Business Premises Levies and Investment Decision of Small and Medium Enterprises in Calabar Metropolis, Cross River State

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DOI: 10.56201/jafm.v8.no4.2022.pg60.79

Abstract

The study examined business premises levies and their effect on investment decision of businesses in Calabar Metropolis, Cross River State. To achieve the objectives of the study, the research made use of ex-post facto research design and data were collected secondary source. The data collected were presented and analyzed by the use of multiple regression. Based on the analysis, it was found out that registration levies have significant effect on investment decision of business, that renewal of business premises have effect on investment decision, specifically, that development levy has significant effect on investment decision of business. Based on the findings, the study concluded that business premises levies have significant and positive effect on investment decision of businesses in Cross River State. In the light of the above, the study recommended that government regulations governing business should be simplified in order to make compliance easier for them. This include clear and simple levies regulations and an undemanding tax filling process

Keywords: *Business, Decision, Investment, Premises, Levies*

1. Introduction

The political, economic and social enlargement of any country depends on the amount of revenue generated for the provision of infrastructure in that given country. And one of the major means of generating the amount of revenue is through a well-structured tax system (Asuquo, Akpan & Effiong, 2014). Azubike (2009) is of the view that tax is a major player in every society of the world. Tax system is one of the most effective means of mobilizing a nation's internal resources as well as lends itself to creating eco-friendly policy with rapid reduction in environmental cost, and an environment conducive to the promotion of economic growth and development as well as viability of small and medium enterprises (Asuquo, 2012a; Asuquo, Dan & Effiong, 2020a; Effiong & Asuquo, 2010). Tax constitutes key sources of revenue to the government for the purpose of providing infrastructure and creation of social assets (Asuquo, 2013a). Nzontta (2007), opined that tax is a compulsory levy imposed on a subject or upon his property by the government to provide security, social amenities and create conditions for the economic wellbeing of the society, Also tax are imposed to regulate the production of certain goods and services towards ensuring quality of real gross national goods and services as well as determining the implications of micro-fiscal measures, protection of infant industries, control business and curb inflation, reduce income in qualities etc. (Anyanwu, 1996; Asuquo, Tapang, Uwah, Dan, & Uklala, 2020)

According to Musgrave and Musgrave (2004), business premises levies are levies charged on individual properties that are used for business purposes. Premise levies are charged based on the organization size, this may be charged on registration, renewal of business premises and development levies. They acknowledged that taxes are used as proxy for fiscal policy. They outlined the mechanism by which taxes can affect investment decision. They see business premises levies as the tax imposed on establishment used to produce goods and services, these include registration levies, renewal of business premises and development levies. It established that premises levies can inhibit investment decision, through taxes as corporate and personal income taxes. Secondly, premise levy can slow down growth of business and labour supply by disposing labour leisure/choice in favour of leisure. Thirdly, they believe levy policies can affect research and development expenditure and retard the investment decisions of businesses. Business premises taxes have effect on investment decisions of business through the distribution of income and efficiency of resource use as well as the level of capacity, employment, prices, growth and investment decisions. There are several works on tax and investment decisions, but not much has been written on premises levies as it affects investment decision.

The effect of the Nigerian tax system on businesses has been a matter of increasing interest and concern to many business premises owners especially in Calabar Metropolis, Cross River State. Tax policies and the structure of taxation in Calabar

Metropolis, Cross River State is resulting to multiple taxation on business premises, forcing most business owners to run into losses or worst collapse. Businesses make numerous decisions on a daily basis; their inability to effectively manage their business comply with high premises levies, such as renewal levies, registration levies, and development levies has lead them to incurred losses and faced with the option of managing their levies or liabilities in such a way that their tax burden is reduced. Their inability to effectively manage levies brings about negative effects on the financing, investment and dividend decisions of the business. High premises levies affect the profitability of businesses as most of them are multiply taxes and due to low investment their profit are adversely affected (Anyanwu, 1996; Asuquo & Effiong, 2010a). It is in the light of the above problem that this present study intends to examine if there exist a relationship between business premises levies and investment decision in Calabar Metropolis, Cross River State.

