

**TAX COMPLIANCE LEVEL OF SMALL AND MEDIUM
SECTOR ENTERPRISES IN PUTTALAM DISTRICT**



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ABSTRACT

Tax compliance means making tax payments and producing and submitting information to the tax authorities on time and in the required formats. Tax compliance is a very important factor because entity cannot operate it is business without compliance to government. Small and Medium size Enterprises are the key components of the economy. In the Sri Lankan context over 90% of the entities are the Small and medium Businesses. Small business owners are more innovative and have entrepreneurial skills. Small businesses generate a significant profit from their business activities. It helps to carry out their business in a smoothly manner.

This study is about "The level on tax compliance of small business owners in Puttalam District". The main income generation source of the Government is tax. Tax income can be divided into two main categories; direct tax income and indirect tax income. The Government tries to increase their income by imposing various taxes and tax regulations to the public. As a result, all the Small and Medium size enterprises are bound by the Government tax laws and regulations. The main purpose of this research is to evaluate the level on tax compliance of small business owners. In order to carry out this research, four independent variables were mainly recognized; registering as a tax payer, Tax knowledge and Education, Perceived Opportunity and Fines and Penalty. This study was conducted as a quantitative research and the data and information were collected through questionnaire. The sample was selected based on random basis in Puttalam district, from 100 Small business owners. Conceptualization framework was used to develop the questionnaire for the research and each element from conceptualization was included in the questionnaire. According to the Conceptualization model, the main objective of the study is to show the level on tax compliance of small-business owners such as Registering as tax payer, Tax Knowledge and Education, Perceived Opportunity and Fines and penalty. In this research can conclude that the overall tax compliance level of the most of small business owners in Puttalam district is at a moderate level.

Key word: Tax Compliance, Small and Medium Enterprises, Tax Income

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