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Assessing the Influence of Local Taxation on the Sustainability of SMEs

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Abstract

This article examines the influence of local taxation on the sustainability of SMEs in Cameroon, where eight out of ten firms disappear within two years of their creation. The starting point is a local tax burden perceived as excessive, complex, and poorly incentivizing, set against a backdrop of weak local governance and pervasive economic informality. The authors draw on three complementary theoretical frameworks: transaction cost theory, positive regulation theory, and social capital theory, to shed light on the relationship between taxpayers and the local tax administration. Methodologically, the study adopts a qualitative approach based on semi-structured interviews with five SME managers in Douala (varied sectors, ranging from 5 months to 25 years in operation), analyzed through manual coding of the discourse. Two research propositions are tested and validated: the tax burden negatively affects workforce size (crowding-out effect), and local taxes and duties hinder the growth of revenue and net income. The findings confirm Laffer's theory: beyond a certain threshold, taxation becomes counterproductive, pushing SMEs toward fraud, tax evasion, or the informal sector. The article concludes with recommendations aimed at easing the local tax burden in order to foster SME survival and growth.

Keywords: Taxation, Fiscal policy, Turnover, Local taxation, Profitability, SMEs, and Sustainability.

1. Introduction

For several decades, various studies have shown that the firm, the primary embodiment of entrepreneurship, is recognized as a very important driver of the world's economic and social development (Audretsch *et al.*, 2007). It should also be noted that the proliferation of SMEs improves the competitiveness of the economies of industrialized and developing countries alike (Audretsch, 2002; Conway *et al.*, 2005). Through their investments and consumption, these firms create added value and produce a wide range of goods and services, thereby

contributing significantly to the financing of public services and to the dynamism of the local economy (Goudreault and Hébert, 2013; Abu-Matar WSH, 2025). In Cameroon, eight out of ten firms disappear just two years after their creation, according to the Director General of Enterprises (ECAM), an employers' association primarily focused on SME development. This situation can be illustrated in the case of Cameroon through various surveys: in its "Paying Taxes 2017" report published on 17 November 2016 by the audit and consulting firm PricewaterhouseCoopers (PwC) and the World

Bank, Cameroon ranks among the ten African countries where the tax burden on medium-sized enterprises is highest. The Cameroonian Inter-Employers' Group (GICAM), in its economic dashboard for the 3rd quarter of 2019, shows that the tax burden is becoming increasingly perceptible. Indeed, the proportion of business leaders reporting a loosening of the tax squeeze has never exceeded 10% over the past four quarters. It is on the strength of this set of conflicting phenomena that we deemed it worthwhile to work on the theme entitled: *"Local Taxation and the Sustainability of Cameroonian SMEs"*.

Local taxation in African cities in general, and in Cameroon in particular, exhibits many weaknesses. Its revenue does not sufficiently supply the budgets of Decentralized Territorial Communities (DTCs), which are confronted with the intertwined effects of rapid urbanization, a failing tax collection chain, staff incompetence, taxpayers' weak tax compliance culture, corruption, and poor local governance - not to mention the predominant place of sectors of activity that are difficult to tax (Tchouassi G., 2021). Nevertheless, Laffer's, (1980) tax theory holds that excessive taxation is self-defeating, in the sense that the tax burden negatively affects firms' investment and, consequently, pushes them to adopt tax fraud and evasion techniques. It should be noted that taxation has an impact on the behavior of economic agents. Alongside the difficulties of accessing external financing, Cameroonian SMEs are immersed in a predatory tax environment in their quest for a sustainable economic growth that may jeopardize their sustainability if strategic measures are not taken, on the one hand by entrepreneurs and, on the other hand, by the State, which must encourage economic activity. In our country, the phenomenon of SME failure is steadily increasing. In addition to financing difficulties, obstacles to business development remain significant (Doing Business, 2019).

According to the RGE (2016), more than 2 out of 4 business leaders (53.5%) deplore discouraging tax practices; 18.1% complain about corruption, and 28.4% about administrative formalities and hassles with officials or the urban community. On this subject, moreover, certain employers' unions (GICAM, ECAM, etc.) continually advocate for a lightening of these procedures; this, in our view,

constitutes the backdrop that characterizes SME. In such a context, firms that survive beyond three years, ten years, or even longer, constitute an exception that calls for a closer examination of their specific features, and an attempt to understand how they manage to survive longer.