2.1 Literature review

2.1.1 Concept of taxation

Taxation is the act of laying a tax, i.e., the process by which a local, state and central government, through its law-making body, raise revenue to defray the necessary expenses of the government. According to Anyanwu (1996), taxation can be defined as the compulsory transfer or payment (or occasionally of goods and services) from private individuals or groups to the government. The purpose and importance of taxation is to raise funds with which to promote the general welfare and protection of its citizens, and to enable it to finance its multifarious activities and to redistribute wealth and management of the economy. Ola (2001), stated that tax is that enforced proportional contributions from persons and property levied by the law-making body of the state for the support of the government and all private needs. Tax is a lawful and inevitable levy imposed on a subject or upon his property by the government to provide security, social amenities and create conditions for the economic well-being of the society (Ola, 2001). Anyanwu (1996) pointed out several objectives of taxation. These are; to put a curb on consumption and thus transfer resources from consumption to investment, to raise revenue for government, to reduce economic inequalities and to control income and employment.

2.1.2 Nature of taxation

In a context where many governments have to cope with less revenue, increasing expenditures and resulting fiscal constraints, raising revenue remains the most important function of taxes, which serve as the primary means for financing public goods such as maintenance of law and order and public infrastructure. Assuming a certain level of revenue that needs to be raised, which depends on the broader economic and fiscal policies of the country concerned, there are a number of broad tax policy considerations that have traditionally guided the development of taxation systems. These include neutrality, efficiency, certainty and simplicity, effectiveness and fairness, as well as flexibility. At the time, these principles were deemed appropriate for an evaluation of the taxation issues related to e-commerce. Although most of the new business models identified in various study did not exist yet at the time, these principles, with modification, continue to be relevant in the digital economy. In addition to these well-recognized principles, equity is an important consideration for the design of tax policy (Okoi, & Edame, 2013).

Neutrality: Taxation should seek to be neutral and equitable between forms of business activities. A neutral tax will contribute to efficiency by ensuring that optimal allocation of the means of production is achieved. A distortion, and the corresponding deadweight loss, will occur when changes in price trigger different changes in supply and demand than would occur in the absence of tax. In this sense, neutrality also entails that the tax system raises revenue while minimizing discrimination in favor of, or against, any particular economic choice. This implies that the same principles of taxation should apply to all forms of business, while addressing specific features that may otherwise undermine an equal and neutral application of those principles. Efficiency: Compliance costs to business and administration costs for governments should be minimized as far as possible.

Certainty and simplicity: Tax rules should be clear and simple to understand, so that taxpayers know where they stand. A simple tax system makes it easier for individuals and businesses to understand their obligations and entitlements. As a result, businesses are more likely to make optimal decisions and respond to intended policy choices. Complexity also favors aggressive tax planning, which may trigger deadweight losses for the economy. Effectiveness and fairness: Taxation should produce the right amount of tax at the right time, while avoiding both double taxation and unintentional non-taxation. In addition, the potential for evasion and avoidance should be minimized. Prior discussions in the Technical Advisory Groups (TAGs) considered that if there is a class of taxpayers that are technically subject to a tax, but are never required to pay the tax due to inability to enforce it, then the taxpaying public may view the tax as unfair and ineffective.

As a result, the practical enforceability of tax rules is an important consideration for policy makers. In addition, because it influences the collectability and the administer ability of taxes, enforceability is crucial to ensure efficiency of the tax system. Flexibility: Taxation systems should be flexible and dynamic enough to ensure they keep pace with technological and commercial developments. It is important that a tax system is dynamic and flexible enough to meet the current revenue needs of governments while adapting to changing needs on an ongoing basis. This means that the structural features of the system should be durable in a changing policy context, yet flexible and dynamic enough to allow governments to respond as required to keep pace with technological and commercial developments, taking into account that future developments will often be difficult to predict .Equity is also an important consideration within a tax policy framework. Equity has two main elements; horizontal equity and vertical equity.

