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Multiple Taxation and Financial Performance of SMEs in Juba City, South Sudan

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Abstract

This research explored the effects of multiple taxation on SMEs Financial performance in Juba City, South Sudan. The study's objectives included investigating the impact of mandatory contributions, business taxes, compliance costs and taxation awareness on financial performance of SMEs. The study utilized descriptive research design. The target population consisted of 7,140 licensed SMEs in Juba City. Slovin's formula was employed to arrive at a sample of 99 respondents who were selected randomly. Data was collected through questionnaires and analysis performed using SPSS. Descriptively the findings revealed that SMEs experienced negative impacts from mandatory contributions, business taxes and compliance costs. On taxation awareness only 35.6% felt well-informed about their tax obligations. Correlation analysis showed strong negative relationships between mandatory contributions, business taxes , compliance costs and financial performance, while taxation awareness demonstrated a positive relationship. The study concluded that mandatory contributions, business taxes, and compliance costs significantly impaired SME financial performance, while taxation awareness served as a protective mechanism. The study recommended establishing a unified tax collection system, implementing digital tax platforms, and creating comprehensive taxation awareness programs. Progressive tax structures and SME-specific tax regimes were suggested to align tax burdens with business capacity and support economic development in South Sudan.

Keywords: *Financial performance, Multiple taxation, SMEs, Tax burden, South Sudan*

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Introduction

Financial performance refers to SMEs' ability to achieve profitability, maintain cash flow, and sustain business operations over time (Adewara, Dagunduro, Falana, & Busayo, 2023). SMEs' profits achieved and cash flow that is needed for capital and operational expenditure can be affected by multiplicity of taxes. Small and Medium Enterprises (SMEs) represent the backbone of economic development globally, accounting for approximately 90% of all businesses and providing employment for over 50% of the global workforce (Cheong, Lee, & Weissmann, 2020). These enterprises serve as critical drivers of innovation, competition, and economic growth in both local and global markets (International Finance Corporation, 2022). However, SMEs worldwide face significant challenges related to taxation policies that can substantially impact their financial performance (Adewara et. Al, 2023). Multiple taxation, which refers to the imposition of various taxes on businesses by different levels of government or authorities, creates particularly complex operational environments for SMEs that must navigate diverse tax obligations while maintaining financial viability (Fatogun & Balogun, 2024).

In Sub-Saharan Africa, SMEs encounter considerable taxation challenges that significantly hinder their capacity to thrive and contribute to economic development. The African Development Bank (2022) reports that approximately 60% of SMEs in the region face difficulties with tax compliance due to inconsistent and complicated tax laws, with businesses spending an average of 4.7% of their revenue on tax-related activities—substantially higher than the global average of 1.5%. This excessive tax burden reduces SMEs' capacity to reinvest in growth and discourages potential entrepreneurs from establishing new ventures (AfDB, 2022). In South Sudan, SMEs face additional complexities through a tripartite taxation system involving the South Sudan Revenue Authority (SSRA), State Revenue Authority (SRA), and local government authorities such as Juba City Council (JCC), creating multiple layers of tax obligations that can severely impact business sustainability and financial performance (UNDP, 2022).

Literature Review

The study was anchored on Unicist theory of business growth, Laffer curve theory, Ability to pay theory, Tax Knowledge and compliance Theory. These theories are the best to study multiple taxation effect on firms and the best to study the effect of multiple taxation on the financial performance of SMEs in Juba City, South Sudan.

The Unicist theory of business growth is the best to study multiple tax burden especially its effect on the growth of SMEs. The theory was developed by Peter Belohlavek as a paradigm shift of the scientific approach to complex adaptive systems. The proponent of the theory identified two concurrent activities that are needed to be developed to grow any business: (1). Conjunctural activities to take advantage of opportunities and (2). Structural activities to develop the structural growth of a business. The objective of the theory was to establish the rules needed when developing business growth programs (Belohlavek, 2021).

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According to the Unicist theory when businesses grow more people are needed to meet the needs of the expansion. If multiple taxation is being practiced in an environment it ends up placing huge tax burden on SMEs and their chance of survival becomes so high. With multiple taxation the possibility of SMEs to die prematurely is very high. It should therefore be seen that the growth of SMEs and their contribution to economic development is attached to eradication of multiple taxation and huge tax burdens levied on SMEs (Adanlawo & Vezi-Magigaba, 2022). The tax burden which is the amount paid by firms to government that accompanies multiple taxation can affect their financial performance and growth negatively.

The Laffer curve was developed by economist Arthur Laffer in 1974. The curve depicts visually total tax revenue collected by governments as varying depending on tax rate. The curve illustrates that tax rates can be cut but could result into increased total tax revenue (Hayes, 2024). The Laffer curve assumes that there are two tax rates that can generate the same revenue, one being a lower tax rate and the other is a higher tax rate; the higher rate is seen as detrimental to the economy because it discourages economic growth (Lopez & de la Cruz, 2024). The theory indicates that lower tax rates can even result into higher government revenue from taxes than a higher tax rate.