The aim is to identify the specific factors that explain the survival and possible longevity of certain SMEs. In order to better understand the concepts of local taxation and sustainability, we draw on transaction cost theory, social capital theory, and positive regulation theory. It is nevertheless important to stress that these theories constitute avenues for reflection that need to be applied and tested in specific contexts. Local taxation and the sustainability of SMEs are complex issues that depend on numerous factors such as firm size, sector of activity, and the local regulatory context, among others. It is out of a concern to evaluate the effect of tax policies on the sustainability of SMEs that this study seeks to answer the following fundamental question: "How does local taxation influence the sustainability of SMEs?"

In order to answer this research question, the present work is organized around the following lines: we first draw on a literature review addressing the definitions of local taxation and SME sustainability; we then set out the methodological approach and sampling design; and finally, we present the research findings along with a discussion of these findings.

2. Review of Literature

To date, sub-Saharan African economies are still characterized by complex tax regimes which, even where they do not discourage domestic and foreign investment, present loopholes that allow tax evasion. Conversely, establishing a coherent and generally incentivizing environment requires a national political commitment, in particular through the formulation of a long-term SME development strategy.

To gain a clearer grasp of the notions of local taxation and SME sustainability, this section aims to present successively, on the one hand, the notions of local taxation and SME sustainability, and, on the other hand, the theoretical incidence of local taxation on the sustainability of SMEs.

Notions of Local Taxation and SME Sustainability

In Cameroon, as in other States, the payment of tax lies at the heart of the social contract and constitutes one of the most basic and legitimate contributions of firms to the budgets of the States in which they operate. It is worth recalling that this relationship was one of the foundations of the construction of the modern State (Saada, 2009). It is widely understood that the notion of local taxation is not fully accepted by firms. This is why it is increasingly observed that business premises are sealed off by tax inspectors or municipal officials. Yet the managers of these establishments know full well that fulfilling their tax obligations is their duty. However, judging by their behavior, one might think they were unaware that these taxes existed, or that they regarded them as a threat. Furthermore, some establishments, rather than submit to the threats of tax inspectors, prefer to resort to fraud. Through this practice, they manage to circumvent taxation by declaring inaccurate results.

Characteristics of Cameroonian Local Taxation

Works on local taxation in Cameroon are strikingly scarce, even though the link between local taxation and local development is entirely self-evident. In textual terms, however, apart from the major Law No. 74-23 of 5 December 1974 on municipal organization, local taxation has generally been subject only to minor reforms. As part of Cameroon's decentralization process, the 1996 Constitution nevertheless “gave rise” to numerous texts relating to local financial law. For the time being, Law No. 2009-019 of 15 December 2009 on local taxation marks the culmination of the most ambitious local tax reform undertaken since Cameroon's independence in 1960. Contrary to the legal literature, which seems to “shun” the subject, it becomes clear, through the various reforms, that the Cameroonian authorities are well aware that local taxation must serve development.

The Notion of Local Taxation

Local taxation makes it possible to finance municipal projects. It is understood as the set of legal mechanisms governing the collection of local taxes for the benefit, in whole or in part, of local authorities, and it emerged in Cameroon with the formal creation of cities in 1944 (Konmam P., 2013). Article 1(2) of Finance Law No. 2009/019 of UniversePG | www.universepg.com

15 December 2009 on local taxation in Cameroon defines local taxation as all levies made by the State's tax services or by the competent services of territorial authorities for the benefit of the latter. Paragraph 3 of the same article specifies that local taxation applies to municipalities, urban communities, sub-divisional councils (*communes d'arrondissement*), regions, and any other type of territorial authority created by law. Under Titles III and IV of the General Tax Code governing local taxation, this notably includes: the business license contribution (*patente*); the license contribution; the flat-rate tax (*impôt libératoire*); the municipal tax on livestock; municipal additional centimes; and direct and indirect municipal taxes.