Horizontal equity suggests that taxpayers in similar circumstances should bear a similar tax burden. Vertical equity is a normative concept, whose definition can differ from one user to another. According to some, it suggests that taxpayers in better circumstances should bear a larger part of the tax burden as a proportion of their income. In practice, the interpretation of vertical equity depends on the extent to which countries want to diminish income variation and whether it should be applied to income earned in a specific period or to lifetime income. Equity is traditionally delivered through the design of the personal tax and transfer systems .Equity may also refer to inter-nation equity (Christopher, Carolyn & Brunm, 2003; Chodorow, 2008; Broadway, 1978; Edame, 2011).

As a theory, inter-nation equity is concerned with the allocation of national gain and loss in the international context and aims to ensure that each country receives an equitable share of tax revenues from cross-border transactions (OECD, 2001). The tax policy principle of inter-nation equity has been an important consideration in the debate on the division of taxing rights between source and residence countries. At the time of the Ottawa work on the taxation of electronic commerce, this important concern was recognized by stating that "any adaptation of the existing international taxation principles should be structured to maintain fiscal sovereignty of countries, to achieve a fair sharing of the tax base from electronic commerce between countries..." (OECD, 2001).Tax policy choices often reflect decisions by policy makers on the relative importance of each of these principles and will also reflect wider economic and social policy considerations outside the field of levies.

2.1.3 Concept of business premises levies

Taxes on land and property have both fiscal and non-fiscal effects. The revenue such taxes produce is often an important source of finance for local governments. The extent to which those governments have control over property taxes is thus often an important determinant of the extent to which they are able to make autonomous expenditure decisions. The level, design, and control of property taxation are thus, in many countries, critical elements in effective decentralization policy. But property taxes are not always local taxes, and whether they are or are not local, like all taxes they must also be considered from a more general policy perspective. From this perspective, property taxes may be viewed, depending upon one's assumptions, the environment in which they are applied, and their design and effectiveness, as an equitable and efficient way of raising revenue or they may be considered to be a regressive and undesirable form of public finance. Simple, general conclusions on these important issues do not emerge easily from an examination of the complex structure of property taxes around the world. As an example, consider Germany, in which two variants of land tax are imposed on (in effect) four different bases at five different "base rates" which in turn are modified by locally-determined "leverage factors. Other than noting that the revenues from this complex set of taxes are small and that reform has proved politically impossible so far, it is hard to say anything very definite about the effects of such a system. In most countries, taxes on land and property are among the oldest forms of all taxes. Old taxes need not necessarily be "good taxes," as the saying has it, but they almost invariably have, over the years, become encrusted with various peculiar features that prove very difficult to alter.

2.1.4 Concept of investment decisions

An investment is an asset or item acquired with the goal of generating income or appreciation. In an economic sense, an investment is the purchase of goods that are not consumed today but are used in the future to create wealth. In finance, an investment is a monetary asset purchased with the idea that the asset will provide income in the future or will later be sold at a higher price for a profit. Nature of investment: The investment decisions of a firm are generally known as the capital budgeting, or capital expenditure decisions. A capital budgeting decision may be defined as the firm's decision to invest its current funds most efficiently in the long-term assets in anticipation of an expected flow of benefits over a series of years in order to achieve wealth maximization objectives. The long-term assets are those that affect the firm's operation beyond the one-year period. The firm's investment decisions would generally include expansion; acquisition decisions would generally include expansion, acquisition, modernization and replacement of the long-term assets towards maximizing return on investment (Udoayang, Uwah, & Asuquo, 2020; Uwah, & Asuquo, 2016). Sale of a division or business (divestment) is also as an investment decision. Decisions like the change in the methods of sales distribution, or an advertisement campaign or a research and capital. Therefore, we assume that the investment project's opportunity cost of capital is known. We also assume that the expenditure and benefits of the investment are known with certainty. Importance Investment decisions require special attention because of the following reasons: They influence the firm's growth in the long run; they affect the risk of the firm; they involve commitment of large amount of funds; they are irreversible or reversible at substantial loss and they are among the most difficult decisions to make.