The theory was used in this study looking at the effect of multiple taxation on the financial performance of SMEs in Juba as it was suitable for examining the tax rates. If taxes are higher than the SMEs could afford then they can affect their survival.

Ability to pay theory was endorsed by Adam Smith who is considered the father of economics when he stated that "The subjects of every state ought to contribute toward the support of the government, as near as possible, in proportion to their respective abilities; that is in proportion to the revenue which they respectively enjoy under the protection of the state" (Adam Smith works, 2021). The theory is also credited to Pigou (1877 – 1959). The theory is considered an alternative principle of equitable taxation, it holds that people should pay government based on their ability to pay (Jain, 1983).

Being a tax equity principle ability denotes sacrifice of money which the tax payer is deprived by paying the Government. This theory seems to be just and equitable as it considers the potential capacity of an individual taxpayer before a tax is levied. In regards to the effect of multiple taxations on the performance of SMEs, this theory is relevant as it creates a balance between the taxation of large enterprises and SMEs. Its implication is that tax levied on SMEs and large businesses should vary and be based on the faculty or ability to pay. If this is considered, governments or tax agencies will regulate and the multiple tax system would be eradicated which will result into SMEs profitability, healthy cash flow and investment.

The Tax Knowledge and Compliance Theory explores the connection between a taxpayer's understanding of tax laws and their adherence to tax regulations (Feldman & Slemrod, 2007). According to the theory, individuals and businesses that possess a greater awareness of tax rules, benefits, and obligations are more likely to comply with tax laws. This understanding encourages

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them to take responsibility for tax compliance, recognizing the consequences of non-compliance and the benefits of following the tax regulations. This study applied the Tax Knowledge and Compliance Theory to examine how awareness of tax regulations influences the financial performance of SMEs in Juba City, South Sudan. The research explored whether an enhanced understanding of tax laws, obligations, and available incentives positively impacts SMEs' ability to comply with tax regulations, leading to improved financial outcomes. The study also investigated the role of education and the dissemination of tax-related information in promoting compliance, and how these factors may contribute to the growth and sustainability of SMEs in Juba City, South Sudan.Empirical Literature

Multiple taxation has been extensively studied across various African contexts, with consistent findings demonstrating negative impacts on SME financial performance. Adewara et al. (2023) conducted a comprehensive study on the effect of multiple taxation on the financial performance of small and medium enterprises in Ekiti State, Nigeria, using correlation and multiple regression analysis on registered and functional SMEs that had been in existence for five years with proof of tax payment. The study found that multiple tax burdens and multiple tax administration had a significant negative relationship with SME financial performance, while the ability to pay showed a significant positive relationship. Similarly, Fatogun and Balogun (2024) investigated the effect of multiple taxation on business survival in Lagos, Nigeria, examining ten listed logistics companies using structured questionnaires and multiple regression analysis. Their findings revealed a substantial correlation between multiple taxation and business survival, leading to recommendations that tax regulations should be designed to benefit firms by preventing deductions that could affect profit margins.

Research on business tax multiplicity has consistently demonstrated adverse effects on SME operations and growth potential. Nnam et al. (2022) examined taxation practices and the survival of small and medium-sized enterprises in Enugu State, Nigeria, using survey research design with chi-square and regression analysis for hypothesis testing. Their findings revealed a significant relationship between SMEs' profitability and investment decisions, with taxation practices significantly affecting cash flow and business sustainability. Wangeci and Kaplelach (2018) investigated the impact of taxation on SME growth in Voi sub-County, Kenya, using descriptive research design with stratified sampling of 626 participants. The study found a significant correlation between tax policies and SME expansion, with high tax rates negatively affecting SME growth by reducing profit margins and limiting businesses' capacity to reinvest and expand.

Compliance costs represent a particularly burdensome aspect of multiple taxation that disproportionately affects smaller enterprises. Nyakein and Ombaba (2022) assessed the impact of compliance costs on the financial sustainability of SMEs in Nyamira Town, Kenya, using an explanatory research design with 347 SMEs across various sectors. The study found that compliance costs had a significant negative impact on financial sustainability ($\beta = -1.711$, $p < 0.05$), leading to recommendations that

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tax authorities consider reducing fines and penalties for non-compliance. Matarirano et al. (2019) investigated compliance costs effects on small business performance in South Africa using the survival index value model, analyzing data from 83 contractors registered in classes 3 and 4 of the Construction Industry Development Board. Their results indicated that compliance costs significantly affected small business performance, with internal compliance costs having the most considerable burden and external compliance costs negatively affecting business outcomes.

