AN INVESTIGATION INTO THE ADOPTION OF NEW REVENUE GENERATION STRATEGIES AND THEIR IMPACT ON ORGANISATIONAL PERFORMANCE: A CASE STUDY OF ZIMBABWE REVENUE AUTHORITY

2018

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A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENT OF A MASTER OF BUSINESS LEADERSHIP DEGREE PROGRAM

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DECLARATION

I declare that “An investigation into the adoption of new revenue generation strategies and their impact on organisational performance: A case study of Zimbabwe Revenue Authority” is my own work; that it has not been submitted before any Degree or examination in any other university; and that all the sources used or quoted in this document have been indicated and acknowledged as complete references.

Everton Mateta ___________________________ ______________

Signature                               Date
DEDICATION

This project is dedicated to my wife Florence, our children Tafadzwa and Talent for their unwavering support through the degree program.
ACKNOWLEDGEMENTS

I wish to acknowledge the assistance that I received from my supervisor Dr Sam Ruturi who tirelessly guided me in carrying out this research. ZIMRA employees, management and clients who did lend their opinions through questionnaires. ZIMRA as an organization for giving the time and space to study and carry out this research in their organization.
ABSTRACT

This research paper investigated and tried to identify the adoption of new revenue generation strategies to improve revenue collections by ZIMRA. Underlying the importance of this research paper was the fact that ZIMRA as mandated by the government of Zimbabwe through Revenue Authority Act (Chapter 23:11) contributes 80% towards the fiscus budget. Due to current economic hard being experienced in Zimbabwe the national tax base has been continuously shrinking meaning less and less revenue is now being collected. The business environment is advancing rapidly and devising sophisticated ways of avoiding taxation for example through internet sales and transfer pricing. This entails revenue authorities ZIMRA included need to be innovative in their revenue generation strategies. The researcher looked at various ways this could achieved and taped into the other literature to find and recommend a workable solution for Zimbabwe. Theoretical frameworks where put forward and empirical evidence were quoted to weigh the options. The researcher used both the deductive and the inductive approach in carrying out this re-search. Deductive approach begins with a theory which is then scientifically tested. In this research, the researcher tested the theory to find whether the adoption new revenue generating strategies will result in improved performance. The researcher collected and analyzed data to prove the theory. The researcher adopted a case study approach. The researcher focused on ZIMRA Harare area. Some of the findings of this research paper were that, technology, application of anti-corruption act non selectively, tax payer education and reduction in penalties improves compliance. Re-searcher recommended in conclusion among other things the following, reformation of income tax, availability of resources for technology implementation and capturing the small business into the tax net through VAT thresholds reductions. Further areas of study as recommended from this research is the area of tax payer education so that awareness is raised to another level.
# TABLE OF CONTENTS

APPROVAL FORM ........................................................................................................ i
RELEASE FORM .......................................................................................................... ii
DECLARATION ............................................................................................................. iii
DEDICATION ................................................................................................................ iv
ACKNOWLEDGEMENTS .............................................................................................. v
ABSTRACT .................................................................................................................... vi
TABLE OF CONTENTS .............................................................................................. vii
LIST OF FIGURES ...................................................................................................... x
LIST OF TABLES .......................................................................................................... xi
LIST ABBREVIATIONS AND ACRONYMS ............................................................... xii

CHAPTER 1: INTRODUCTION ................................................................................. 1
1.1 Introduction........................................................................................................... 1
1.2 Contextual Background of the Study ................................................................. 2
1.3 Statement of the Research Problem ..................................................................... 4
1.4 Research Objectives ........................................................................................... 5
1.5 Research Questions ............................................................................................. 5
1.6 Hypothesis ........................................................................................................... 5
  1.6.2 Specific Research Hypothesis ......................................................................... 5
1.7 Research Assumptions ......................................................................................... 6
1.8 Justification/Purpose of the Research ............................................................... 6

CHAPTER 2: LITERATURE REVIEW ...................................................................... 8
2.1 Introduction.......................................................................................................... 8
  2.2.1 Importance of Technological Utilisation in Revenue Collections. .............. 10
  2.2.2 Instructional Technology Diffusion Theory Burkeman (1987) ...................... 11
  2.2.4 Technological Determinism Thorsten Veblen (1929) .................................. 12
  2.2.6 Technology Acceptance Model (TAM)) Davis (2003) ................................. 13
2.3.1 Fiscalisation ................................................................................................... 15
  2.3.2 E-Service ...................................................................................................... 15
  2.3.3 E-Filing .......................................................................................................... 15
  2.3.5 Cost Savings ................................................................................................. 17
2.4 Strategies to Reduce Revenue Leakage ........................................................... 18
  2.5.3 Tax Payer Education .................................................................................... 25
  2.5.4 Reward Compliant Tax Payers ..................................................................... 25
  2.5.5 Plug Corruption Induced Revenue leakages .................................................. 26
2.5.6 Creation of Revenue Authorities

