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PRESUMPTIVE TAX ATTRIBUTES ON TAX COMPLIANCE AMONG SMALL AND MEDIUM ENTERPRISES (SMES) IN BAUCHI STATE: THE MEDIATING ROLE OF ELECTRONIC PAYMENT

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Abstract

This study examines the influence of presumptive tax attributes on tax compliance among Small and Medium Enterprises (SMEs) in Bauchi state with a Mediating role of e-payment. Using survey research design of 379 owners and employees of registered SMEs, the study collected data using structured questionnaire. Data collected were analysed using descriptive statistics and multiple regression analysis with Smart PLS 4 Software. The findings of the study revealed that enforcement has a positive and significant influence on tax compliance among SMEs in Bauchi State. Furthermore, facilitation was also found to have a positive and significant influence on tax compliance among SMEs in Bauchi State. Nevertheless, the findings confirmed that trust significantly and positively influences tax compliance among SMEs in Bauchi State. Also, the results indicated that e-payment significantly mediates the relationship between enforcement and tax compliance. Furthermore, the study confirms the mediating effect of e-payment on the relationship between enforcement and tax compliance. However, e-payment was found not to mediate the relationships between facilitation, trust and tax compliance among SMEs in Bauchi state. It was concluded that presumptive tax attributes have significant influence on tax compliance among SMEs in Bauchi state. The findings imply that enhancing enforcement and integrating e-payment systems can improve tax compliance among SMEs. Thus, it is recommended that additional support and trust-building measures are needed to address challenges related to facilitation and voluntary compliance among SMEs.

Keywords: attribute, electronic payment, presumptive tax, smes, tax compliance

1. Introduction

Small and Medium Enterprises (SMEs) are essential part of modern economies. SMEs contribute significantly to economic growth (Vincent, 2023). SMEs are typically characterized by their specific production and management arrangements. In addition, SMEs significantly contribute to the tax revenue of the Nigerian economy. This is well achieved through proper tax compliance. The notion of tax compliance relates to individuals' willingness to conform to tax regulations and administrative procedures without the need for law enforcement activities (Saptono et al., 2023). This is because

tax compliance encompasses various sources of revenue and suggest funds based on data sharing and availability that taxpayers are willing to remit to the tax authorities.

Additionally, Ouyang et al. (2023) stressed the need for SMEs to carefully navigate their tax obligations, particularly in the context of increased scrutiny and legal tax planning. Digital technologies like e-tax payments and international collaboration as modern strategies will provide tax administrations with new opportunities for SMEs to effectively manage tax compliance, safeguard the electronic tax base, and minimize administrative issues (Subramanian, 2023).

Conversely, tax compliance among SMEs globally, and particularly in Nigeria, is hindered by several practical challenges. For instance, SMEs internationally often grapple with complex tax regulations, high compliance costs, and limited access to tax education, which collectively contribute to low compliance rates (Appiah et al., 2024).

In Nigeria particularly, these issues are exacerbated by multiple taxation across federal, state, and local governments, leading to increased financial burdens on SMEs (Aladejebi et al., 2023). SMEs in Nigeria are contributing 46.3% to GDP, employing over 80% of the population, and yet facing a ₦13 trillion financing gap (PricewaterhouseCoopers, 2024). Okonji (2023) further reported that approximately 80% of SMEs evade taxes and that results in significant government revenue loss, driven by corruption, inefficient tax collection systems, and widespread distrust in government spending. Additionally, a lack of awareness about tax obligations, frequent changes in tax laws, and perceived corruption among tax officials further discourage tax compliance (Salawu, et al 2023). The informal nature of many Nigerian SMEs, characterized by cash-based transactions and inadequate record-keeping, also poses significant challenges to effective tax administration and compliances (Salawu, et al 2023).

Addressing these issues requires comprehensive reforms, including simplifying tax systems such as the presumptive tax system to promote a more conducive environment for SME tax compliance. However, governments from different countries use various tax strategies, including the presumptive tax system, to reduce low tax compliance and widespread informality in businesses for reasons such as increase in taxes, economic growth, rule of law, and information (Aditya, 2020; Taufiq, 2023).

The presumptive tax model is created to meet the specific needs of small businesses, mainly in developing countries where these businesses are the majority and crucial for the economy (Aditya, 2020). As such, in 2015, the Nigerian government introduced presumptive taxation to improve informal tax compliance, aiming to make the system work better (Dang, et al., 2018). The presumptive taxation is seen as a beneficial solution for both tax authorities and small businesses, as it reduces administration costs and is harder to manipulate. The presumptive tax systems are designed for self-employed individuals and small to medium-sized enterprises in the informal sector because they are easier to manage than direct income taxes. This is because those in the informal sector, like small businesses, do not have to maintain detailed records, making it simpler for them.

SMEs are regarded as essential pillar of economy, that play a crucial role in driving economic growth, dynamism, and flexibility. Active involvement of SMEs in the business and industrial sectors is vital, as it allows them adequate time to plan and adhere to their tax obligations based on their categorisation (Subramanian, 2023). In Nigeria for instance, SMEs are defined and categorized by the Small and Medium Sized

Development Agency of Nigeria (SMEDAN) based on the number of employees, where a micro-enterprise comprises less than 10 people; a small enterprise consists of 10 to 49 people and a medium enterprise involves 50 to 199 people (Umanhonlen et al., 2023). Hence, SMEs contributes in creating employment and generating income, producing goods that replace imports, reducing rural-urban migration, and mobilizing local resources.

The informal sector mainly consists of small businesses like farmers, traders, manufacturers, and service providers who may have a higher likelihood of evading taxes (Duve et al., 2021). Besides, enforcement, facilitation and trust in the presumptive tax system have always helped to make positive changes in many developing countries, leading to small but steady increases in tax revenue (Prichard et al., 2019; Tomas, 2023) as noted among SMEs that embrace e-payments around the world (Ouyang et al., 2023).

Moreover, enforcement, facilitation, and trust are highly needed to promote voluntary tax compliance, especially through electronic tax payment and online filing for tax refunds (Dom et al., 2022; Night et al., 2019). The electronic tax payment system has helped the tax authorities maintain and track incorporated business earnings, thereby reducing the chance of losing revenue (Al-Okaily et al., 2020).

Empirically, a study by the International Monetary Fund (IMF) (2023) on information obtained from 119 countries found that countries with higher electronic tax payments tend to have higher tax revenues and also established a positive association between e-payments and tax compliance. This makes some of the governments of these countries mandate e-payments for business-to-government (B2G) transactions as they also note a significant increase in tax compliance particularly among smaller businesses. However, the complexity of a tax system largely stems from the limited understanding among the majority of taxpayers, who are often non-experts in tax matters (Vincent, 2021).

Likewise, the global time required for companies and businesses to meet their voluntary tax obligations decreased from 324 hours in 2006 to 205 hours in 2019, and the average number of payments needed also decreased from 34 to 24 (Dom et al., 2022). This warrants the adoption of a good tax framework to mitigate tax compliance issues around the world and also forms part of the practical basis for this study.