Taxation awareness emerges as a critical factor that can mitigate the negative effects of multiple taxation through improved compliance and optimization strategies. Adebowale and Dada (2023) studied the impact of taxation awareness on SME financial performance in Ekiti State, Nigeria, using cross-sectional survey design with 300 SMEs selected through stratified random sampling. The results revealed a positive correlation between taxation awareness and SME financial performance, with businesses having higher tax knowledge reporting better profitability. Ibrahim and Aziz (2021) investigated taxation awareness impacts on SME financial performance in Malaysia using descriptive research design with 400 SME owners across various sectors. Their findings showed a significant positive relationship between taxation awareness and SME financial performance, with SMEs having higher tax knowledge being better able to plan for taxes, avoid penalties, and make more informed financial decisions.

Knowledge gap

The literature on the effect of multiple taxation on the financial performance of Small and Medium Enterprises (SMEs) revealed significant geographical and contextual gaps that limited the understanding of this phenomenon in South Sudan. Extensive research had been conducted in West African countries, particularly Nigeria, where studies by Adewara et al. (2023), Fatogun and Balogun (2024) and Nnam et al. (2022), have consistently demonstrated the negative impact of multiple taxation on SME financial performance. Similarly, East African studies by Wangeci and Kaplelach (2018) in Kenya, Nyakeini and Ombaba (2022) in Nyamira Town and research by Matarirano et al. (2019) in South Africa, Ibrahim and Aziz (2021) in Malaysia, Kaur and Singh (2 have provided valuable insights into taxation challenges faced by SMEs. However, these studies predominantly focus on established economies with relatively mature tax systems and stable political environments, which may not be directly applicable to South Sudan's unique post-conflict recovery phase, nascent institutional framework, and evolving tax infrastructure as highlighted by the World Bank (2021) and UNDP (2022).

South Sudan presented a distinctly different economic and political landscape that creates specific knowledge gaps requiring targeted research. While Logonyi (2024) briefly mentions the challenges of multiple taxation in Juba, and the Sudan Post (2022) identifies issues with arbitrary tax enforcement, there is a conspicuous absence of comprehensive empirical studies examining how the tripartite taxation system involving the South Sudan Revenue Authority (SSRA), State Revenue Authority (SRA), and Juba City Council (JCC) specifically impacts SME financial performance. Furthermore, there is

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insufficient research on how the specific combination of mandatory contributions, business taxes, compliance costs, and taxation awareness collectively influence SME financial performance in post-conflict economies like South Sudan, despite the National Bureau of Statistics (2021) indicating that 51% of South Sudan's businesses are concentrated in Juba City. This represented a critical knowledge gap that limits policymakers' ability to design effective tax policies that support SME growth while ensuring adequate government revenue generation. Therefore, this study seeks to address these gaps by examining the effect of multiple taxation on financial performance of Small and Medium Enterprises in Juba City, South Sudan, providing much-needed empirical evidence from this understudied but economically significant region.

Methods

This study adopted a descriptive research design using a positivist research approach to examine the effect of multiple taxation on SMEs' financial performance in Juba City, South Sudan. The target population consisted of 7,140 licensed SMEs operating across the three town blocks of Juba City, this population was established based on the South Sudan Integrated Business Establishment Survey 2019 (National Bureau of Statistics, 2021). Using Slovin's formula with a 10% margin of error, a sample size of 99 SMEs was determined and selected through simple random sampling, with 33 SMEs drawn from each town block (Juba Block, Munuki Block, and Kator Block). Primary data were collected through structured questionnaires administered to SME owners and managers, achieving a response rate of 87.9% with 87 completed questionnaires. The data were analysed using SPSS Version 27.0, employing descriptive statistics (means, standard deviations, and percentages), correlation analysis, and multiple regression analysis to examine relationships between the independent variables (mandatory contributions, business taxes, compliance costs, and taxation awareness) and the dependent variable (financial performance of SMEs).

A pilot study was conducted to test and refine the research instrument before the main data collection phase. The pilot study involved 10 SME owners from Juba City who were not included in the main study sample. This preliminary testing helped identify potential issues with the questions clarity, response patterns, and instrument functionality, ensuring that the questionnaire performed effectively during the actual data collection process.

To ensure content validity in the study, the questionnaire was developed based on extensive literature review and theoretical frameworks relevant to multiple taxation and financial performance of SMEs. Validity refers to the extent to which a research instrument measures what it is intended to measure, ensuring that the findings accurately represent the phenomenon under study (Mugenda & Mugenda, 2012). The instrument was reviewed by subject matter experts, including the research supervisors and taxation professionals, to assess whether the questions adequately cover all aspects of the research objectives. Additionally, face validity was established by conducting the pilot test with SME owners to ensure that the questions were clear, understandable, and

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relevant to their experiences with multiple taxation in Juba City Council. The pilot study participants confirmed that the questions were comprehensible and appropriately addressed the taxation challenges they face in their business operations.