Theoretical Framework of Local Taxation

In order to better understand the concept of local taxation as it relates to taxpayers, we drew on three theories, namely: transaction cost theory, positive regulation theory, and social capital theory. Transaction cost theory suggests that transaction costs can be reduced by fostering proximity between firms and the local tax administration. If SMEs are able to communicate more easily with local authorities, this can reduce the information and tax-compliance costs that weigh on them. Within a transaction-cost framework, if a firm wants to last or survive, it must necessarily reduce or control its costs. Gabrié and Jacquier, (1994) emphasize firms' capacity to internalize these costs, noting that, for certain transactions, it is more economical to produce in-house through an employment contract than to acquire on the market through a sales contract. Transaction cost theory no longer views the firm merely as a production function, as the neoclassicists do, but rather as a governance structure that manages and coordinates transactions with the aim of minimizing their costs (Williamson, 1991). Positive regulation theory or regulation theory proposes a framework for analyzing different forms of capitalism (or accumulation systems). This regulation theory emerged in France during the 1970s around authors such as Michel Aglietta, André Orléans, Bernard Billaudot, and Robert Boyer. This theory proposes five main institutions (money, the market as a social construct, competition, the wage-labor nexus, and international relations) that enable the functioning of the various accumulation systems. Positive regulation theory suggests that regulations can be designed to

encourage virtuous behavior on the part of firms rather than to punish deviant behavior. By promoting fairer and more equitable local taxation that takes into account the specific characteristics of SMEs, this can foster their sustainability and development.

According to Coleman, (1988, 1990), social capital is defined by its function. Indeed, it is inherent to social structures and provides two types of benefits to actors (Baret *et al.*, 2006): improved circulation of information and the goodwill of others toward us (solidarity, cooperation). In return, the social network is constraining, as it carries obligations, norms, and sanctions. Social capital is therefore not solely the product of social relations but resides above all in a set of behavioral principles (trust, norms, values) shared by individuals. Social capital theory highlights the importance of the ties between firms and their social environment. By fostering relationships of trust between firms and local tax authorities, this can promote more effective cooperation, a finer understanding of each party's constraints, and greater firm sustainability.

Characteristics of the Sustainability of Cameroonian SMEs

Sustainability is multidimensional in nature, owing not only to the number of variables likely to explain it but also to the interdependencies that may exist among them. This section proposes a theoretical examination of the notion of sustainability in a context where taking sociocultural factors into account is essential for the survival of SMEs in Cameroon.

The Notion of SME Sustainability

The concept of sustainability is marked by a semantic vagueness that reflects its multi-dimensionality (Benghozi, op. cit.). Many researchers agree in conceiving of it in terms of longevity (Djoutsa Wamba and Hikkerova, 2014; Cheriet *et al.*, 2012). This longevity refers to that which lasts a long time. Controversy exists as to the point from which one can say that something has lasted a long time. Hence the question, "When can a firm be said to be sustainable?" This question emphasizes temporal existence in terms of duration. Other researchers, by contrast, consider viability. And others still draw a link between performance and sustainability. Interest in this notion is contingent on

the conceptual diversity of the notion of longevity, which raises questions about its content. Viability of a firm is literally defined as "the firm's ability to live" (Larousse pocket French dictionary, 2015). It makes explicit the primary role of the firm within the environment in which it operates. Thus, transposed into the academic sphere, this viability refers to the creation of value for the firm's "stakeholders" (Gartner, 1990). For this author, value creation lies at the heart of entrepreneurship and constitutes the objective of all owner-managers seeking to ensure the long-term survival of their firms (Verstraete and Fayolle, op. cit.). However, although the notion of performance remains subject to controversy regarding its multidimensionality, authors agree that its continuity constitutes a guarantee for the firm's sustainability (Issor, 2017). Firm performance can therefore not be dissociated from its sustainability. The notions of viability and longevity appear to be complementary rather than dialectical.

Factors Explaining Sustainability

To facilitate understanding of the proposed definition of sustainability, an analysis of the various factors of sustainability drawn from the literature is necessary in order to dispel the vagueness in the literature surrounding the multidimensionality of each of these factors, but also to explain their link with the concept of organizational sustainability.