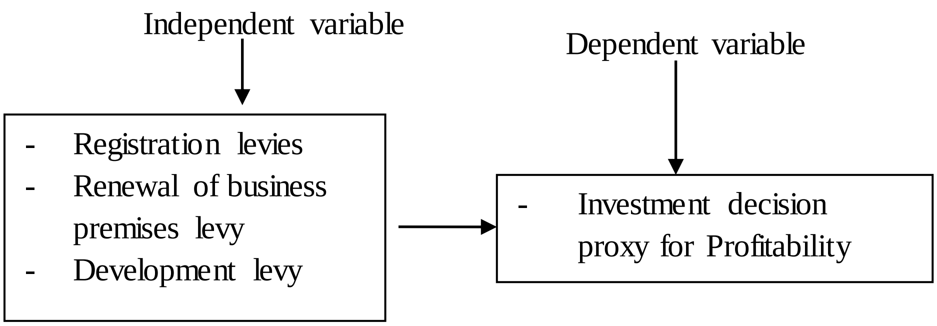
Moreover, the effects of investment decisions extend into the future and have to be endured for a longer period than the consequences of the current operating expenditure. A firm's decision to invest in long-term assets has a decisive influence decision to invest in long-term assets has a decisive influence on the rate and direction of its growth. A wrong decision can prove disastrous for the continued survival of the firm; unwanted or unprofitable expansion of assets will result in heavy operating costs to the firm. On the other hand, inadequate investment in assets would make it difficult for the firm to compete successfully and maintain its market share. It should be noted that long-term commitment of funds may also change the risk complexity of the firm, if the adoption of am investment increases average gain but causes frequent fluctuations in its earnings as a result of price changes, inflation, high differential in transfer pricing and exchange rate fluctuation, the firm will become more risky. Thus, investment decisions shape the basic character of a firm. Again, investment decisions generally involve large amount of funds, which make it imperative for the firm to plan its investment programmers very carefully and make an advance arrangement for procuring finances internally or extremely. Irreversibility: Most investment decisions are irreversible. It is difficult to find a market for such capital items once they have been acquired. The firm will incur heavy losses if such assets are scrapped. Investment decisions are among the firm's most difficult/complex decisions. They are an assessment of future events, which are difficult to predict. It is really a complex problem to correctly estimate the future cash flows of an investment economic, political, social and technological forces that cause the uncertainty, such as inflation, in cash flow and income estimation (Asuquo & Effiong, 2010a; Asuquo, Fadenipo, Ogbeche & Ahonkhai, 2017; Asuquo, & Arzizeh, 2012; Udoayang, Akpanuko, & Asuquo, 2009; Akintoye & Tashie, 2013; Akaegbu, 2012).

2.1.5. Types of investment decisions

There are many ways to classify investment. One classification is as follows: Expansion of existing business; expansion of new business; replacement and modernization and expansion and diversification. A company may add capacity to its existing product lines to expand existing operations. For example, the Gujarat state fertilizer company may increase its plant capacity to manufacture more urea. It is an example of related diversification. A firm may expand its activities in a new business. Expansion of a new business requires investment in new products and a new kind of production activity within the firm. If a packaging manufacturing company invests in a new plant and machinery to produce ball bearing, which the firm has not manufactured before, this represents expansion of new business or unrelated diversification. Sometimes a company acquires existing firms to expand its business. In either case, the firm makes investment in the expectation of additional revenue or tax incentives/levy baits granted by government to encourage investment in specific areas both internally and externally (Udoayang, Asuquo, Effiong & Kankpang, 2020). Investments in existing or new products may also be called as revenue-expansion investments.

Replacement and modernization: The main adjective of modernization and replacement is to improve operating efficiency and reduce costs, cost savings will reflect in the increased profits, but the firm's revenues may remain unchanged. Assets become outdated and obsolete with technological changes. The firm must decide to replace those assets with new assets that operate more economically. If a cement company changes from semi-automatic drying equipment to fully automatic drying equipment, it is an example of modernization and replacement. Replacement decisions help to introduce more efficient and economical assets and therefore, are also called cost-reduction investments however; replacement decisions that involve substantial modernization and technological improvement expand revenues as well as reduce costs. In doing this firms should be able to determine the impact of past cost and current cost profits as well as the operating capabilities of the firm (Effiong, Udoayang & Asuquo, 2011).