More effort is needed to address the underlying tax compliance issues concerning presumptive tax framework application for better revenue generation. As a result, several efforts were put in place to address the issues, yet, there are calls for more studies in developing countries, especially by considering the mediating role of e-payment in tackling tax compliance issues among SMEs (Saptono et al., 2023; Subramanian, 2023). Therefore, because of the limited studies that examines the application of presumptive tax framework on tax compliance in developing countries like Nigeria, as recently noted and suggested to be carried out by prior studies (Duve et al., 2021; Taufiq, 2023; Umanhonlen et al., 2023; Vincent, 2023).

It is against this background that this study examines the presumptive tax attributes and tax compliance among SMEs in Bauchi State: the mediating role of e-payment. Thus, the main purpose of the study is to examine the influence of presumptive tax attributes on tax compliance among SMEs in Bauchi state: mediating role of e-payment.

The study answered the following research questions:

(i) Does enforcement significantly influence presumptive tax compliance among SMEs in Bauchi State?

(ii) Does facilitation significantly influence presumptive tax compliance among SMEs in Bauchi State?
(iii) Does trust significantly influence presumptive tax compliance among SMEs in Bauchi State?
(iv) Does the E-payment mediating role have any significant relationship between enforcement and tax compliance among SMEs in Bauchi State?
(v) Does e-payment mediate the relationship between facilitation and tax compliance among SMEs in Bauchi State?
(vi) Does e-payment mediate the relationship between trust and tax compliance among SMEs in Bauchi State?

The study specifically seeks to:

(i) Examine the significant influence of enforcement on presumptive tax compliance among SMEs in Bauchi State.
(ii) Examine the significant influence of facilitation on tax compliance among SMEs in Bauchi State.
(iii) To examine the significant influence of trust on tax compliance among SMEs in Bauchi State.
(iv) To examine the mediating effect of E-payment on the relationship between enforcement and tax compliance among SMEs in Bauchi State.
(v) To find out the mediating effect of E-payment on the relationship between facilitation and tax compliance among SMEs in Bauchi State.
(vi) To investigate the mediating effect of E-payment on the relationship between trust and tax compliance among SMEs in Bauchi State.

2. Literature Review

The Conceptual Framework

The study's conceptual framework strengthens efforts to improve tax reform and compliance in developing countries by advocating the integration of enforcement, facilitation, and trust to promote both enforced and quasi-voluntary compliance, as well as to build political support and fiscal contracts (Dom et al., 2022; Tomas, 2023). In the context of this study, the adoption of these three elements is vital for a comprehensive understanding of the factors shaping tax compliance behaviour among SMEs in Bauchi State.

Specifically, enforcement reflects the deterrent role of authority, facilitation aligns with procedural justice in simplifying and supporting compliance, while trust emphasises the legitimacy and fairness in tax administration. In addition, electronic payment is incorporated into the framework as a mediating mechanism that links these constructs to compliance by enhancing transparency, reducing administrative barriers, and building confidence in the tax system. These perspectives are adapted from Dom et al. (2022) and connected to the theory of presumptive taxation, as well as the Income Tax Evasion Theory (ITET) (Bello et al., 2014). The adapted research framework is illustrated in Figure 1.

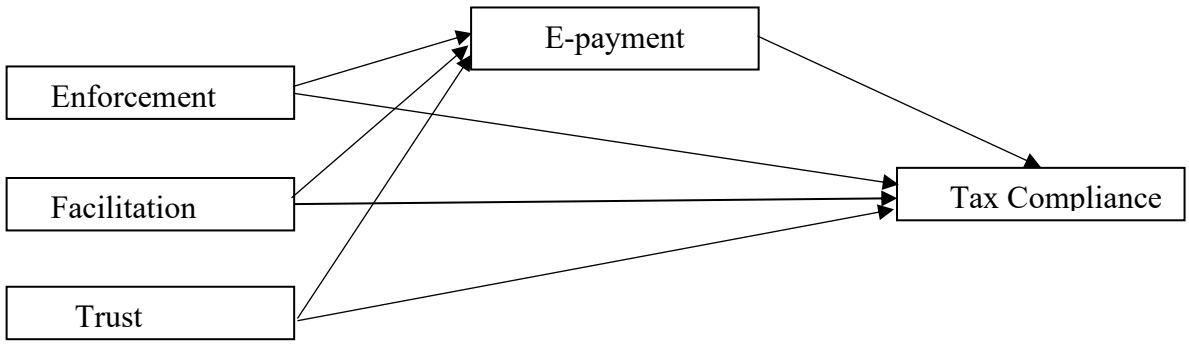


Figure 1: Research Framework, Adapted Framework from Dom et al., (2022)
Source: Author's Compilation (2025)

The Concept of Presumptive Tax Attributes

Presumptive tax means different things to different people for a very long period. According to (Dom et al., 2022; Thuronyi, 1996) presumptive taxation is a tax collection method that involves the use of indirect means to ascertain tax liability, which differs from the usual rules based on the taxpayer's accounts. It indicates that there is a legal presumption that the taxpayer's income is no less than the amount resulting from the application of the indirect method. This idea includes many different ways to figure out how much a taxpayer should pay in taxes. It can be as simple as using standard tax practices or setting minimum taxes that are defined in the law (Dang & Zubairu, 2018; Thuronyi, 2004).

Presumptive taxation uses indirect methods to figure out taxes, not the usual rules based on the business accounts (Dom et al., 2022; Thuronyi, 2004). Whether presumptive taxation works well depends on how it fits into the entire tax system. Presumptive taxation in Nigeria serves as a pragmatic approach for taxing small-scale businesses, particularly those with inadequate financial records, such as many SMEs in Bauchi State. This method addresses widespread informal economic practices but remains underutilised in Nigeria due to limited administrative capacity and regional disparities in implementation (Ojo & Shittu, 2023). The recent 2025 tax reforms under the Nigeria Revenue Service have aimed to expand the application of presumptive tax schemes to improve compliance among SMEs, by stressing its growing relevance in regions like Bauchi (Oyedele, 2025).

The Concept of Tax Enforcement

Enforcing tax laws means using all relevant laws to help tax officials do their job, even if those laws aren't directly about taxation. Enforcement includes making taxpayers follow the tax rules through enforcing tax laws and enforcing judgments (Umenweke, 2023). Umenweke further notes that tax authorities usually perform some activities including public education, and monitoring tax compliance toward enforcing the tax laws. When it comes to enforcing the tax law, the focus has traditionally been on how likely audits are, the chance of getting caught, and how strict the tax penalties are enforced (Rosid & Romadhaniah, 2023).

Proper tax compliance, risk-based monitoring and tax law enforcement are key to achieving higher revenue generation by the tax authorities. This is because, when tax enforcement is stricter, firms are less likely to conceal profits, which might result in lower profits and higher costs. In the northern part of Nigeria, including Bauchi State, innovative enforcement strategies such as tax amnesty, issuance of tax clearance certificates, and penalties have been identified as effective tools for increasing compliance among SMEs (Abdulrasaq & Babatunde, 2024). These findings reveal the

necessity of combining punitive and persuasive mechanisms to address the historically low tax morale and compliance culture among informal business operators in the region (Chuks, 2022).