2.6 Effective Pricing Models That Could Lead to Improved Revenue

2.6.2 Expand Tax Base

2.7 Literature Synthesis and overall Conceptual Framework

CHAPTER 3: RESEARCH METHODOLOGY

3.1 Introduction

3.2 Research design

3.3 Research philosophies and paradigms

3.4 Research Approach

3.5 Research Strategy

3.2.1 Case Study

3.6 Research Method

3.7 Population and Sample Framework

3.8 Data collection methods

3.9 Data Analysis

3.10 Research Ethics Validity and Reliability

3.11 Chapter Summary

CHAPTER 4: DATA PRESENTATION AND ANALYSIS

4.1 Introduction

4.2 Response rate

4.3 Demographic variables

4.3.1 Gender

4.3.2 Age

4.3.3 Position held

4.3.4 Level of education

4.4 To establish whether the acquisition of new technology would mitigate tax evasion and avoidance in order to improve revenue collection at ZIMRA

4.5 To identify measures that could be used to mitigate revenue leakages at ZIMRA

4.6 To assess factors that enhances voluntary compliance

4.7 To establish effective pricing models that could lead to improved revenue collection

4.9 Hypothesis

4.9.1 H₁ : there is relationship between customer relationship building strategies and impact of technology on mitigating tax evasion and avoidance.

4.9.2 H₂ : there is relationship between customer relationship building strategies and enhancement of voluntary compliance.

4.9.3 H₃ : there is relationship between technology utilisation in revenue collection and factors that enhances voluntary compliance.

4.9.4 H₄ : there is relationship between strategies to reduce revenue leakages and effective pricing models to increase revenue.
4.9.5 $H_5$ : there is relationship between effective pricing models and customer relationships ------ 56

4.10 Regression Analysis ........................................................................................................... 56

CHAPTER FIVE: CONCLUSIONS AND RECOMMENDATIONS .......................... 59

5.1 Introduction ....................................................................................................................... 59

5.2 Conclusions ....................................................................................................................... 59

5.2.1 Does the acquisition of new technology mitigate against tax evasion and avoidance? 59

5.2.2 What measures could be adopted to mitigate revenue linkages? ................................. 59

5.2.3 Which customer relationship building strategies that could be used to impact positively on revenue collection at ZIMRA ................................................................. 60

5.2.4 Effective pricing models that could lead to improved revenue collection. ................ 60

5.3 Validation of Research Hypotheses .................................................................................. 60

5.4 Recommendations ........................................................................................................... 61

5.4.1 Policies ......................................................................................................................... 61

5.4.2 Managerial Recommendations .................................................................................... 61

5.4.3 General research recommendation ............................................................................. 62

5.5 Limitations and areas for future study ........................................................................... 62

REFERENCES ....................................................................................................................... 63

APPENDIX 1 ......................................................................................................................... 69

APPENDIX 2 ......................................................................................................................... 71
## LIST OF FIGURES

<table>
<thead>
<tr>
<th>Figure</th>
<th>Number</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Figure</td>
<td>1.1</td>
<td>Research path</td>
<td>2</td>
</tr>
<tr>
<td>Figure</td>
<td>2.1</td>
<td>Diffusion of Innovation</td>
<td>11</td>
</tr>
<tr>
<td>Figure</td>
<td>2.2</td>
<td>The Circular injection-leakage model</td>
<td>19</td>
</tr>
<tr>
<td>Figure</td>
<td>2.3</td>
<td>Bowman’s Strategic Clock</td>
<td>32</td>
</tr>
<tr>
<td>Figure</td>
<td>3.1</td>
<td>Research Philosophies</td>
<td>38</td>
</tr>
</tbody>
</table>
## LIST OF TABLES

