The objective of this study was to determine the factors affecting the collection of turnover tax revenues in Nairobi and find out suggestions of the possible remedies to the challenges. The study was therefore conducted as a survey with the sample of the responding firms being from Block 7 of East of Nairobi region as classified by the Kenya Revenue Authority (KRA). A structures questionnaire was used to collect the data based mainly on the Likert Scale. This study found that the SMEs most strongly felt that the mode of payment of the turnover tax was time consuming and tedious and that they encountered problems when filing turnover tax returns. However, the frequency of filing tax returns was not viewed as having an effect on turnover tax collection. The SMEs indicated that they did not understand their obligations and the tax office did not value feedback about the way the tax system was which greatly affected turnover tax collection. The turnover was found to be prohibitive and higher than profit. Tax officers contributed to the turnover tax collection problem since they accepted bribes when offered to reduce tax liability or demanded for bribes when they visited. Further, the government failed to involve taxpayers when formulating tax policies with no visible improvements in government services. There was also poor political goodwill towards turnover tax. The suggested effective remedies for turnover tax collection included: putting in place tough laws to check evaders, frequent taxpayer education and sensitization, putting in place mechanisms to address public misconceptions or inaccuracies and providing information in a customer-focused way to reduce error.