The Concept of Tax Facilitation

Tax facilitation is a strategy to enhance tax compliance and public support for taxation. Tax facilitation aims to reduce the costs, risks, and uncertainties of paying taxes, as well as to increase the benefits, rewards, and recognition of tax compliance. Tax facilitation refers to the use of simplification, digitalization, and assistance to reduce the costs, risks, and uncertainties of paying taxes (Tomas, 2023). Tomas further notes that tax facilitation is aimed at making tax compliance easier and more convenient for taxpayers, as well as increasing their awareness and understanding of tax obligations and benefits.

Tax facilitation involves a balance between enforcement, facilitation, and trust, which may vary depending on the characteristics and preferences of different taxpayer segments, such as formal vs informal, large vs small, urban vs rural, etc and requires a coordinated and integrated approach that involves multiple actors and institutions, such as tax administrations, ministries of finance, civil society, media, and taxpayers themselves (Prichard et al., 2019; Tomas, 2023).

In the Nigerian context, facilitating SMEs' access to tax systems through simplification and digital support is crucial for improving compliance, particularly where infrastructural limitations hinder tax filing and payment processes (Salawu et al., 2024). For SMEs in Nigerian states including Bauchi State among other, investment in e-tax filing infrastructure accompanied by user education can reduce barriers such as technical complexity and connectivity issues, thereby enhancing acceptance and usage of tax services (Salawu et al., 2024; Saidu, Shagari, Kabir, & Abubakar, 2024).

The Concept of Trust

Trust is one of the alternative determinants of tax behaviour. Taxpayers' behaviour is deeply rooted in the trustworthiness of the tax system (Coita et al., 2023). Trust is the perception of the taxpayers that the tax authorities are generous and enhance the common good, as defined in the slippery slope framework (Batrancea et al., 2019).

According to Kirchler (2021), trust is the belief that the tax authorities act in the interests of the collective and are competent, kind and fair. Trust in line tax institutions is the confidence taxpayers have in tax-related government organizations, which influences their intrinsic motivation to comply with tax obligations. (Vincent, 2023). Similarly, trust in authorities is one of the dimensions that influence tax compliance behaviour, along with the power of authorities as it can increase tax compliance by enhancing the taxpayers' perception of the government's legitimacy, fairness, and effectiveness, and reduce their resistance and evasion behaviours (Batrancea et al., 2019).

Trust in Nigerian tax institutions remains fragile, particularly in regions like Bauchi where perceptions of fairness, competence, and institutional legitimacy are underdeveloped. Strengthening this trust is essential to promoting voluntary compliance among SMEs, who often view tax authorities with suspicion (Chuks, 2022; Saidu & Ladan, 2023). Thus, trust in tax authorities reinforces the idea that improved procedural justice and transparent policies are vital for rebuilding SME taxpayers' confidence and enhancing compliance.

The Concept of E-Payment

An electronic payment system is a system that lets people do payments related things online, like getting a tax ID, filing returns, and applying for payment and compliance certificates. It began in the USA with the Internal Revenue Service (IRS) allowing online filing for tax refunds (Night, et al 2019). Tax administrations around the world have gone digital to offer various online services for taxpayers.

Modernising transactions can give tax authorities data on people's incomes and a chance to use digital tax services, cutting down costs and reaching more places. For instance, using mobile money makes it easier for companies to see where their money goes by automatically sharing invoice details between companies and tax agencies (Bassey et al., 2022).

Also, electronic invoicing helps tax authorities track a company's earnings, reducing the chance of losing revenue from corporate income tax (Apeti, et al 2023). This is because Digital payment has become a widespread and common method of making payments globally. However, electronic payment adoption among Nigerian SMEs has surged recently.

Anaro (2025) reports that electronic payments in Nigeria rose by 24.4% year-on-year to ₦295.5 trillion in Q1 2025, driven by increased adoption of digital payment platforms. This signifies the growing engagement even in Nigerian states like Bauchi state. Nonetheless, systemic challenges such as unreliable internet connectivity, power instability, and low digital literacy especially in Northern Nigeria continue to impede full adoption (Nwabachili et al., 2024). Evidence further shows that e-payment enhances transparency and reduces revenue leakages when effectively integrated with tax administration systems (Areghan et al., 2025).

Hypotheses Development

Tax Enforcement and Tax Compliance

The existing body of literature presents diverse findings on the relationship between tax enforcement and tax compliance. Rosid and Romadhaniah, (2023) emphasise the positive impact of tax law enforcement on tax compliance, especially through criminal investigations beyond routine audits. Feng et al. (2023) report that stringent tax enforcement significantly reduces financial irregularities, particularly in companies with lower compliance, weaker internal management, less external oversight, and lower economic status. Moreover, Dzhumashev et al. (2023) stress the importance of institutional quality and public sector productivity in achieving optimal tax enforcement.

As a result, Putra, et al (2020) find that individuals with good tax awareness tend to comply better with high law enforcement, whereas, in low law enforcement contexts, those with good tax awareness exhibit weaker compliance. Conversely, Garz, et al (2023) reveal varied effects, such as reduced likelihood of renting out properties, increased rental prices, and altered rental patterns, under stringent tax enforcement. In Bauchi State among other states in Nigeria, where low enforcement and compliance culture are evident, stronger tax enforcement is expected to enhance compliance among SMEs by curbing evasion and reinforcing accountability, as shown by recent studies in the region which confirm enforcement as a decisive factor in improving compliance intentions (Abdulrasaq & Babatunde, 2024; Saidu et al., 2024; Chuks, 2022). It can be noted that tax enforcement positively influences tax compliance among SMEs. Based on these findings, the following hypothesis was formulated:

H_1: Enforcement has a positive and significant influence on tax compliance among SMEs in Bauchi State.

Tax Facilitation and Tax Compliance

Providing more information about public resource usage can facilitate transparency, connecting choices to citizen preferences, and positively impacting perceptions of tax system fairness. Biggeri et al. (2023) advocate for the utility of the SECA model in facilitating tax compliance by assessing how well businesses adhere to tax rules, particularly benefiting the sustainability of SMEs. This shows that the SECA model was a useful tool for tax facilitation on how well businesses follow the tax rules and laws which help SMEs to become more sustainable.

Specific traits of individuals effectively facilitate how businesses manage their taxes, thereby enhancing certain behind-the-scenes contributors that facilitate key corporate tax outcomes. As evidence, Belnap et al. (2023) provided facts into the impact of individual traits on businesses' tax management, revealing behind-the-scenes contributors that effectively enhance key corporate tax outcomes. Martins, et al (2022) provide evidence that electronic government and effective governance contribute to reducing tax administrative burdens, thereby facilitating business processes.

In parts of Northeast States, where SMEs struggle with complex filing systems and low administrative support, improving tax facilitation through simplified processes and digital platforms is essential, as studies show that electronic filing adoption in Nigerian states reduces compliance burdens and increases transparency, thereby encouraging SME tax compliance (Saidu & Ladan, 2023). Thus, electronic government and effective governance contribute to reducing tax administrative burdens and facilitating business. Based on these findings, it was hypothesised that:

H_2: Facilitation has a positive and significant influence on tax compliance among SMEs in Bauchi State.