Growth in Workforce Size

In any company's general management, and particularly in human resource management, workforce calculation is fully integrated into the piloting of the firm. We observe this notably in the annual management report communicated to all stakeholders: shareholders, investors, employees, etc. The annual financial report includes key indicators such as the order book, revenue, net income, and staff numbers. General management must have an overall view of its organization. We use the term "staff numbers" to refer to the firm's employees. A firm's personnel represent a resource, a set of skills and know-how made available to the firm (Wang, 2004). Employees contribute directly to a company's value added. Beyond a mere figure, the notion of staff numbers embodies a vision and an organization essential to the firm's sustainability. Beyond a mere figure, the notion of staff numbers embodies a vision and an organization essential to the firm's

sustainability (Vinet Nayar, 2011; Ndifor *et al.*, 2023).

Growth in Revenue and Net Income

Revenue is the most obvious management indicator. To properly assess its efficiency, one must compare, on the one hand, actual revenue and, on the other hand, forecast revenue (Barth, 2003). Indeed, the entrepreneur must regularly compare actual performance with what was initially forecast in order to adjust strategy and verify that costs are well under control (Christiane Bughin, Olivier Colot, 2008). The variance in revenue makes it possible to check, as sales and purchases occur, whether objectives are being met.

Accounting net income corresponds to the difference between a firm's revenues and expenses, minus the amount of taxes. Net income can be negative. In that case, the firm is operating at a loss. It is therefore losing money. This negatively affects its reserves and its value. Shareholders decide on the allocation of positive net income at ordinary general meetings. They may thus:

- Distribute the positive net income to shareholders (in the form of dividends);
- Set it aside in reserve, thereby strengthening equity;

Net income serves as the basis for calculating numerous other indicators (earnings per share, self-financing capacity, etc.). Moreover, net income is a useful indicator for verifying that a firm is well managed and generates profits (R. Janin, 2002). According to Crucifix and Derni, (1992) “a firm is profitable when it can remunerate the financial resources invested in it.” Ooghe and Van Wymeersch, (1986) add that “failure is the condition characterizing a firm whose financial performance is lower than that of its main competitors.” For Koenig, (1985) a firm's overall profitability makes it possible to assess its overall performance.

Branch Network Expansion of the SME

The Cameroonian economic and industrial fabric currently suffers from a shortage of high-growth SMEs, the so-called “gazelles” (Birch, 1979; Julien, Carrier, Desaulniers, Luc, and Martineau, 2003), which grow two to three times faster than the average SME. Their potential contribution to economic growth and job creation is now considered

major (Betbèze and Saint-Étienne, 2006; Picart, 2006; Lefiliatre, 2007; Billon, 2009). Yet these firms are insufficiently profitable and under-capitalized compared with their European and American counterparts. As a result, their size plateaus earlier, and they are fewer in number (Betbèze and Saint-Étienne, 2006). The challenges they face are numerous, particularly in the financial domain (Hambrick and Crozier, 1985). Public authorities are also relying on strategies aimed at fostering the sustained growth of these high-potential firms: financial assistance, the development of competitiveness clusters, support for innovation, and tax incentives for business angels. By strengthening and improving the conditions under which these firms are created and survive, while also removing the obstacles that hinder their subsequent development, public bodies encourage sustained growth in this type of SME.

Theoretical Incidence of Local Taxation on the Sustainability of Cameroonian SMEs

According to Auriol and Walters, (2005) the ease with which taxes can be collected from a relatively small number of large firms may, for instance, encourage authorities to reinforce this concentration by making it more difficult for small firms to operate, through non-tax measures.

Tax Fraud and Tax Evasion

Tax fraud is a phenomenon affecting all taxes and duties. According to Margairaz: “there is fraud when one applies methods that make it possible to escape a tax for which the legislator had not intended any loophole.” Fraud aims to illegally minimize tax liability. Its forms are highly diverse: deliberate omission of returns, understatement of revenue, overstatement of expenses, etc. Fraud requires the combination of three elements, namely: the material element, the legal element, and the intentional element. According to BARILARI and DRAPE (1997), Tax evasion is “an action aimed at withdrawing all or part of the taxable base from taxation without formally contravening the law.” In this sense, tax evasion is distinguished from tax fraud, which involves conduct, whether active or passive, in breach of tax rules.