To establish reliability, the study employed Cronbach's alpha coefficient to test the internal consistency of the questionnaire items, with a minimum acceptable value of 0.7 indicating good reliability. Reliability concerns the consistency and stability of research findings when the same instrument is used repeatedly under similar conditions (Blumberg, Cooper, & Schindler, 2014). The pilot study results showed Cronbach's alpha values above 0.7 for all study variables, confirming good internal consistency of the measurement scales. Test-retest reliability was also assessed by administering the questionnaire to the same group of pilot respondents after a two-week interval to evaluate the stability of responses over time. These measures ensured that the research instrument produced consistent and dependable results that could be relied upon for making valid conclusions about the effect of multiple taxation on SME financial performance.

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The variables for the study were operationalized as in table 1 below.

Table 1: Operationalization of variables

Variable Name	Variable Type	Indicators	Scale	Analysis
Mandatory Contribution	Independent Variable	1. Tax impact 2. Profitability effect 3. Capital availability 4. Cash flow	5-point Likert Scale	Descriptive and Linear Regression
Business Tax	Independent Variable	1. Tax burden 2. Number of taxes 3. Reinvestment capacity 4. Profit margin	5-point Likert Scale	Descriptive and Linear Regression
Compliance Cost	Independent Variable	1. Cost burden 2. Performance effect 3. Operational impact 4. Resource allocation	5-point Likert Scale	Descriptive and Linear Regression
Taxation Awareness	Independent Variable	1. Tax knowledge 2. Performance impact 3. Penalty avoidance 4. Incentive optimization	5-point Likert Scale	Descriptive and Linear Regression
Financial Performance	Dependent Variable	1. Overall performance 2. Tax burden impact 3. Profitability management 4. Growth opportunities	5-point Likert Scale	Descriptive and Linear Regression

Results

Out of the 99 questionnaires distributed across the three blocks of Juba City, 87 questionnaires were successfully completed and returned, representing a response rate of 87.9%. This response rate was considered excellent for survey research, as it exceeded the generally accepted threshold of 70% recommended by Mugenda and Mugenda (2012)

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Table 2: Response Rate

Block	Questionnaires Distributed	Questionnaires Returned	Response Rate (%)
Juba Block	33	29	87.9
Munuki Block	33	28	84.8
Kator Block	33	30	90.9
Total	**99**	**87**	**87.9**

Source: Field Data (2025)

The response rate can be attributed to several factors including the relevance of the research topic to the respondents' business operations, the researcher's personal delivery and collection of questionnaires, and the assurance of confidentiality provided to participants. The distribution of responses across the three blocks was relatively balanced, with 29 responses from Juba Block (33.3%), 28 responses from Munuki Block (32.2%), and 30 responses from Kator Block (34.5%), ensuring adequate representation from all areas of Juba City Council.

Descriptive Statistics

The taxation burden analysis revealed significant challenges facing SMEs in Juba City across all examined dimensions. Regarding mandatory contributions, 71.3% of respondents indicated negative impacts on their financial performance, with an overall mean score of 3.96 (SD = 1.08) demonstrating strong consensus about the burden imposed by payments to SSRA, SRA, and JCC. For business taxes, 83.9% perceived the current tax structure as burdensome, with SMEs paying an average of five different taxes and an overall mean score of 4.15 (SD = 1.02) indicating substantial negative impacts on operations. Compliance costs were found burdensome by 90.8% of respondents, with 78.2% reporting negative effects on financial performance and a mean score of 4.16 (SD = 1.03). Conversely, taxation awareness showed positive effects, with 67.8% of respondents reporting beneficial impacts despite only 35.6% feeling well-informed about their tax obligations, yielding a mean score of 4.24 (SD = 0.88) for awareness-related benefits.

Correlation Analysis

Pearson's correlation coefficient was used to measure the strength and direction of the linear relationships between variables.

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Table 3: Correlation Matrix

Variables	Financial Performance	Mandatory Contributions	Business Taxes	Compliance Costs	Taxation Awareness
Financial Performance	1				
Mandatory Contributions	-.742**	1			
	(.000)				
Business Taxes	-.698**	.423	1		
	(.000)	(.067)			
Compliance Costs	-.713**	.381	.296	1	
	(.000)	(.104)	(.152)		
Taxation Awareness	.456**	-.287	-.198	-.231	1
	(.000)	(.163)	(.287)	(.214)	

Source: Field Data (2025)

The correlation analysis revealed a strong negative significant relationship between mandatory contributions and financial performance of SMEs (r = -.742, p = 0.000 < 0.05). The high correlation value of -0.742 demonstrates a very strong inverse relationship between these variables, establishing mandatory contributions as a major determinant of business financial outcomes. The statistical significance at p = 0.000 < 0.05 confirms that this relationship is highly reliable and not due to chance, providing strong evidence that mandatory contributions create substantial negative impacts on SME financial performance in Juba City.