Trust and Tax Compliance

Trust in the fiscal system, institutions, and government positively influences tax compliance among SMEs. Specifically, Coita et al. (2023) contend that trust in the fiscal system is intricately linked with the quality of public services, public investments, and fund allocation. Furthermore, Vincent (2023) asserts that trust in public institutions positively and significantly increases tax compliance norms at the individual level.

Alshira'h (2023) corroborates this by finding a positive and significant effect of trust in the government on VAT compliance in the retail industry in Jordan. This effect is attributed to the enhancement of taxpayers' perception of government legitimacy, fairness, and effectiveness. Coita et al. (2023) utilize sentiment analysis and natural language processing techniques to predict trust in the fiscal system, indicating that taxpayers lacking trust tend to exhibit more negative language, potentially signalling future fraudulent behaviour.

Amoah et al. (2023) emphasise the hierarchy of trust in governmental branches, with trust in the executive having the most significant impact on people's payment behaviour. In Bauchi State, trust in tax institutions is critical, as taxpayers are more willing to comply when they perceive fairness and transparency in government spending, a finding consistent with Nigerian evidence that legitimacy and accountability of public authorities strongly shape compliance behaviour (Ojo & Shittu, 2023; Saidu & Ladan, 2023). It can be deduced that trust in public services, public investments, and fund allocation will lead to higher levels of tax compliance among

SMEs. Based on the extensive evidence presented, the following hypothesis was formulated:

H_3: Trust has a positive and significant influence on tax compliance among SMEs in Bauchi State.

E-Payment as a Mediator between Enforcement and Tax Compliance

The use of electronic payment systems has been recognised as a strategic mechanism to support tax enforcement and reduce non-compliance. E-payment provides a transparent, traceable platform that strengthens enforcement measures by reducing opportunities for evasion and thereby encouraging compliance among SMEs. For instance, Uyar et al. (2021) emphasised that enhanced e-government infrastructures, including e-filing and digital payment systems, can minimise opportunities for evasion and increase transparency in enforcement mechanisms.

Similarly, Mulyadi et al. (2023) observed that timely tax collection can be facilitated by digital innovations such as electronic payment reminders and national ID-linked platforms. In Bauchi State, electronic payment systems strengthen tax enforcement by reducing evasion opportunities and ensuring timely collections, aligning with evidence that e-payment adoption enhances transparency, business growth, and compliance among Nigerian SMEs (Salawu et al., 2024; Areghan et al., 2025; Anaro, 2025). These technologies enhance the capability of tax authorities to enforce compliance measures Accordingly. Based on the aforementioned findings, the study proposes the following hypothesis:

H_4: E-payment mediates the relationship between enforcement and tax compliance among SMEs in Bauchi State.

E-Payment as a Mediator between Facilitation and Tax Compliance

Digital payment platforms serve as a means of simplifying tax procedures and enhancing taxpayer experiences. According to Adegbola et al. (2021), effective electronic tax systems in Nigeria have addressed issues of inefficiency, facilitate and helped reduce procedural bottlenecks, thus encouraging voluntary compliance. Furthermore, Al-Okaily et al. (2020) found that usability and perceived ease of use are critical components the facilitate in influencing individuals' willingness to engage with platforms such as MoMoPay.

In Bauchi State, digital payment platforms simplify tax procedures and reduce bureaucratic challenges, consistent with findings that electronic tax systems improve usability, efficiency, and voluntary compliance among Nigerian SMEs (Salawu et al., 2024; Nwabachili et al., 2024; Areghan et al., 2025). By simplifying tax procedures through digital platforms, e-payment operationalises facilitation strategies, making compliance less burdensome and more attractive to taxpayers. This shows that facilitating tax payment through electronic means (e-filing portal or mobile application) can significantly improve compliance outcomes. On this basis, the following hypothesis is formulated:

H_5: E-payment mediates the relationship between facilitation and tax compliance among SMEs in Bauchi State.

E-Payment as a Mediator between Trust and Tax Compliance

Trust in the tax system is central to achieving sustained voluntary compliance. Trust in authorities motivates taxpayers to adopt official e-payment channels, which in turn promotes consistent and reliable compliance behaviours. Night, et al. (2019) found

that adopting electronic tax systems strengthened the positive influence of taxpayers' attitudes on compliance levels, reinforcing the trust-tax compliance relationship.

Similarly, Budiartha, et al (2019) demonstrated that e-filing and related tools build trust and confidence in the system by offering transparency, reliability, and reduced administrative burden. In Bauchi State, the adoption of electronic tax systems promotes transparency and reduces administrative burden, thereby strengthening taxpayer trust and encouraging sustained voluntary compliance among SMEs (Salawu et al., 2024; Nwabachili et al., 2024). As such, digital technologies can promote trust and bridge the compliance gap. Thus, the following hypothesis is proposed:

H_6: E-payment mediates the relationship between trust and tax compliance among SMEs in Bauchi State.

3. Methodology

A survey design was chosen to gather primary data from SME owners and employees across various sectors, including trade, manufacturing, agriculture, and services in Bauchi State. From a population of 34,685 registered SMEs, a stratified random sample of 450 respondents was used to select the respondents using Krejcie and Morgan's sampling size table. It was later reduced to 413 respondents after data cleaning and screening. A structured questionnaire was used comprising 31 items measured for key the constructs: tax enforcement, facilitation, trust, compliance, and e-payment, on a 5-point Likert scale. The imbalance in the distribution of items across constructs, as previous done by authors in the field was to capture the multidimensional nature and behavioural complexity of tax compliance, which requires broader measurement compared to other constructs.

Specifically, these included 5 items on tax enforcement from Batrancea et al. (2023), 4 on tax facilitation from Al-Okaily et al. (2020), 5 on trust from Batrancea et al. (2023) and Frecknall-Hughes et al. (2023), 9 on tax compliance from Al-Okaily et al. (2020), and 8 on e-payment from Night et al. (2019). However, these items were adapted from the previous studies to ensure relevance and validity linguistically and contextually for tax relevance. The instruments were validated by three accounting experts from Bayero University Kano and pilot tested among 40 SME owners in Gombe, yielding an overall Cronbach's reliability Alpha of 0.704.

Data collection was facilitated through direct interactions with respondents, and assisted by 3 local SME operators from each of state's 3 senatorial zone. Bauchi State was specifically chosen because it has a large and diverse base of SMEs, yet faces persistent challenges of significant tax-related burdens and low compliance and electronic payment adoption, making it a relevant context for investigating the effects of presumptive tax attributes and electronic payment systems (Sa'idu Abubakar et al., 2024). Finally, analysis was carried out using SPSS and Smart PLS (version 4), by employing descriptive and inferential statistics, including multiple regression and mediation analysis.

4. Results and Discussion

Demographic Information of the Respondents

Table 1 presents the demographic characteristics of the study's 413 respondents. In terms of gender, the respondents were predominantly male (61%), with females

constituting 39%. The majority of respondents were aged between 30 and 50 years (58.4%), followed by those aged 51 and above (23.5%), with a smaller proportion under 30 years (18.2%). Marital status indicated that most participants were married (72.9%), while singles represented 23% and others accounted for only 4.1%.