“Too much tax kills tax”: this well-known maxim sums up Arthur Laffer's discovery, formulated in the 1970s in the form of this famous curve.

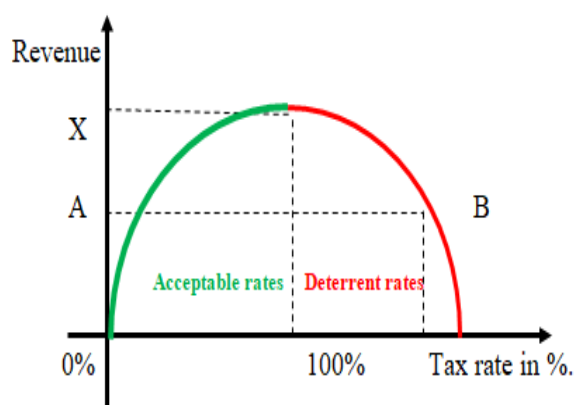


Fig. 1: The Laffer Curve (Source: Arthur Laffer's Theory, 1980).

The Laffer curve provides a graphical representation of the evolution of tax revenue as a function of the tax rate. According to Laffer, an increase in the tax rate leads to an increase in tax revenue up to a breaking point, beyond which any further increase in the tax burden leads to a decrease in tax revenue.

From the Formal to the Informal Sector

In Cameroon, since the economic crisis that began in the mid-1980s, the informal sector has considerably gained ground in the labor market. Indeed, whereas the informal sector accounted for only 50% of the working population in 1987, its share rose to 88.2% in 1993, then peaked at 96.1% in 2001, before subsequently stabilizing at around 90.4% and 88.7% between 2005 and 2014.

The complexity of the Cameroonian tax administration, scattered and dispersed across several ministries, together with an authoritarian tax system in which new taxes are introduced without notice, numerous exemptions, and a proliferation of legal texts, has fostered tax fraud, corruption, and various forms of favoritism, resulting in the lowest tax collection rate in the world, whether through the closure of certain businesses or the redirection of activities into the informal sector. In order to better

assess the impact of local taxation on the sustainability of Cameroonian SMEs, we put forward the following propositions:

Proposition 1: The tax burden negatively influences (crowding-out effect) workforce size.

Proposition 2: Local taxes and duties hinder the growth of the SME's revenue and net income.

To conduct a research study, two scientific approaches exist in the literature: the quantitative approach and the qualitative approach. The choice of method depends on the object of the study.

3. Methodology

In order to address our research problem, namely understanding the impact of local taxation on the sustainability of Cameroonian SMEs, we needed to collect certain information from the firms that formed the subject of our study. Achieving the objectives of our study first required us to identify and analyze certain specific data.

Approach Adopted

Qualitative research is particularly appropriate when the observed factors are subjective in nature and therefore difficult to measure. This is the case in our study, whose purpose is to understand how local taxation influences the sustainability of Cameroonian SMEs. However, the data available to us were collected through interviews conducted with 05 managers of SMEs in the city of Douala using an interview guide.

The latter covers the following themes: taxpayers' perception of local taxation; the factors explaining the sustainability of Cameroonian SMEs; the impact of local taxation on the sustainability of Cameroonian SMEs; and remedial strategies aimed at encouraging the SME sector in Cameroon.

Table 1: Sampling and Conduct of the Surveys.

Company Name	Legal Status	Respondent Profile	Sector of Activity	Location	Age of the Firm
A	SARL	Manager	Supermarket	Douala	25 years
B	Sole Proprietorship	Owner	Photo Lab	Douala	18 years
C	SARL	Manager	Snack Bar	Douala	06 years
D	SARL	Manager	Hardware Store	Douala	07 years
E	Sole Proprietorship	Manager	Secondhand Goods Store	Douala	05 months

Sampling Design

The size of our sample is justified by SMEs' reluctance to respond to questionnaires. The interviews were recorded using a dictaphone. We then transcribed them. Given the limited number of interviews, we opted for a manual analysis of the discourse for the analysis of the data collected. The table below presents the profile of the SMEs in our study.