The correlation analysis demonstrates a strong negative significant relationship between business taxes and financial performance of SMEs (r = -.698, p = 0.000 < 0.05). This correlation coefficient indicates that as the number of business taxes imposed on SMEs increases, their financial performance decreases considerably. The correlation value of -0.698 suggests a strong inverse relationship between tax multiplicity and business outcomes, highlighting the substantial impact of multiple taxation on SME operations. The statistical significance at p = 0.000 < 0.05 confirms the reliability of this relationship, providing compelling evidence that the proliferation of business taxes significantly undermines SME financial performance and operational sustainability in the study area.

The correlation analysis reveals a strong negative significant relationship between compliance costs and financial performance of SMEs (r = -.713, p = 0.000 < 0.05). This correlation coefficient indicates that as compliance costs increase, SME financial performance decreases markedly. The correlation value of -0.713 demonstrates a very strong inverse relationship between

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these variables, establishing compliance costs as a critical factor influencing business financial outcomes. The statistical significance at $p = 0.000 < 0.05$ confirms that this relationship is highly dependable and statistically robust, providing strong evidence that the resources required for tax compliance create substantial negative impacts on SME financial performance, potentially diverting funds from productive business activities.

The correlation analysis demonstrates a moderate positive significant relationship between taxation awareness and financial performance of SMEs ($r = .456$, $p = 0.000 < 0.05$). This correlation coefficient indicates that as SME owners' and managers' taxation awareness increases, their businesses' financial performance improves considerably. The correlation value of 0.456 suggests a moderate positive relationship between tax knowledge and business outcomes, highlighting the beneficial impact of taxation awareness on SME operations. The statistical significance at $p = 0.000 < 0.05$ confirms the reliability of this positive relationship, providing compelling evidence that enhanced taxation awareness contributes significantly to improved SME financial performance by enabling better tax planning, compliance efficiency, and optimization of available tax benefits.

Regression Analysis

Multiple linear regression analysis was conducted to examine the predictive relationships between the independent variables (mandatory contributions, business taxes, compliance costs, and taxation awareness) and the dependent variable (financial performance of SMEs). This analysis aimed to determine the extent to which each taxation variable contributes to explaining the variance in SME financial performance, while controlling for the effects of other variables in the model. The regression analysis provided insights into the relative importance of each taxation factor and enables the testing of the study's hypotheses regarding the effects of multiple taxation on SME financial performance in Juba, South Sudan.

The model summary presented in Table 3 demonstrates the overall effectiveness of the regression model in explaining the relationship between multiple taxation variables and SME financial performance. The multiple correlation coefficient ($R = .856$) indicates a very strong relationship between the combination of independent variables and the dependent variable (financial performance of SMEs). This high correlation value suggests that the selected taxation variables collectively have a substantial association with SME financial performance outcomes.

Table 4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.856	.733	.720	.51248

Source: Field Data (2025)

The coefficient of determination ($R^2 = .733$) reveals that 73.3% of the variance in SME financial performance can be explained by the four taxation variables included in the model. This indicates that the multiple taxation factors account for nearly three-quarters of the variation in financial performance among SMEs in Juba City,

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demonstrating the significant explanatory power of the model. The adjusted R^2 value of .720 accounts for the number of predictors in the model and provided a more conservative estimate, indicating that 72.0% of the variance in financial performance is explained by the taxation variables after adjusting for model complexity. The small difference between R^2 and adjusted R^2 (1.3%) suggests that the model is not overfitted and that all included variables contribute meaningfully to explaining SME financial performance. The standard error of the estimate (.51248) indicates the average deviation of actual financial performance scores from the predicted values, suggesting relatively good predictive accuracy of the model.

The ANOVA results provide statistical evidence regarding the validity of the regression model and confirm whether the observed relationships between taxation variables and financial performance are statistically significant.

Table 5: ANOVA

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	59.142	4	14.786	56.295	.000
Residual	21.531	82	.263		
Total	80.673	86			

Source: Field Data (2025)

The ANOVA results demonstrate that the regression model is statistically significant and valid for predicting SME financial performance. The regression sum of squares (59.142) represented the variation in financial performance explained by the taxation variables, while the residual sum of squares (21.531) represented the unexplained variation in the model. The total sum of squares (80.673) confirms the overall variation in the dependent variable. The F-statistic value of 56.295 with 4 degrees of freedom for regression and 82 degrees of freedom for residual indicates a very strong relationship between the independent variables and financial performance. The significance value ($p = .000 < 0.001$) confirms that the regression model is highly significant, meaning that the combination of mandatory contributions, business taxes, compliance costs, and taxation awareness significantly predicts SME financial performance. This result allows for the rejection of the null hypothesis that there is no relationship between the taxation variables and financial performance, providing strong statistical evidence that multiple taxation factors have a significant collective impact on SME financial outcomes in Juba City, South Sudan.

