findings and made the management of biases more transparent in the research process.

This study followed ethical research protocols. The study was sanctioned by the University of Fort Hare Research Ethics Committee (REC-270710-028-RA Level 01). The participants were given an informed consent letter explaining the purpose of the study, the voluntary nature of the participation and what was being done to maintain the confidentiality and anonymity of their responses. If they agreed, they signed the consent letters. The authors stored the data collected safely and all information that might be used to identify individuals was eliminated or anonymised to safeguard the privacy of the participants (Braun et al. 2020).

## Ethical considerations

Ethical clearance to conduct this study was obtained from the University of Fort Hare Research Ethics Committee. The ethical clearance number is REC- 270710-028-RA Level 01.

## Findings

Several themes emerged from thematic analysis of in-depth interviews data.

### Theme 1: Navigating tax compliance challenges

The participants highlighted that small business owners in South Africa face a range of challenges in navigating the country's complex tax system:

'The tax regulations are constantly changing and it's hard for us to keep up with all the updates and requirements.' (Participant 1, 35 years old, business owner)

'Figuring out which taxes we need to pay and when can be really confusing. We often end up missing deadlines or making mistakes.' (Participant 2, 43 years old, insurance broker)

'The fines and penalties for non-compliance are quite steep and we are always worried about making a mistake that could lead to hefty penalties.' (Participant 4, 39 years old, nurse, entrepreneur)

The responses highlight the various challenges that small business owners face in understanding and complying with South African tax regulations. The constant changes in tax laws, complexity of the system, administrative burden and risk of penalties all contribute to the difficulties experienced by these entrepreneurs. This theme suggests a

need for more accessible and streamlined tax compliance processes as well as better support and guidance for small businesses.

The challenges faced by SMEs illustrate a critical gap in the current tax compliance regime in South Africa. The incessant changes to the tax codes and inherent system complexity pose a formidable barrier to entrepreneurs, commonly leading to perplexity and unintentional non-compliance. This administrative burden consumes valuable time and resources and raises the spectre of incurring penalties, which can be mortal for small businesses. Therefore, there is need for simplified and more convenient tax compliance processes aimed at small businesses.

### Theme 2: Perceptions of tax fairness and equity

Small business owners often grapple with feelings of frustration and perceived lack of fairness in the South African tax system:

'It feels like the tax burden falls disproportionately on small businesses, while larger corporations seem to get more favorable treatment and loopholes.' (Participant 9, 48 years old, lecturer)

'We're expected to comply with the same tax requirements as big businesses, but we don't have the same resources and bargaining power to navigate the system effectively.' (Participant 10, 33 years old, k unemployed graduate, entrepreneur)

'There is a sense that the tax system is designed to benefit the wealthy and well-connected, while small business owners are left to fend for themselves.' (Participant 3, 36 years old, civil servant, entrepreneur)

'The lack of transparency and clear communication from tax authorities about how our tax contributions are being used makes it hard for us to feel like we are getting a fair deal.' (Participant 4, 39 years old, nurse, entrepreneur)

Participants express frustration over perceived inequities in the South African tax system. They feel that the tax burden disproportionately falls on them compared to larger corporations that exploit loopholes. This sentiment underscores a lack of trust in the system, as many believe that it favours the wealthy and well connected. The complexity of tax duty only makes these feelings worse, rendering compliance unjust. Improving equity and transparency in taxation may improve compliance as well as build a more equitable economic arrangement.

### Theme 3: Navigating government support and incentives

Small business owners seek out and utilise various government support programmes and tax incentives but often face challenges in accessing and effectively utilising these resources:

'Some business owners tried to take advantage of the Small Business Tax Incentive Scheme, but the application process is so complex and time-consuming that it feels like more trouble than it's worth.' (Participant 6, 40 years old, bed-and-breakfast owner)

'The information on available government support and tax incentives is scattered and difficult to find. It is a real challenge to even know what is out there and how to access it.' (Participant 7, 36 years old, club owner)

'The eligibility criteria for these programs can be quite restrictive, and we often find that our business doesn't quite fit the mold, leaving us ineligible for the very support we need.' (Participant 8, 34 years old, salon owner)

The inefficiencies the government assistance process presents to small business owners open up systemic shortcomings. Too complex application processes deter applicants from approaching the available incentives, typically leaving them without essential support. Too rigorous eligibility criteria further bar deserving companies. Such disconnection suggests that the support arrangements are not properly designed to meet the realities of small business operations. Simplifying efficient processes and open communication may render the resources more attainable and operative for entrepreneurs.