<table>
<thead>
<tr>
<th>Table</th>
<th></th>
<th></th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Table</td>
<td>2.1</td>
<td>Theoretical Foundation and Research Gaps/Anomaly</td>
<td>9</td>
</tr>
<tr>
<td>Table</td>
<td>2.2</td>
<td>Conceptual Summary of Technology Impact</td>
<td>18</td>
</tr>
<tr>
<td>Table</td>
<td>2.3</td>
<td>Conceptual summary of Revenue Leakages</td>
<td>23</td>
</tr>
<tr>
<td>Table</td>
<td>2.4</td>
<td>Conceptual Summary on Customer Relationship Building Strategies</td>
<td>31</td>
</tr>
<tr>
<td>Table</td>
<td>2.5</td>
<td>Regional Variation in the Size of the Informal Economy</td>
<td>34</td>
</tr>
<tr>
<td>Table</td>
<td>2.6</td>
<td>Conceptual Summary of Pricing Models</td>
<td>35</td>
</tr>
<tr>
<td>Table</td>
<td>2.7</td>
<td>Literature Synthesis and Overall Conceptual Framework</td>
<td>36</td>
</tr>
<tr>
<td>Table</td>
<td>3.1</td>
<td>Population and Sample Framework Dimensions</td>
<td>43</td>
</tr>
<tr>
<td>Table</td>
<td>4.1</td>
<td>Data Response Rate</td>
<td>43</td>
</tr>
<tr>
<td>Table</td>
<td>4.2</td>
<td>Demographic Profiles</td>
<td>44</td>
</tr>
<tr>
<td>Table</td>
<td>4.3</td>
<td>Age</td>
<td>44</td>
</tr>
<tr>
<td>Table</td>
<td>4.4</td>
<td>Position Held</td>
<td>45</td>
</tr>
<tr>
<td>Table</td>
<td>4.5</td>
<td>Level of Education</td>
<td>46</td>
</tr>
<tr>
<td>Table</td>
<td>4.6</td>
<td>Standard Deviation and Mean on Technology</td>
<td>48</td>
</tr>
<tr>
<td>Table</td>
<td>4.7</td>
<td>Standard Deviation and Mean on revenue leakages measures</td>
<td>50</td>
</tr>
<tr>
<td>Table</td>
<td>4.8</td>
<td>Standard Deviation and Mean Customer Relationship Building Strategies</td>
<td>51</td>
</tr>
<tr>
<td>Table</td>
<td>4.9</td>
<td>Standard on Pricing Models</td>
<td>53</td>
</tr>
<tr>
<td>Table</td>
<td>4.10</td>
<td>Pearson Correlation</td>
<td>54</td>
</tr>
<tr>
<td>Table</td>
<td>4.11</td>
<td>Model of Fitness</td>
<td>55</td>
</tr>
<tr>
<td>Table</td>
<td>4.12</td>
<td>Analysis of Variance</td>
<td>55</td>
</tr>
<tr>
<td>Table</td>
<td>4.13</td>
<td>Regression of Coefficient</td>
<td>56</td>
</tr>
<tr>
<td>Abbreviation</td>
<td>Description</td>
<td></td>
<td></td>
</tr>
<tr>
<td>--------------</td>
<td>-------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ZIMRA</td>
<td>Zimbabwe Revenue Authority</td>
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<td></td>
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<td>IMF</td>
<td>International Monetary Fund</td>
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<td>TNC</td>
<td>Trans National Corporation</td>
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<td>MNO</td>
<td>Mobile Network Operator</td>
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<td>Bindura University</td>
<td></td>
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<td>E-Services</td>
<td>Electronic services</td>
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<td>ICTs</td>
<td>Information communication technologies</td>
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<td>Ministry of finance</td>
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<td>PAYE</td>
<td>Pay As You Earn</td>
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<td>VAT</td>
<td>Value Added Tax</td>
<td></td>
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<td>Capital Gains Tax</td>
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<td>multi-national companies</td>
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<tr>
<td>SST</td>
<td>Social Shaping Technology</td>
<td></td>
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<td>TAM</td>
<td>Technology Acceptance Model</td>
<td></td>
<td></td>
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<tr>
<td>TPB</td>
<td>Theory of Planned Behaviour</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ERP</td>
<td>Enterprise Resource Planning</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SAP</td>
<td>System Application Products</td>
<td></td>
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<tr>
<td>E-tax</td>
<td>Electronic Tax</td>
<td></td>
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<td></td>
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<td>E-filling</td>
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<tr>
<td>OECD</td>
<td>Organisation For Economic Cooperation And Development</td>
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<td>WTO</td>
<td>World Trade Organisation</td>
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<td>E-commerce</td>
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<tr>
<td>IFF,</td>
<td>Illicit Financial Flows</td>
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<td>IRS</td>
<td>Internal Revenue Services</td>
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<td>TIZ</td>
<td>Transparent International Zimbabwe</td>
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<td>SARS</td>
<td>South Africa Revenue Services</td>
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CHAPTER 1: INTRODUCTION

1.1 Introduction

According to Brondolo and Zhang, (2016) existing tax systems are not compatible with the requirements of changing economies. They also recognised that tax administrators require fundamental changes in order to effectively secure tax revenue from a changing economy. This research seeks to identify new revenue generation strategies that could be adopted by the Zimbabwe Revenue Authority so as impact positive on organisational performance. The Zimbabwe Revenue Authority has implemented a number of strategies to improve compliance and revenue collection to date but it has continuously faced the challenge of decreasing annual revenue collections. Brondolo and Zhang, (2016) argued that most tax administration functions are performed manually and require laborious checking procedures, and this has led to tax evasion, avoidance as well as high taxpayer compliance costs. Despite the various strategies that have been adopted by the authority to achieve 100% compliance by taxpayers the problems of revenue leakages seem to persist yet little has been done to investigate and come up with possible solution to improve taxpayer compliance. