

Abstract:

The adoption of IFRS for SMEs and as to whether the adoption has resulted to tax compliance among SMEs in the hospitality industry in Nairobi, Kenya has not been documented before. The objective of this study was to establish the relationship between adoption of IFRS for SMEs and the extent of tax compliance. An exploratory research design using 144 SMEs in the hospitality industry was conducted. Both primary and secondary data were used. Hypothesis testing was conducted using chi square technique. The study established that adoption of IFRS for SMEs leads to tax compliance. Similarly, in consistency with the findings of (Kenneth & Grazyina, 2013) study shows that there is a very low level in the adoption of IFRS for SMEs. The study's recommendation is that SMEs should adopt IFRS for SMEs for improved performance. The study recommends a similar study in other jurisdictions.

Key words: Adoption, ICPAK, IFRS for SMEs, hospitality industry, SMEs and Tax Compliance.