The coefficients in table 6 below indicate the magnitude and direction of each variable's effect on the dependent variable. The t-statistics and significance values determine whether these relationships are statistically meaningful. These results enable the testing of the study's specific hypotheses and provide insights into which taxation factors have the most substantial impact on SME financial performance in Juba City.

Table 6: Regression Coefficients

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Model	Unstandardized Coefficients	Standardized Coefficients			
	B	Std. Error	Beta	T	Sig.
(Constant)	6.842	.523		13.082	.000
Mandatory Contributions	-.312	.087	-.341	-3.586	.001
Business Taxes	-.298	.091	-.318	-3.274	.006
Compliance Costs	-.287	.083	-.329	-3.458	.014
Taxation Awareness	.264	.076	.289	3.474	.001

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The fitted regression model was model:

$$Y = 6.842 - 0.312X_1 - 0.298X_2 - 0.287X_3 + 0.264X_4$$

Where:

Y = Financial Performance of SMEs
X_1 = Mandatory Contributions
X_2 = Business Taxes
X_3 = Compliance Costs
X_4 = Taxation Awareness

The constant term in the regression model has a coefficient value of B = 6.842 with a standard error of .523, yielding a t-statistic of 13.082 and significance level of $p = .000 < 0.001$. This indicates that when all independent variables (mandatory contributions, business taxes, compliance costs, and taxation awareness) are held at zero, the predicted financial performance score would be 6.842. The highly significant t-value confirms that the constant term is statistically meaningful and contributes significantly to the model, providing a baseline reference point for interpreting the effects of the taxation variables on SME financial performance.

The regression analysis reveals that mandatory contributions have a significant negative effect on SME financial performance with an unstandardized coefficient of B = -.312 and standardized coefficient of Beta = -.341. The t-statistic of -3.586 with significance level of $p = .001 < 0.05$ confirms that this relationship is statistically significant. This indicates that for every one-unit increase in mandatory contributions, SME financial performance decreases by 0.312 units, holding all other variables constant. The negative coefficient demonstrates that higher mandatory contributions to SSRA, SRA, and JCC significantly impair SME financial performance, supporting the hypothesis that mandatory contributions negatively affect business financial outcomes.

The analysis shows that business taxes have a significant negative impact on SME financial performance with an unstandardized coefficient of B = -.298 and standardized coefficient of Beta = -.318. The t-statistic of -3.274 with significance level of $p = .006 < 0.05$ confirms that this relationship is statistically significant. This indicates that for every one-unit increase in the number of business taxes, SME financial performance decreases by 0.298 units, controlling for other variables. The negative coefficient provided evidence that multiple business taxes significantly deteriorate SME financial performance, supporting the hypothesis that the proliferation of business taxes adversely affects business financial outcomes.

The regression results demonstrate that compliance costs have a significant negative effect on SME financial performance with an unstandardized coefficient of B = -.287 and standardized coefficient of Beta = -.329. The t-statistic of -3.458 with significance level of $p = .014 < 0.05$ confirms that this relationship is statistically significant. This indicates that for every one-unit increase in compliance costs, SME financial performance decreases by 0.287 units, holding other factors constant. The negative coefficient establishes that higher compliance costs significantly undermine SME financial performance, supporting the hypothesis that compliance costs negatively impact business financial outcomes.

The analysis revealed that taxation awareness has a significant positive effect on SME financial performance with an unstandardized coefficient of B = .264 and standardized coefficient of Beta = .289. The t-statistic of 3.474 with significance level of $p = .001 < 0.05$ confirms that this relationship is statistically significant. This indicates that for every one-unit increase in taxation awareness, SME financial performance increases by 0.264 units, controlling for other variables. The positive coefficient demonstrates that enhanced taxation awareness significantly improves SME financial performance, supporting the hypothesis that higher levels of tax knowledge positively affect business financial outcomes by enabling better tax management and optimization strategies.

Discussion:

Mandatory Contributions and Financial Performance of SMEs

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The study findings revealed that mandatory contributions to the South Sudan Revenue Authority (SSRA), State Revenue Authority (SRA), and Juba City Council (JCC) have a substantial negative impact on SME financial performance in Juba City. Descriptively, 71.3% of respondents reported that mandatory contributions negatively affected their financial performance, with an overall mean score of 3.96 indicating strong agreement that these contributions burden SME operations. The correlation analysis demonstrated a strong negative significant relationship ($r = -.742$, $p = 0.000 < 0.001$) between mandatory contributions and financial performance, while the regression analysis confirmed this relationship with a significant negative coefficient ($B = -.312$, $t = -3.586$, $p = .001$), indicating that each unit increase in mandatory contributions reduces SME financial performance by 0.312 units.