Regarding educational attainment, the highest qualification for a substantial portion of respondents was HND/BSC (58.4%), followed by NCE/Diploma (21.3%) and others (20.3%). The duration of business involvement showed a varied distribution, with 46% of respondents having 6-10 years of experience, 29.8% with 11-20 years, 14.8% with 1-5 years, and 9.4% with over 21 years. These demographic findings imply that the respondents are primarily composed of middle-aged, married, male business owners with at least a higher national diploma or bachelor's degree and moderate to extensive business experience.

Table 1

Demographic Information of the Respondents

Variables		Frequency	Per cent
Gender	Male	252	61.0
	Female	161	39.0
	Total	**413**	**100.0**
Ages	Less than 30 years	75	18.2
	30 – 50 years	241	58.4
	51 and above	97	23.5
	Total	**413**	**100.0**
Marital status	Married	301	72.9
	Single	95	23.0
	Others	17	4.1
	Total	413	100.0
Highest Qualification	NCE/Diploma	88	21.3
	HND/BSC	241	58.4
	Others	84	20.3
	Total	**413**	**100.0**
Duration of Business	1-5 years	61	14.8
	6-10 years	190	46.0
	11-20 years	123	29.8
	Above 21 years	39	9.4
	Total	**413**	**100.0**

Source: Author's Compilation (2025)

The Descriptive Statistics and Correlational Matrix of the Constructs

Table 2 presents the descriptive statistics for the five constructs of the study. The mean scores for these constructs revealed Electronic Payment (M = 4.19, SD = 1.01), Enforcement (M = 4.28, SD = 0.91), Facilitation (M = 4.18, SD = 1.02), Tax Compliance (M = 4.11, SD = 1.09), and Trust (M = 4.08, SD = 1.12). The rated mean values of the five constructs are above the average value of 3.0 on a 5-point Likert scale which indicates positive attitudes of the respondents. Thus, the result implies that the respondents generally have a positive perception towards the five constructs and their responses show a positive tendency towards higher ratings with moderate variability.

Results from Table 2 further presents the correlation matrix of the study's five constructs. The correlation coefficients results range from 0.274 to 0.423 which indicates varying degrees of positive relationships among the constructs. Specifically, the correlation between Electronic Payment and Enforcement is 0.411, signifying a moderate positive relationship. Electronic Payment has a lower positive correlation with Facilitation (r = 0.277), but a moderate positive relationship with Tax Compliance (r = 0.301), and Trust (r = 0.371) respectively.

Enforcement also shows a moderate positive relationship of 0.289 with Facilitation, 0.399 with Tax Compliance, and 0.423 with Trust. Facilitation exhibits a lower positive correlation with Tax Compliance (r = 0.274) and a moderate positive relationship with Trust (r = 0.338). Finally, Tax Compliance correlates moderately with Trust (r = 0.336). Therefore, these correlation coefficients indicate that while there are positive relationships among the constructs. The outcome implies that the five study constructs are moderately interrelated with each other within the context of the study. This is because the results from the direct survey instrument administration are all within the accepted standard. Specifically, experts suggest that the majority of the correlation matrix results are expected to be ≥ 0.3 to be considered moderate, but it can range between -2.49 to 0.97 (Hair, et al., 2019).

Table 2

The Descriptive Statistics and Correlational Matrix of the Constructs

Constructs	Mean	SD	1	2	3	4	5
1 Electronic Payment	4.19	1.01	1				
2 Enforcement	4.28	0.91	0.411	1			
3 Facilitation	4.18	1.02	0.277	0.289	1		
4 Tax Compliance	4.11	1.09	0.301	0.399	0.274	1	
5 Trust	4.08	1.12	0.371	0.423	0.338	0.336	1

Source: Author's Compilation (2025)

Measurement Model Assessment

The result obtained from the measurement model analysis as contained in Table 3 revealed that almost all the loadings were above 0.70 except for some few indicators. The overall loadings range between 0.6030 to 0.8710. Some few items (0.6780, 0.6930, 0.6030, 0.6800 and 0.6750) with factor loadings below 0.70 were all retained. This is because, experts assert that, factor loadings are not to be < 0.5, but ±.50 or greater are considered practically significant, across all the valid indicators of the study (Hair et al., 2019). This signifies that all the indicators satisfy the minimum requirement for factor loadings evaluation.

Table 3 further displays the results for Cronbach's Alpha values ranging between 0.656 (approximately 0.7) to 0.726 while the composite reliability statistics have reliability values ranging between 0.803 to 0.844. The composite reliability values are higher than Cronbach's Alpha reliability indexes. Experts recommend the consistency of the entire scale at a reliability value above although a .60 level can be used in exploratory research (Hair et al., 2019). Thus, all the constructs are reliable, especially as depicted in the composite reliability index which is more reliable.

Based on the findings from Table 3, the range of the AVE value for all the construct is between 0.505 and 0.646. All the constructs' AVE values are above 0.50 which means that the explained variations are all above 50%. The convergent validity

result based on the AVE analysis in the current study signifies that all five constructs have the right AVE values. Therefore, the convergent validity of the study is established (Hair et al., 2019).

Table 3

Measurement Model Assessment

Constructs	Factor Loadings	Cronbach's alpha	Composite reliability	Average variance extracted (AVE)
Electronic Payment	0.6780	0.673	0.803	0.505
	0.7600			
	0.6930			
	0.7100			
Enforcement	0.6030	0.687	0.822	0.611
	0.8500			
	0.8640			
Facilitation	0.7560	0.687	0.827	0.614
	0.7960			
	0.7980			
Tax Compliance	0.6800	0.726	0.844	0.646
	0.8710			
	0.8470			
Trust	0.8150	0.656	0.815	0.596
	0.8180			
	0.6750			

Source: Author's Compilation (2025)

Discriminant Validity: Fornell and Larker Criterion

Fornell and Larcker (1981) state that the square root of AVE for a construct must be greater than its correlation with all other constructs for the discriminant validity criterion to be met. In line with this submission, the square roots of the AVE for particular constructs in this study, as shown in Table 4, are bolded, and italicized and are found to be greater than their subsequent connection with other constructs across the rows and columns. Thus, the square roots of AVE are all higher across their rows and columns of the individual constructs, thereby confirming the establishment of discriminant validity among the five study constructs.

Table 4

Fornell Larker Criterion

Constructs	Electronic Payment	Enforcement	Facilitation	Tax Compliance	Trust
Electronic Payment	***0.711***				
Enforcement	0.411	***0.782***			
Facilitation	0.277	0.289	***0.784***		
Tax Compliance	0.301	0.399	0.274	***0.804***	
Trust	0.371	0.423	0.338	0.336	***0.772***

Source: Author's Compilation (2025)

Structural Model Assessment

Variables Multicollinearity Assessment

The variable multicollinearity measures how well the variables are explained by other constructs in the analysis, with a significant increase likely to make it more difficult to comprehend the variable relationships (Hair et al., 2019). However, the result from Table 5 shows that all the items in the inner model have Variance Inflation Factor (VIF) values < 5, ranging from 1.091 to 1.784. The outer constructs are also having VIF values < 5, ranging from 1.163 to 1.362. Tabachnick and Fidell (2019) posits that any VIF value < 5 is considered normal, but a VIF value > 5 is not accepted as a great sign of multicollinearity. Thus, the VIF values for the inner and outer variables in the study model are all within the recommended standard.