2.1.6. Conceptual framework of the study



2.1.7. Business premises levies and its effect on investment decisions

The political, economic and social development of any country depends on the amount of revenue generated for the provision of infrastructure in that given country.

However one means of generating the amount of revenue for providing the needed infrastructure is through a well structure tax system. Azubike (2009) is of the view that levies are a major player in every society of the world. The tax system is an opportunity for government to collect additional revenue needed in discharging its pressing obligations. A tax system offers itself as one of the most effective means of mobilizing a nation's internal resources and if lends itself to creating an environment conducive to the promotion of economic growth. Nzontta (2007) on the other hand, argues that taxes constitute key sources of revenue to the federation account shared by the federal, state and local governments. Tax is a compulsory levy imposed on a subject or upon his property by the government to provide security, social amenities and create conditions for the economic well-being of the society also Anyanwu (1996) stated that taxes are imposed to regulate the production of certain goods and services, protection of infant industries, control business and curb inflation, reduce income inequalities etc. On the other hand, Asuquo and Effiong (2011), acknowledged that taxes are used as proxy for fiscal policy. They outlined five possible mechanisms by which taxes can affect economic growth.

First, taxes can inhibit investment rate or capital structure through such taxes as corporate and personal income, capital gain taxes, hence the concept of thin capitalization and its effect on performance of company embarking on it to reduce tax burden (Asuquo, & Ejabu, 2018). Second, taxes can slow down growth in labour supply by disposing labour leisure choice in favour of leisure. Third, tax policy can affect on research and development expenditure. Fourth, taxes can lead to a flow of resources to other sectors that may have lower productivity. Finally, high taxes on labour supply can distort the efficient use of human capital high tax burdens even though they have high social productivity. Tax is a major source of government revenue and major revenue base of government, all over the world. Government use tax proceeds/revenue generated through taxes and levies to render their traditional functions, such as provisions of public goods, maintenance of law and order, defense against external aggression, regulation of trade and business to ensure social asset creation and economic maintenance (Asuquo & Effiong, 2010b; Asuquo & Effiong, 2011; Asuquo, 2013a). Musgrave and Musgrave (2004) stated that economic effects of tax include micro effects on the distribution of income and efficiency of resources use as well as macro effect on the level of capacity output, employment, prices and growth.

2.1.9 Empirical review

Engen and Skinner, 2006; Akpan and Asuquo, 2012, examined the effect of business premises levies on the investments in SMEs. The study used survey design with SME population of 80 questionnaires was used to collect data. Sample percentage/frequencies were used to analyze the data and the research hypotheses were tested with ANOVA. Based on their analysis, they found out that taxation has negative effect on investments of SMEs and it ability to pay tax is significant. The researchers recommended that government should develop a tax policy that considers the enhancement of SMEs capital allowance when imposing taxes.

Hakem (1966), in his survey, discovered that only 16 per cent respondents selected tax incentive as a factor that influenced their decisions to set up a pioneer industry. It was understood that out of 51 companies studies 33 ranked import duty reliefs highest amongst tax incentives available to them. It ranked its second most important. Also, Philips (1992) study 60 per cent of the firms studies thought they probably world set in without tax holiday. 7 per cent were more definite about the unimportance of tax incentives while 35 per cent through otherwise. Other incentives include accelerated depreciation.

The empirical relationship between dividend policy and investment decisions of firms quoted at the Nigerian Stock Exchange. The population comprised of companies quoted at the Nigerian Stock Exchange for twenty one years. Linear regression model was used in data analysis. It was concluded that there was a relationship between investment and dividend decisions, which the submission was made by Akpan, Udoayang and Asuquo (2011) on cash dividend policy.