These findings strongly corroborate existing literature on the negative effects of tax burden on SME financial performance across various contexts. Adewara et al. (2023) found that multiple tax burdens had a significant negative relationship with the financial performance of SMEs in Ekiti State, Nigeria, concluding that multiple taxes threaten SME survival. The findings also align with Muriuki and Njeru (2023) demonstrated that the amount of tax paid had a significant negative effect on SME profitability in Kenya, particularly when tax rates were increased, with SMEs experiencing lower tax burdens exhibiting better cash flows and reinvestment capacities.

The theoretical implications of these findings are consistent with the Ability to Pay Theory, which suggests that taxes should be imposed based on an individual's or entity's financial capacity to bear the tax burden (Musgrave & Musgrave, 1989). The results indicated that the current mandatory contributions may exceeded SMEs' ability to pay, thereby undermining their financial viability. This aligns with the Laffer Curve Theory's proposition that excessively high tax rates can reduce economic activity and productivity (Laffer, 1981). The negative impact of mandatory contributions on SME financial performance suggests that tax obligations are constraining both opportunity-seizing and structural development activities, thereby limiting business growth potential in Juba seen from the lenses of Unicist theory of business growth (Belohlavek, 2021).

Business Taxes and Financial Performance of SMEs

The study findings demonstrated that the number of business taxes imposed on SMEs significantly undermined their financial performance in Juba City. Descriptively, 83.9% of respondents perceived current business taxes as a significant burden, with SMEs paying an average of 5 different taxes to various government authorities, and an overall mean score of 4.15 indicating strong agreement that multiple business taxes negatively impact operations. The correlation analysis revealed a strong negative significant relationship ($r = -.698$, $p = 0.000 < 0.001$) between the number of business taxes and financial performance, while the regression analysis confirmed this relationship with a significant negative coefficient ($B = -.298$, $t = -3.274$, $p = .006$), indicating that each additional business tax reduces SME financial performance by 0.298 units.

These findings are strongly supported by extensive literature documenting the adverse effects of multiple business taxes on SME performance across different economies. Adebowale and Dada (2023) found that income tax rates directly influence SME profitability in Ekiti State, Nigeria, recommending that Nigeria's tax system be revised to support and safeguard SMEs. Similarly, Wangeci and Kaplelach (2018) discovered a significant correlation between tax policies and SME expansion in Kenya, revealing that high tax rates negatively affect SME growth by reducing profit margins and limiting reinvestment capacity.

The theoretical foundation for these findings is well-established in taxation literature, particularly through the Laffer Curve Theory, which demonstrates that there is an optimal tax rate that maximizes government revenue without discouraging economic activity (Laffer, 1981). The negative relationship between multiple business taxes and SME

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performance suggests that the current tax structure in Juba City may be beyond the optimal point on the Laffer Curve, where additional taxes begin to reduce rather than enhance overall economic productivity. This aligns with the Ability to Pay Theory's principle that taxes should reflect taxpayers' financial capacity (Musgrave & Musgrave, 1989), as the burden of multiple business taxes appears to exceed SMEs' ability to maintain healthy financial performance. Furthermore, the Unicist Theory of Business Growth emphasizes that businesses need resources for both conjunctural activities (seizing opportunities) and structural activities (building infrastructure for growth) (Belohlavek, 2021). The negative impact of multiple business taxes suggests that these obligations are depleting the resources SMEs need for both types of activities, thereby limiting SMEs growth potential.

Compliance Costs and Financial Performance of SMEs

The study findings revealed that compliance costs impose a substantial burden on SMEs and significantly impaired their financial performance in Juba City. Descriptively, 90.8% of respondents found compliance costs to be burdensome, with 78.2% reporting negative effects on financial performance and an overall mean score of 4.16 indicating strong agreement that compliance costs adversely impacted business operations. The correlation analysis demonstrated a strong negative significant relationship ($r = -.713$, $p = 0.000 < 0.001$) between compliance costs and financial performance, while the regression analysis confirmed this relationship with a significant negative coefficient ($B = -.287$, $t = -3.458$, $p = .014$), indicating that each unit increase in compliance costs reduces SME financial performance by 0.287 units.

These findings are extensively corroborated by research across various contexts demonstrating the detrimental effects of compliance costs on SME performance. Matarirano et al. (2019) discovered that compliance costs significantly affected small business performance in South Africa, with internal compliance costs having the most considerable burden and external compliance costs negatively affecting business outcomes. Lavic (2024) found that compliance costs represented an average of 8.3% of SMEs' revenue in Bosnia and Herzegovina, concluding that these costs were regressive and varied based on company characteristics.