Table 5

Variables Multicollinearity Summary

Inner Indicators	VIF	Outer Constructs	VIF
ENF2	1.201	Electronic Payment	1.298
ENF3	1.506	Enforcement	1.255
ENF4	1.485	Facilitation	1.362
EPM3	1.290	Tax Compliance	1.163
EPM4	1.383	Trust	1.183
EPM6	1.352		
EPM7	1.348		
FAC1	1.330		
FAC2	1.410		
FAC3	1.295		
TCP5	1.293		
TCP6	1.739		
TCP7	1.550		
TRS3	1.743		
TRS4	1.784		
TRS5	1.091		

Source: Author's Compilation (2025)

The Coefficient of Determination (R^2) Assessment

The statistical result from Table 6 further revealed that the regression equation model predicting tax compliance was statistically significant ($F = 236$, $p < 0.001$). The result shows the significant power of the study model in explaining and predicting tax compliance. The result revealed an R^2 value of 0.218 which indicates that approximately 21.8% of the variance in tax compliance is explained by the model, which falls within the moderate range according to Cohen's (1988) guidelines. As a result, the model's coefficient of determination is moderately established.

Table 6

Coefficient of Determination

Dependent Variable	**R-square**	**R-square adjusted**
Tax compliance	0.218	0.210
Df	412	
F-ratio	236	
p-value	0.000	

Source: Author's Compilation (2025)

The Direct and Mediating Path Coefficient Assessment

Table 7

Direct Path Relationship

Hypotheses	**Path Relationship**	**B**	**T statistics**	**P values**	**Remark**
H_1	Enforcement -> Tax Compliance	0.259	3.418	0.000	Supported
H_2	Facilitation -> Tax Compliance	0.121	1.852	0.032	Supported
H_3	Trust -> Tax Compliance	0.146	2.529	0.006	Supported

Source: Author's Compilation (2025)

Table 8

Mediating Path Relationship

Hypotheses	**Path Relationship**	**B**	**T statistics**	**P values**	**Remark**
H_4	Enforcement -> Electronic Payment -> Tax Compliance	0.310	1.660	0.049	Supported
H_5	Facilitation -> Electronic Payment -> Tax Compliance	0.013	1.250	0.106	Not Supported
H_6	Trust -> Electronic Payment -> Tax Compliance	0.022	1.430	0.076	Not Supported

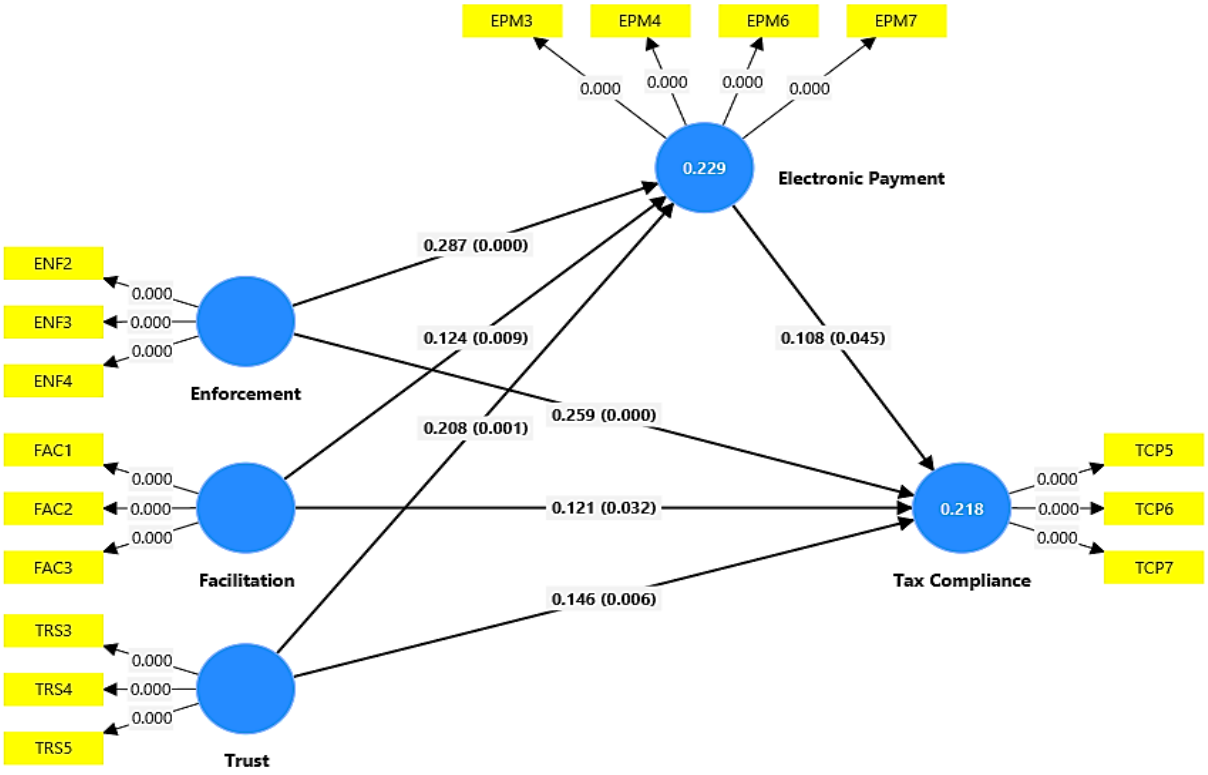


Figure 2: Direct and Mediating Path Relationship

The Direct Path Coefficient: Enforcement and Tax Compliance

H_1: Enforcement has a positive and significant influence on tax compliance among SMEs in Bauchi State.

The result from Table 7 and Figure 2 revealed that enforcement has a β value of 0.259, a p-value of 0.000 at a t-statistic of 3.418. Hence, the t-statistic value for the relationship is greater than the minimum standard value at a one-tailed of 1.64 and an alpha (α) value of 0.05 level of confidence (Ramayah et al., 2018). The t-statistics obtained from the result is above the accepted benchmark value. Therefore, Hypothesis H_1 is supported based on the results from Table 7 and Figure 2 which is positive and statistically significant. It revealed that there is a positive and significance of enforcement on tax compliance among SMEs in Bauchi State. The findings from the study revealed a positive and significant influence of enforcement on tax compliance among SMEs in Bauchi State. This finding confirms that of Rubolino (2023) who found that stricter tax enforcement leads to fairer taxation. It also corroborates the finding of Lutfi et al. (2023) who found multifaceted factors including penalties, ethics, justice, government spending, and service quality in influencing individuals' decisions to comply with VAT.

Furthermore, Garz, et al (2023) found that enforcing taxes made some hosts less willing to rent their places, raised rental prices, encouraged hosts with multiple properties to offer more, and moved rentals from busy Airbnb areas to places with fewer listings, all to encourage better tax compliance. This signifies that when there is adequate enforcement by the tax authorities, businesses tend to comply with the tax regulations accordingly. The significant positive influence of enforcement on tax compliance implies that stronger audit measures and penalties by tax authorities lead to higher compliance among SMEs.