#### Theme 4: Fostering tax compliance through education and collaboration

Small business owners recognise the importance of tax compliance but emphasise the need for improved education, guidance and collaborative efforts to enhance their understanding and engagement with the tax system:

'We would really benefit from more educational resources and training programs that help us understand our tax obligations and how to comply with the requirements in a practical, step-by-step manner.' (Participant 9, 48 years old, lecturer)

'Having a designated point of contact or a dedicated small business tax support team at the tax authority would make a huge difference. We need someone that we can easily reach out to for guidance and answers to our questions.' (Participant 2, 43 years old, insurance broker)

'Organizing regular forums or networking events where small business owners can share their experiences, best practices, and strategies for managing tax compliance would be incredibly valuable.' (Participant 3, 36 years old, civil servant, entrepreneur)

'Collaborating with industry associations or local business chambers to develop tailored tax compliance resources and support services could go a long way in empowering us to meet our obligations.' (Participant 10, 33 years old, unemployed graduate, entrepreneur)

The responses suggest that small business owners are eager to better understand and fulfil their tax obligations, but they require more comprehensive support and educational resources to do so effectively. They emphasise the need for accessible guidance, personalised assistance and collaborative efforts among peers, relevant authorities and organisations. Creating experience-sharing forums can facilitate learning transfer among entrepreneurs. This collaborative approach empowers small business managers and establishes a support network. Investments in training can help create a more informed public that is better able to handle tax burdens.

#### Theme 5: Balancing tax compliance with business sustainability

Small business owners grapple with the challenge of striking a balance between fulfilling their tax obligations and ensuring their enterprises' overall sustainability and growth:

'There are times when we have to prioritize paying our taxes over investing in critical business expenses, like upgrading equipment or hiring new staff. It's a constant balancing act.' (Participant 1, 35 years old, business owner)

'When cash flow is tight, we sometimes have to make the difficult choice of paying our taxes late in order to cover our more immediate operational costs. It's a risk we do not want to take, but sometimes it's unavoidable.' (Participant 5, 46 years old, small business owner)

The responses highlight the complex trade-offs that small business owners face when balancing their tax compliance obligations with the need to maintain the overall sustainability and growth of their enterprises. The tax burden can often place a significant strain on financial resources, forcing them to make difficult decisions about prioritising tax payments over critical business investments or operational expenses. The challenge reflects the larger issue of managing cash flow, where business needs undermine tax requirements. Delaying tax obligations for expense coverage can threaten long-term sustainability. Policymakers must consider these realities and implement more lenient tax policies to support small businesses without forfeiting growth obligations.

### Discussion

The responses of small business owners in South Africa align with the broader literature on the challenges faced by entrepreneurs in navigating complex tax systems. Similar concerns have been documented in studies on various developing and emerging economies. Okungu and Mukasa (2018) examined the tax compliance barriers for small and medium enterprises in Kenya, reporting issues such as frequent changes in tax laws, the administrative burden and a lack of support from tax authorities. Likewise, a study by Mpfu (2021) in Zimbabwe underscored the difficulties small business owners encountered in understanding and adhering to tax requirements, often leading to unintentional non-compliance. These recurrent themes across different contexts underscore the universality of entrepreneurs' struggles in managing their tax obligations.

Simultaneously, the current findings resonate with scholarly work highlighting the resourcefulness and adaptability of small business owners in the face of these challenges. Brijlal and Gaarlandt (2019) found that South African entrepreneurs often develop innovative strategies, such as utilising tax-efficient structures, seeking professional advice, leveraging available incentives, optimising tax situations and preserving resources for business growth. This aligns with the present study's observations of small business owners' proactive approaches to managing tax affairs. Such resilience and entrepreneurial spirit are crucial for the success and

sustainability of small enterprises, especially in complex regulatory environments.

However, small business owners' perceptions of unfairness and bias in the tax system echo concerns raised in prior studies. Scholars have long argued that tax systems in many developing countries tend to disproportionately burden small businesses compared to larger corporations, often because of power imbalances, political influence and the administrative capacity of tax authorities (Coolidge 2012; Fjeldstad & Heggstad 2011). This can erode trust in the system and undermine small businesses' willingness to comply, as evidenced by the current findings. Addressing these fairness and transparency issues is crucial for fostering a more equitable tax environment that supports the growth and development of the small business sector.

The challenges faced by small business owners in accessing and effectively utilising government support programmes and tax incentives are well documented in the literature. Shome (2021) highlights bureaucratic hurdles, information gaps and rigid eligibility criteria that often hinder small businesses from accessing these resources. This can limit entrepreneurs' ability to leverage these policy tools to support their growth and competitiveness, further exacerbating the challenges they face. Streamlining these support mechanisms and improving their accessibility could unlock significant benefits for small business communities.