Udoayang and Asuquo, (2010); Arash (2005) conducted study on the effect of corporate income taxes on the allocation of new capital investment in the economy. Data was collected in investment shares, user costs of capital and real prices at the asset and industry level with data from the Bureau of Economic Analysis, Bureau of Labour Statistics. Bureau of Economic Analysis capital flow tables show new capital investment in equipment, software and structures by industries that purchase or lease these capital goods and services in the economy. The effect of corporate income tax on capital allocation is estimated using trans long specification model the cost minimization has a two stage process .This is the most common form in the productivity literature. It was concluded from the research that corporate taxes distort the allocation of investment across capital classes.

3. Materials and methods

3.1 Research design

The researcher adopt the ex-post facto research design for the study. The ex-post facto research design was used because the event investigated has already taken place known.

3.2 Model specification

The model for analyzing the collected data was a multiple linear model. It is denoted by;

ID = F(RL, RBP, DL)

Where;

ID = Investment decision (proxy for annual rate of return)

RL = Registration levies

RBP = Renewal of business premises

DL = Development levy

Economically, the model is stated thus: ID = $b_o + b_1RL + b_2RBP + b_3DL + \mu_i$

Where: ID = Investment decision, b_o = Constant, b_1–b_3 = Unknown parameters, RL = Registration levies, RBP = Renewal of business premises DL = Development levy, μ_i = Error terms

4.1 Data presentation

Registration levies (RL), Renewal of business premises (RBP), and Development levies (DL) collected by Cross River State Board of Inland Revenue Service (2009-2018) are present below.

TABLE 4.1

Registration levies (RL), Renewal of business premises (RBP), and Development levies (DL) collected by Cross River State Board of Inland Revenue Service (10 years)

Year	ID(₦'M)	RL(₦'M)	RBP(₦'M)	DL(₦'M)
1	9783578	100000	55000	20128
2	12602109	250000	100000	30026
3	16496453	500000	150000	30065
4	21137275	1000000	50000	40041
5	22258279	500000	100000	50108
6	22235640	150000	250000	30023
7	23736777	300000	500000	40017
8	7924968	3480000	28305060	50083
9	33723730	2000000	1500000	50030
10	43008026	17586111	260000	30066

Source: Cross State Board of Inland Revenue Service

4.2 Analysis of data

The regression analysis is conducted to show the effect of the independent variables on the response variable. For the ordered estimation conducted in the study. The main statistics of interest are the t-statistic and their corresponding significance. The regression result is presented in table 4.2.

TABLE 4.2

Regression result on the "effect of business premises levies on investment decision of Cross River State (10 years)

Dependent variable: ID

Variable	Coefficient	Std. Error	t-statistic	Prob.
C	30251.0	813198.1	0.372007	0.7129
RL	0.641	0.036	7.181	0.000
RBP	1.013	0.041	11.418	0.000
DL	0.865	0.041	14.561	0.000
R-squared	0.914104			
Adjusted R^2	0.90889			
S.E of Regression	2735516			
F-statistic	69.17293			
Durbin Watson	1.329613			

Source: Researcher's estimation, 2022

The result presented was analyzed using three criteria, economic apiori criteria, statistical criteria and economic criteria. The results obtained showed that all explanatory variables have their correct expected sign, as predicted by the relevant economic theories. The positive sign of the co-efficient of registration levies shows that there is a positive relationship between registration levies and investment decision of Cross River State. This is consistent with the theoretical expectation showing that a one billion naira increase in registration levies will lead to an increase in investment decision (ID) by 1025.42 billion naira, other things being equal.

Similarly, the positive coefficient of renewal of business premises (RBP) shows that there is a positive relationship between renewal of business premises and investment decision of Cross River State. The result is in line with theoretical expectation, showing that an increase in renewal of business premises will lead to an increase in ID by 17.38 billion naira. The examination of the result showed that there is a positive relationship between development levy (DL) and ID. This is also relevant in economic there in economic theory, indicating that a 1 billion naira increase in the development levy will lead to an increase in ID by 27.69 billion naira ceteris paribus.

4.3 Test of hypotheses

In testing the hypotheses formulated, it is important to restate the hypotheses for the test.