Moreover, the finding aligns with that of Putra, et al (2020) who reported that individuals with good tax awareness tend to comply better with high law enforcement, whereas, in areas with low law enforcement, people with good tax awareness exhibit weaker levels of compliance. Conversely, under a strict tax enforcement regulation, the outcome was devastating to organisations as reported by Liu et al. (2022) who noted that strong enforcement has a negative effect on companies,

The Direct Path Coefficient: Facilitation and Tax Compliance

H_2: Facilitation has a positive and significant influence on tax compliance among SMEs in Bauchi State.

The result obtained from Table 7 and Figure 2 showed that facilitation has a β value of 0.121 and a p-value of 0.032 at a t-statistic of 1.852. Hence, the t-statistic value for the relationship is higher than the minimum standard value at a one-tailed of 1.64 and an alpha (α) value of 0.05 level of confidence (Ramayah et al., 2018). The t-statistic obtained from the result is above the accepted benchmark value. Therefore, Hypothesis H_2 is supported based on the result which is positive and statistically significant.

It revealed that there is a positive and significant influence of facilitation on tax compliance among SMEs in Bauchi State. The finding from the study revealed a positive and significant influence of facilitation on tax compliance among SMEs in Bauchi State. This finding is in line with the study by Belnap et al. (2023) found that certain characteristics of individuals positively facilitate how companies handle their taxes, and it reveals that some behind-the-scenes actors have a more significant role in tax outcomes than what previous research focused on.

Similarly, Martins, et al. (2022) provided evidence that facilitating business processes is mostly achieved through electronic government and effective governance to reduce tax administrative burdens. That was why Capasso et al. (2021) noted the significance of tax facilitation transparency by providing more information about public resource usage. They also emphasize that the positive impact on people's perceptions of tax system fairness helps in promoting tax facilitation.

The positive and significant effect of facilitation suggests that simplifying tax processes and providing administrative support significantly enhance SMEs' willingness to comply with tax obligations. This also corroborates the assertion by Ouyang et al. (2023) who opined on the role of digital finance in aiding small businesses to comply with tax laws in the digital age as a result of tax facilitation. It can be noted that tax facilitation greatly promotes tax compliance. That was why Biggeri et al. (2023) advocate for the utility of the Small and Medium Enterprise Compliance Assessment (SECA) model in facilitating tax compliance among SMEs, by examining how well businesses adhere to tax rules toward compliance sustainability.

The Direct Path Coefficient: Trust and Tax Compliance

H_3: Trust has a positive and significant influence on tax compliance among SMEs in Bauchi State.

The result from Table 7 and Figure 2 also indicate that trust has a β value of 0.146 and a p-value of 0.006 at a t-statistic of 2.529. Hence, the t-statistic value for the relationship is greater than the minimum standard value at a one-tailed of 1.64 and an alpha (α) value of 0.05 level of confidence (Ramayah et al., 2018). The t-statistic obtained from the result is above the accepted benchmark value. Therefore, the positive and statistically significant result of Hypothesis H_3 is supported. This implies that there is a positive and significant influence of trust on tax compliance among SMEs in Bauchi State.

The finding from the study revealed a positive and significant influence of trust on tax compliance among SMEs in Bauchi State. The finding affirms the study by Alshira'h (2023) who found that trust in government has a positive and significant effect on VAT compliance. In the same vein, it also confirms the finding of Batrancea et al. (2019) who found that trust and power have positive and significant effects on tax compliance intentions. This shows that the more business owners develop or increase their trust in the government, the more they are likely to comply with the tax regulations.

The significant positive relationship between trust and tax compliance indicates that SMEs are more likely to fulfil tax obligations when they perceive tax authorities as fair, transparent, and reliable. That was why Coita et al. (2023) reported that taxpayers who lack trust tend to use more negative words and less diverse vocabulary in their responses, which could indicate a potential for fraudulent behaviour in the future.

In addressing limited or lack of trust, Vincent (2023) emphasises the role of trust in state institutions and belief in democracy as key factors in influencing tax compliance. Likewise, Amoah et al. (2023) in their study on trust in government and electronic levy payment decisions in Ghana revealed that trust in the executive has the most influence on payment behaviour, followed by trust in the Judiciary, and then trust in the Legislature and so, highlighted the role of trust in government in enhancing tax compliance through transparency, accountability, and public education.

The Mediating Path Coefficient Evaluation

Mediating Effect of E-payment between Enforcement and Tax Compliance

H_4: E-payment mediates the relationship between enforcement and tax compliance among SMEs in Bauchi State.

The findings from Table 8 and Figure 2 revealed the presence of a mediating effect of e-payment on the relationship between enforcement and tax compliance at a β value of 0.310 and a p-value of 0.049, with a t-statistic of 1.660. Therefore, the mediating effect of e-payment on the relationship between enforcement and tax compliance is positive and statistically significant. Hence, e-payment mediates the relationship between enforcement and tax compliance among SMEs in Bauchi State. Thus, H_4 is supported. The finding from the study revealed the presence of a mediating effect of e-payment on the relationship between enforcement and tax compliance among SMEs in Bauchi State.

The mediating effect of e-payment on the relationship between enforcement and tax compliance is positive and statistically significant. This finding confirms the work of Night, et al (2019) who found the positive and significant mediating role of adopting electronic tax systems in the link between attitudes towards these systems and tax compliance, emphasizing the interconnectedness of adoption, attitude, and better tax compliance. The finding is also in line with the study by Budiartha, et al (2019) who revealed the positive influence of e-filing, e-billing, and administrative fines on taxpayer compliance.

In a similar vein, Das et al. (2023) also found that e-payment increased reported sales and tax payments as it helped tax authorities better track tax responsibilities and ensure compliance. The significant mediating role of e-payment in the relationship between enforcement and tax compliance implies that digital payment systems

strengthen the effect of enforcement efforts by making compliance more efficient and traceable.

As a result of the important role of e-payment in promoting tax compliance, Sanusi et al. (2021) stressed the importance of voluntarism enforcement factors such as tax knowledge, integrated technology, and company motivation in achieving long-term compliance. Such importance was also noted by Ouyang et al. (2023) who advocate for the role of digital finance in helping small businesses comply with tax laws in the digital age. In addition, Mulyadi et al. (2023) stressed the significance of an E-KTP system, payment reminders, and citizen awareness programs in achieving efficient property tax collection, resulting in timely payments, increased revenue, and support for sustainable regional development.

From Nigerian context, Abdulrasaq and Babatunde (2024) showed that stricter tax enforcement strategies in Northern Nigeria encouraged SMEs to adopt electronic payment platforms as a means of avoiding penalties and ensuring timely compliance. Thus, when enforcement is mediated by e-payment, there will be enhanced tax compliance.

Mediating Effect of E-payment between Facilitation and Tax Compliance

H_5: E-payment mediates the relationship between facilitation and tax compliance among SMEs in Bauchi State.

On the contrary, the findings from Table 8 and Figure 2 showed the absence of a mediating effect of e-payment on the relationship between facilitation and tax compliance at a β value of 0.013 and a p-value of 0.106, with a t-statistic of 1.250. Therefore, the mediating effect of e-payment on the relationship between facilitation and tax compliance is positive but not statistically significant. Furthermore, e-payment does not mediate the relationship between facilitation and tax compliance among SMEs in Bauchi State. H_5 is not supported. The finding from the study revealed the absence of a mediating effect of e-payment on the relationship between facilitation and tax compliance among SMEs in Bauchi State.