The findings regarding small business owners' desire for enhanced education, guidance and collaborative efforts align with scholarly recommendations to strengthen tax compliance among entrepreneurs. Bosire et al. (2020) emphasise the importance of providing tailored training, mentorship programmes and peer-to-peer learning opportunities to improve small business owners' understanding of tax obligations and encourage voluntary compliance. Such interventions can help to foster a culture of tax literacy and responsible tax practices within the small business community, ultimately benefiting both entrepreneurs and the broader economy (Nankoo 2022).

The tension between fulfilling tax obligations and ensuring business sustainability is a long-standing global challenge faced by small enterprises. Researchers have documented how tax burden can constrain the ability of small businesses to invest in growth, innovate and create employment opportunities (Chatterjee et al. 2021). This underscores the need for a more holistic approach to tax policy that considers the unique circumstances and needs of small businesses and balances revenue generation by supporting entrepreneurial activity and economic development. Striking this delicate equilibrium remains a crucial priority for policymakers seeking to create an enabling environment in which small businesses can thrive.

The current findings also build on an extensive body of research examining the intersection of tax compliance, small

business dynamics and the broader socioeconomic context. Boujelben and Medhioub (2025) highlighted that factors such as the regulatory environment, access to finance and the overall business climate can shape entrepreneurs' tax-related decisions and behaviours. Considering the nested nature of these influences, this study contributes to a more nuanced understanding of the complex challenges faced by small business owners in navigating the tax landscape.

## Limitations

This study acknowledges several limitations that may influence the results and their generalisability. To start with, the purposively selected sample of 10 small business owners limits the ability to generalise to the broader market of small businesses in South Africa. This sample size may not well represent the variation of experience among all those businesses in various industries, geographical areas and levels of development. This may lead to underrepresentation of particular views. Furthermore, the use of qualitative interviews implies that an intense examination of the interpretation of data is required. A more detailed analysis of the findings to consider the themes that emerged and contradictions, which were inherent in the small business owners' accounts would add depth to the study. Resolution of these complexities could provide a well understanding of the intricate interaction between tax policy and firm growth and more specifically how taxation and technology converge.

## Conclusion

Small business owners face a complex web of tax-related challenges that undermine their ability to comply with regulations and to sustain their enterprises. These challenges include frequent changes in tax laws, administrative burdens and risk of penalties, all of which create significant operational and financial strain.

Small business owners employ a range of proactive strategies to manage their tax responsibilities such as engaging in tax planning, seeking professional advice and leveraging available incentives. This demonstrates their resourcefulness and entrepreneurial spirit in navigating a tax system.

Perceptions of unfairness and bias in the tax system, particularly towards larger corporations or well-connected firms, are widespread among small business owners. This erodes trust in the fairness and equity of the tax regime, which can further undermine voluntary compliance.

Small business owners face significant barriers to accessing and effectively utilising government support programmes and tax incentives designed to assist them. These barriers include a lack of awareness, complex application processes and insufficient tailoring of such initiatives to the needs of small business communities.

Small business owners express a strong desire for enhanced tax education, guidance and peer-to-peer learning

opportunities to build their tax literacy and foster a culture of responsible tax practice. This highlights the importance of targeted interventions to empower entrepreneurs and strengthen their capacity to fulfil their tax obligations.

The study's findings underscore the delicate balance that small business owners must strike between fulfilling their tax responsibilities and ensuring the overall viability and sustainability of their enterprises. This highlights the need for a more holistic approach to tax policy design that considers the multifaceted needs and challenges faced by this critical sector.

The multilevel analysis undertaken in this study, considering the nested influences of the regulatory environment, access to resources and broader socioeconomic factors, provides a more comprehensive understanding of the complex challenges small business owners face in navigating the tax landscape. This aligns with scholarly recommendations for a contextual and nuanced approach to small business taxation.

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## Competing interests

The authors declare that they have no financial or personal relationships that may have inappropriately influenced them in writing this article.

## CRedit authorship contribution

Privilege Cheteni: Conceptualisation, Data Curation, Formal Analysis, Methodology, Visualisation, Writing-Original Draft, Writing-Review & Editing. James Lappeman: Conceptualisation, Investigation, Methodology, Supervision, Writing- Review & Editing. Herrison Matsongoni: Conceptualisation, Formal Analysis, Investigation, Methodology, Visualisation. Ikechukwu Umejesi: Conceptualisation, Investigation, Methodology, Supervision, Visualisation, Writing – Original Draft. All authors reviewed the article, contributed to the discussion of results, approved the final version for submission and publication and take responsibility for the integrity of its findings.

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## Data availability

The corresponding author, Privilege Cheteni, will provide data upon reasonable request, provided that the request meets the conditions outlined in the *Protection of Personal Information Act of 2013*.

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