

The impact of intermediate money transfers tax (IMTT) on performance of SMES: Case Study of Lester Systems (PVT) LTD

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ABSTRACT

The study sought to investigate the impact of IMTT on performance of SMEs using a case study of Creative Systems. The study used a quantitative approach.

Questionnaires were used in this study. The sample had 33 participants and the responded questionnaires were 25, the interview responded to were 60%. Reliability and validity of the questionnaire were tested using Cronbach's Alpha and Pearson's Correlation, respectively. The findings were presented using descriptive statistics with the aid of Ms.Excel and "FastStatistics" applications. The study revealed that IMTT had negative impact on performance of SMEs, using frequency of transactions, suppliers' payments, financial performance and tax compliance as measures of performance. However, the results from tax compliance were not reliable and valid. Therefore, the researchers recommended the managers of similar set up to utilize other methods of costs control rather than evading taxes. The research calls for further studies using quantitative data from secondary sources to investigate the significance of the impact of IMTT on financial performance.