The mediating effect of e-payment on the relationship between facilitation and tax compliance was positive but not statistically significant. Although, the result is not statistically significant, yet it confirms the study by Eli et al. (2023) who found no significant impact of taxpayers' education level and online tax payment (E-SAMSAT) on motor vehicle tax compliance. The mediation analysis, tested using the bootstrapping method, showed that although the mediating effect of e-payment on the relationship between facilitation and tax compliance among SMEs in Bauchi State was positive, it was not statistically significant ($\beta = 0.013$, $p = 0.106$, $t = 1.250$).

The failure of e-payment to mediate between facilitation and tax compliance implies that simplified tax processes alone are insufficient to improve compliance if digital payment systems are not effectively implemented or adopted by SMEs. Jiang et al. (2023) also noted that the introduction of technology can lower payments for efficiency wages, potentially shifting part of the tax burden to employees. Conversely, it disconfirms the study by Night, et al (2019) who found the significant mediating role of electronic payment adopting towards tax compliance.

Similar disconfirmation is the finding of Budiartha, et al (2019) which revealed a positive influence of e-filing, e-billing, and administrative fines on taxpayer compliance. The positive and not significant findings can be aligned to the respondents were aged between 30 and 50 years (58.4%), followed by those aged 51 and above (23.5%), with very few under 30 years (18.2%). Similarly, Salawu, Adigun, and

Ogundipe (2024) found that simplifying tax processes through electronic filing systems in Lagos reduced administrative burdens, which facilitated higher adoption of e-payment platforms among SMEs. This shows that young adults who are currently embracing technology to facilitate online tax payments are few.

Mediating Effect of E-payment between Trust and Tax Compliance

H_6: E-payment mediates the relationship between trust and tax compliance among SMEs in Bauchi State.

In a similar vein, the findings from Table 8 and Figure 2 shows the absence of a mediating effect of e-payment on the relationship between trust and tax compliance at a β value of 0.022 and a p-value of 0.076, with a t-statistic of 1.430. Therefore, the mediating effect of e-payment on the relationship between trust and tax compliance is positive but not statistically significant. This indicates that e-payment does not mediate the relationship between trust and tax compliance among SMEs in Bauchi State. Hence, H_5 is not supported but rejected.

The findings from the study revealed the absence of a mediating effect of e-payment on the relationship between trust and tax compliance among SMEs in Bauchi State. The mediating effect of e-payment on the relationship between trust and tax compliance was positive but not statistically significant. Although, the result is not statistically significant, yet in confirms the study by Eli et al. (2023) who found no significant impact of taxpayers' education level and online tax payment (E-SAMSAT) on motor vehicle tax compliance.

The lack of mediation by e-payment between trust and tax compliance indicates that even when SMEs trust the tax system, poor confidence in or dissatisfaction with electronic payment platforms may hinder their use, thereby limiting the impact of trust on compliance. That was why Jiang et al. (2023) observed that the use of technology such as e-payment can lower payments for efficiency wages, potentially shifting part of the tax burden to employees due to more rigorous enforcement.

The finding disconfirms the study by Sifile et al. (2018) who examined the effect of e-tax filing on tax compliance: A case of clients in Harare, Zimbabwe. Sifile et al. found electronic filing systems have a positive impact on tax compliance, with clients showing a favourable attitude towards them. It is also in line with the finding of Budiartha, et al (2019) that e-filing, e-billing, and administrative fines all positively influence taxpayer compliance.

According to Amoah et al. (2023), trust in public institutions at the individual level; trust in government; trust and power; and trust in authorities will lead to higher levels of tax compliance among SMEs. Yet, the adverse effect as noted by Coita et al. (2023) who utilize sentiment analysis and natural language processing techniques to predict trust in the fiscal system, is that taxpayers lacking trust tend to exhibit more negative language, potentially signalling future fraudulent behaviour.

The mediating effect of e-payment on the relationship between trust and tax compliance that was positive but not statistically significant can be attributed to the existing trust of the SME owners in complying with tax payment using the manual methods as opposed to the e-payment. On the positive finding, Saidu et al. (2024) confirmed in Bauchi that technology optimism and confidence in digital platforms significantly shape tax compliance intentions, thereby, highlighting how trust in e-payment systems can translate into voluntary compliance among SMEs, a finding also reinforced by Areghan, Femi, and Afolabi (2025). It can also be that the SME owners

are young adults, married, male business owners and have moderate business experience. This may reflect SME owners' preference for manual payment methods despite their trust in tax authorities

5. Conclusion and Recommendations

In accordance with the findings of the study, six major conclusions were drawn regarding tax compliance among SMEs in Bauchi State. First, tax enforcement was found to have a positive and significant influence on tax compliance, which suggests that effective audit systems, penalties, and monitoring mechanisms contribute to increased compliance. Second, tax facilitation also showed a significant positive effect and indicates that simplified procedures and administrative support encourage voluntary tax compliance.

Third, trust in tax authorities was revealed to significantly influence compliance, thereby highlighting the importance of fairness, transparency, and credibility in promoting taxpayer willingness to comply. Fourth, electronic payment systems were found to significantly mediate the relationship between tax enforcement and compliance, which imply that digital platforms enhance the effectiveness of enforcement by promoting timely and traceable transactions.

The fifth conclusion is that electronic payment does not mediate the relationship between facilitation and compliance, indicating that while facilitation is beneficial, its impact is not dependent on digital payment systems. The sixth conclusion showed that electronic payment does not mediate the relationship between trust and compliance, which signifies that trust independently can promote tax compliance regardless of the use of digital platforms.

In line with the conclusions, the study recommended the following:

(i) Federal Inland Revenue Service (FIRS) should strengthen tax enforcement mechanisms by increasing tax audits and implementing stricter penalties for non-compliance in Bauchi State.

(ii) Bauchi State Internal Revenue (BSIR) should improve tax facilitation services by providing better tax support, simplifying tax procedures, and offering training for SMEs on tax matters in Bauchi.

(iii) Federal Inland Revenue Service (FIRS) should strive to build and maintain people's trust through transparent tax communication, consistent application of tax laws, and visible use of tax revenues for community benefits in Bauchi State.

(iv) Federal Inland Revenue Service (FIRS) and Bauchi State Internal Revenue Service (BSIRS) should strengthen tax facilitation by promoting the use of e-payment systems through online tax awareness campaigns, incentives, user-friendly platforms, and streamlined processes that reduce administrative bottlenecks and encourage higher compliance rates among SMEs.

(v) Policymakers and tax authorities should establish mechanisms for continuous monitoring and further research to assess the long-term effectiveness of e-payment adoption and its sustained impact on tax compliance among SMEs in Bauchi State.

(vi) Federal Inland Revenue Service (FIRS) and Bauchi State Internal Revenue (BSIR) should enhance trust in tax e-payment systems by

ensuring effective security, reliability, data privacy, as well as customer support in Bauchi State.

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