H_{o1}: Registration levy does not have any significant effect on investment decision of businesses in Cross River State

H_{A1}: Registration levy has significant effect on investment decision of businesses in Cross River State

This hypothesis was tested using t-statistic, with the aid of SPSS and the summary of the result shown below.

Decision

The decision rule states that if the calculated t-value is greater than the table value, the null hypothesis is rejected, while the null hypothesis is accepted. On the other hand, if the calculated t-value is less than the t-table value, the null hypothesis is accepted, while the alternative hypothesis is rejected. The level of significance at which the hypothesis was tested is 0.05 with n-2 degree of freedom.

TABLE 4.3

Regression result for registration levies and investment decision of businesses model

Dependent variable: ID

Variable	Estimated coefficient	Std. error	t-value	Sign.
C	0.319	0.106	3.211	0.000
RL	0.641	0.036	7.181	0.000
R	0.861			
R^2	0.671			
Adjusted R^2	0.642			
F-statistic	162.712			

Source: Researchers' Analysis, 2022

Level of significance = 0.05, Degree of freedom = n-2 = 10-2 = 8, t-value calculated = 7.181, t-table value = 2.306

From the analysis of hypothesis one, the result revealed that calculated t-value of 7.181 is greater than t-table value of 2.306 when tested at 0.05 level of significance and at 108 degree of freedom, and the null hypothesis was rejected, this means that registration levy has significant effect on investment decision of businesses in Cross River State

Also, from the table 4.17, the estimated result shows that the constant term has a positive sign which is consistent with economic theory. The estimated coefficient for business investment decisions is also positive which is consistent with economic theory, that is there positive relationship between registration fee and investment decisions of businesses in Cross River State. The t-value of the estimated coefficient was high and significant. High t-values are indicators of high reliability of the predictive power of the coefficient. The adjusted R^2 is 67.1 per cent. The goodness of fit is good and statistically significant. This implies the business investment decisions linear relationship with registration levies is strong.

The F-statistic is 162.712, and this is very high and statistically significant, it is higher it theoretical value at 5 percent level of significance. The f-statistic confirms that investment decision is statistically related to the independent variable in the model.

Hypothesis two

H_{o2}: Renewal of business premises does not have any significant effect on investment decision of businesses in Cross River State.

H_{A2}: Renewal of business premises has significant effect on investment decision of businesses in Cross River State

TABLE 4.4

Regression result for renewal of business premises and investment decision of business model

Dependent variable: ID

Variable	Estimated coefficient	Std. error	t-value	Sign.
C	0.778	0.312	3.192	0.000
RBP	1.013	0.041	11.418	0.000
R	0.764			
R^2	0.543			
Adjusted R^2	0.532			
F-statistic	86.164			

Source: Researchers' Analysis, 2022

Level of significance = 0.05; Degree of freedom = n-2 = 10-2 = 8, t-value calculated = 11.418; t-table value = 2.306

From the analysis of hypothesis two, the result revealed that the calculated t-value of (11.418) is greater than the critical t-table value of (2.306) when tested at 0.05 level of significance. Therefore, the null hypothesis was rejected, while the alternative hypothesis was accepted. This means that renewal of business premises has significant effect on investment decision of businesses in Cross River State

The result also revealed that the constant term and the explanatory variable have the positive theoretical sign. This is consistent with economic theory. The t-value of estimated coefficient 3.192 is higher than the 5 per cent level of significance and is statistically significant. The Adjusted R^2 is 53.2 per cent; this is very high and statistically significant. This indicates a very strong relationship between business premises renewal and investment decision of businesses in Cross River State. This means that 53.2 per cent of the variation' in investment decision of businesses can be explained by the explanatory variable, this shows a better goodness of fit.

The f-statistic is 86.164 and this is very high and statistically significant. This confirms investment decision of businesses is statistically related to the independent variables induced in the model at 5 per cent level of significance.

Hypothesis three

H_{o3}: Development levy does not have any significant effect on investment decision of business in Cross River State.

H_{A3}: Development levy has significant effect on investment decision of business in Cross River State.