The analysis of the relationship between local taxation and the sustainability of Cameroonian SMEs, together with the synthesis of the literature on the theoretical determinants of the two concepts, makes it possible to derive the following conceptual model:

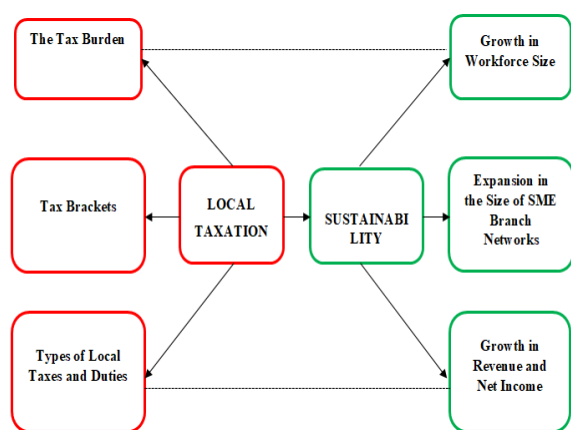


Fig. 2: Conceptual Model of Local Taxation and the Sustainability of SMEs.

Through this model, which summarizes the relationship between the tax indicators of decentralized territorial authorities and those of SME sustainability, we observe that the act of paying a tax is not a natural act. Man, selfish by nature, shares his wealth or income only reluctantly. Thus, every tax has an inhibiting effect that can, in extreme cases, lead a firm to abandon its activity altogether or to deliberately reduce it in order to avoid taxation. The spread of a sound tax culture and a sound economic culture tends to reduce this effect. Nevertheless, any reasoning on tax policy must always take into account the inhibiting effect of taxation.

4. Results

During the interviews conducted in the field, the business managers we interviewed provided us with information on local taxation and its influence on

firm sustainability. The findings obtained are presented according to the themes addressed. All five of our interviewees on the sustainability of Cameroonian SMEs provided us with important information capable of establishing a correspondence between the theory on the factors explaining sustainability and the practice reflecting the reality on the ground regarding the concept of sustainability. Each respondent, for their part, was able to provide a definition of the concept according to their own perception. All these definitions converge on a single objective: “duration or the long term.”

The Impact of the Tax Burden on Growth in Workforce Size

Y. V. Heerden, in 2008, states that tax policy directly affects the level of economic activity, in that a low tax rate will encourage individuals to meet their tax obligations. The author confirms that a reduction in the tax burden favors the level of savings and investment, encourages individuals to work, and develops the potential of SMEs. Likewise, 03 of our 05 respondents maintain that sales growth necessarily requires the recruitment of staff in order to acquire new skills. These respondents state that the local tax burden, as observed in Cameroon through the various claims made by tax officials or by DTC municipal agents, does not favor the growth of human capital, which is itself also subject to personal income tax (IRPP), municipal additional centimes (CAC), the municipal tax (TC), the audiovisual license fee (RAV), and other social security and union deductions. Some of these tax charges fall on the employer, who must bear the cost.

Thus, the tax burden exerts a marked negative influence on the growth of workforce size, because taxpayers perceive this variable as one that fails to promote social justice and a fairer distribution of the tax burden.

The Impact of Local Taxes and Duties on the Growth of Revenue and Net Income

All 05 of our respondents reveal that taxes they consider excessive and unfair lead to a blockage of production, especially since taxes fall only on those who work and those who produce. This implies that, beyond a certain limit, taxation has a paralyzing effect on taxpayers' economic motivations.

Our respondents find the tax system complex, restrictive, and inequitable, particularly within decentralized territorial authorities. As for the factors explaining sustainability, 04 out of 05 respondents, with periods of operation exceeding 5 years, state that a firm can only survive in its environment if it achieves steadily growing revenue and profit, the hallmark of performance. The higher local taxes and duties are, the lower the revenue the firm achieves, and the lower its net income. It is clear that heavy tax charges arising from high local taxes and duties hinder the growth of revenue and net income.