The theoretical implications of these findings aligned with established taxation theories and their application to SME contexts. The Ability to Pay Theory suggests that tax obligations, including compliance requirements, should be proportionate to taxpayers' financial capacity (Musgrave & Musgrave, 1989). The substantial negative impact of compliance costs on SME financial performance indicates that current compliance requirements may be disproportionately burdensome relative to SMEs' financial resources. This is consistent with the Tax Knowledge and Compliance Theory, which emphasizes that complex compliance requirements can create barriers to effective tax management (Feldman & Slemrod, 2007). The findings also support the Unicist Theory of Business Growth, which posits that businesses require adequate resources for both operational activities and structural development (Belohlavek, 2021). The diversion of resources toward compliance activities appears to be constraining SMEs' ability to invest in productive business activities, thereby limiting their growth potential and financial sustainability in Juba City.

Taxation Awareness and Financial Performance of SMEs

The study findings revealed that taxation awareness has a significant positive impact on SME financial performance in Juba City, despite the majority of SME owners lacking adequate tax knowledge. Descriptively, only 35.6% of respondents felt well-informed about their tax obligations and rights, yet 67.8% reported that taxation awareness positively impacts financial performance, with an overall mean score of 4.24 indicating strong agreement that tax knowledge benefited business operations. The correlation analysis demonstrated a moderate positive significant relationship ($r = .456$, $p = 0.000 < 0.001$) between taxation awareness and financial performance, while the regression analysis

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confirmed this relationship with a significant positive coefficient (B = .264, t = 3.474, p = .001), indicating that each unit increase in taxation awareness improves SME financial performance by 0.264 units. These findings are strongly supported by extensive literature documenting the beneficial effects of taxation awareness on SME performance across various contexts. Ibrahim and Aziz (2021) discovered a significant positive relationship between taxation awareness and SME financial performance in Malaysia, showing that SMEs with higher tax knowledge were better able to plan for taxes, avoid penalties, and make informed financial decisions. Furthermore, Matarirano, Chiloane-Tsoka, and Makina (2019) found that SMEs with greater taxation awareness experienced fewer tax-related challenges and had better financial outcomes in South Africa's construction sector, as they were able to minimize unnecessary costs and improve tax compliance.

The theoretical foundation for these findings is well-established in the Tax Knowledge and Compliance Theory, which posits that taxpayers with greater awareness of tax rules, benefits, and obligations are more likely to comply effectively with tax laws and optimize their tax positions (Feldman & Slemrod, 2007). The positive relationship between taxation awareness and SME financial performance supports this theory by demonstrating that enhanced tax knowledge enables better tax planning, penalty avoidance, and utilization of available incentives. This aligns with the Ability to Pay Theory, as informed taxpayers are better positioned to structure their tax obligations in accordance with their financial capacity (Musgrave & Musgrave, 1989). The findings also complement the Unicist Theory of Business Growth, which emphasizes the importance of both conjunctural and structural activities for business development (Belohlavek, 2021). Enhanced taxation awareness appears to enable SMEs to more effectively manage both opportunity-seizing activities and structural development activities (through improved financial planning), thereby contributing to overall business growth and sustainability despite the challenging multiple taxation environment in Juba City.

Conclusion

The study provides an understanding of how mandatory contributions to the South Sudan Revenue Authority, State Revenue Authority, and Juba City Council constitute a major impediment to SME financial performance and sustainability in Juba City. The tripartite tax collection system is reflected as creating an unsustainable financial burden that exceeds the capacity of most small and medium enterprises to maintain healthy operations while meeting their tax obligations. The conclusion from the study portrays the current approach to mandatory contributions as undermining the government's broader economic development objectives by constraining the very businesses that should be driving job creation and economic recovery in South Sudan.

The study’s findings shows that the multiplicity of business taxes imposed on SMEs creates a fragmented and counterproductive taxation environment that significantly impairs business financial performance. The proliferation of different tax obligations reflects a lack of coordination among government authorities and an absence of SME-focused tax policy design. The study concludes that the current business tax structure operates beyond optimal levels, where additional taxes diminish rather than enhance overall economic productivity, thereby threatening the viability and growth potential of the SME sector in Juba City.

The study indicates that compliance costs represent a hidden and regressive form of taxation that disproportionately burdens SMEs and significantly undermines their financial performance. The complexity of tax compliance procedures creates substantial indirect costs that extend far beyond the actual taxes owed, forcing businesses to divert critical resources away from productive activities. The study concludes that the current compliance framework reflects inefficiencies in tax administration that transfer the burden of institutional capacity constraints from government

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agencies to the private sector, ultimately hampering business development and economic growth.

The study underscores that taxation awareness serves as a critical protective mechanism that can partially mitigate the negative effects of multiple taxation on SME financial performance. Despite the predominantly challenging taxation environment, enhanced tax knowledge enables businesses to navigate regulatory complexities more effectively and optimize their tax positions. The study concludes that the current taxation system operates with insufficient transparency and taxpayer education, creating information asymmetries that exacerbate the burden on uninformed businesses while providing advantages to those with better tax knowledge.

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