TABLE 4.5

Regression result for development levy and investment decision model

Dependent variable: ID

Variable	**Estimated coefficient**	**Std. error**	**t-value**	**Sign.**
C	0734	0.181	5.861	0.000
WPT	0.865	0.041	14.561	0.000
R	0.181			
R^2	0.645			
Adjusted R^2	0.641			
F-statistic	174.690			

Source: Researchers' Analysis, 2022

Level of significance = 0.05, Degree of freedom = n-2 = 10-2 = 8, t-value calculated = 14.561, t-table value = 2.306

The analysis of hypothesis three revealed that the calculated t-value of 14.561 is greater than the table value of 2.306 when tested at 0.05 level of significance, and the null hypothesis was rejected, while the alternative hypothesis was accepted. This means that development levy has significant effect on investment decision of business in Cross River State. The result of the analysis also revealed that the constant term has a positive sign which is consistent with economic theory. The estimated coefficient for investment decisions is also positive which is consistent with economy theory. This implies that there is positive relationship between development levy and investment decisions. The t-value of the estimated coefficient was high and significant. High t-value is indicators of high reliability of the predictive power of the coefficient. The Adjusted R^2 is 64.5 per cent, this indicate that the model has a better goodness of fit and statistically significant. This shows the firm's linear relationship with ware development levy is strong. The f-statistic is 174.690 and this is very high and statistically significant, it is higher than it theoretical value at 5 per cent is statistically related to the independent variable in the model.

4.4 Discussion findings

Hypothesis one tested that registration levies do not have any significant effect on investment decision of businesses in Calabar Metropolis, Cross River State. It was tested using the t-statistic with the aid of ordinary least square method, at 0.05 level of significance and the null hypothesis was accepted, while the alterative hypothesis was rejected. In hypothesis two, it was tested that renewal of business premises does not have any significant effect on investment decision of businesses in Calabar Metropolis, Cross River State. It was tested using the t-statistic at 0.05 level of significance and the null hypothesis was rejected, while the alternative hypothesis was accepted. Hypothesis three tested that development levy does not have any significant effect on investment decision of business in Calabar Metropolis, Cross River State. It was tested using the t-statistic at 0.05 level of significance, and the null hypothesis was rejected, while the alterative hypothesis was accepted.

5.1 Summary of findings

The findings from this study discovered that; registration levies has significant effect on investment decision of businesses in Calabar Metropolis, Cross River State, renewal of business premises has significant effect on investment decision of businesses in Calabar Metropolis, Cross River and finally, it also revealed that development levy has significant effect on investment decision of businesses in Calabar Metropolis, Cross River State.

5.2 Conclusion

The study examined effect of business premise levies on the investment decision of businesses in Calabar Metropolis, Cross River State. The study findings revealed that there is a relationship between business premises levies and investment decision in cross river state.

5.3 Recommendations

Based on the findings from this study, the following recommendations were made: Tax regulations governing SMEs should be simplified in order to make compliance easier for them; tax administrators should carry out their duties more efficiently with the most care and integrity as this will help combat issues such as multiple taxes; tax administrators should improve their support services towards SMEs for example, small business owners should be educated on issues such as taxes they are expected to pay and the incentives and exemptions they are eligible for; and tax regulations governing SMEs should be simplified in order to make compliance easier for them to earn income that sustain their business. Again they should understand tax practice and accounting behaviour with the focus on business sustainability and growth. Apply accounting standards and consider the financial implications (Asuquo, 2013b; Asuquo, Ejabu, Bongo, Atu & Adejoupe, 2018)..

Tax regulations governing SMEs should be simplified in order to make compliance easier for them. This includes clear and simple tax regulations, and an undemanding tax filing process. The use of information technology should be encouraged in the accounting and tax practices (Asuquo, 2012b; Asuquo, Dan & Effiong, 2020b); Tax administrators should carry out their duties more efficiently with the most care and integrity as this will help combat issues such as multiple taxes; Tax administrators should improve their support services towards SMEs for example, small business owners should be educated on issues such as taxes they are expected to pay and the incentives and exemptions they are eligible for.

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