5. Discussion

Through our various interviews, respondents stated that the number of taxes payable per year is very high, regardless of the tax regime to which they belong. SMEs, for example, subject to corporate income tax, must pay, in addition to this tax, local taxes such as the business license fee, the CAC, the hygiene and sanitation tax, the OTVP (tax on the operation of licensed premises), among others. Moreover, statutory tax rates affect the relative prices of factors of production, making capital relatively more expensive than labor. Under these conditions, firms may opt for a lower capital intensity than would correspond to a lower tax rate, thereby reducing labor productivity, wages, and, ultimately, labor supply; hence the relevance of the theory of social capital put forward by Bourdieu (1986). Since personnel constitute an element of social capital and an important variable in sustainability, our interviews with respondents allow us to affirm that the tax burden negatively influences (crowding-out effect) the workforce size of Cameroonian SMEs.

Our interviews enabled us to understand that certain local taxes and duties differ from one decentralized territorial authority to another; this is the case, for example, with taxes on a progressive scale, such as the municipal tax, the local development tax, the OTVP, and several others. According to OECD analyses (2003), reducing tax rates or capping the tax contribution could stimulate productivity, particularly in sectors with structurally high profitability as well as in the most dynamic SMEs. This was confirmed by our field interviews when respondents stated that low taxes encourage investment and taxpayer compliance, which

increases tax revenue in the formal sector rather than losing it; as Arthur Laffer, (1980) declared: “Too much tax kills tax,” since a tax cannot exceed a certain threshold beyond which tax revenue begins to decline.

6. Conclusion

Enormous operational and strategic challenges are required of SMEs in order to bring about and drive the expected changes within a shifting economic environment, so as to optimize opportunities and anticipate the risks associated with their activities. Our study examines the influence of local taxation on the sustainability of Cameroonian SMEs. This local taxation is understood in terms of the taxes and duties levied by the Decentralized Territorial Authorities. The empirical scope of our study covers 05 SMEs interviewed in the city of Douala. To address our research problem, we opted for a qualitative study using an interview guide. The results obtained show a negative influence on the sustainability of Cameroonian SMEs. However, the concept of local taxation is characterized by several variables, namely the tax burden, the types of taxes and duties, and tax brackets, which negatively influence the variables of the sustainability concept retained, such as growth in workforce size, growth in revenue and net income, and branch network expansion. It turns out that the tax burden and the complexity of the tax system encourage SMEs to adopt tax-avoidance behaviors (corruption, tax fraud, tax evasion) or to turn to the informal sector, where taxation is lighter. The work of Arthur Laffer (1980) demonstrates that, beyond a certain limit, an increase in taxation can only result in a reduction in tax revenue. It is clear that the taxation yielding the highest return is that set at a level regarded by taxpayers as fair and equitable. Transaction cost theory (Oliver Williamson, 1994) and positive regulation theory (Michel Aglietta, André Orléans, Bernard Billaudot, and Robert Boyer, 1970), both mobilized in this study, offer solutions for the optimal management of taxation. However, firms that engage in tax non-compliance further increase their tax burden, since a tax audit adjustment further increases the amount of tax payable, or leads directly to the firm's closure, since the firm, no longer able to bear the charges that repeatedly generate losses, shuts its doors, thereby putting a significant workforce out of work. In light of the fieldwork conducted and the literature reviewed, we

have proposed to Cameroonian SMEs a number of solutions that will enable them to reduce their tax burden vis-à-vis the DTCs, which, in turn, should contribute, through certain tax incentives such as reduced taxation, to encouraging the sustainability and growth of SMEs.

7. Author Contributions

N.P.M.G.: Conceptualization, methodology, writing the manuscript. N.P.M.G.; and TWJH: Contributed in data analysis, investigation, and visualization. N.P.M.G.; and TWJH: Finally checked the manuscript and editing, data curation, funding acquisition, and formal analysis. Both authors who are involved in this research read and approved the manuscript for publication.

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9. Conflicts of interest

The authors declare that no conflict of interest, whether financial, professional, or personal, exists in relation to the research presented in this article.

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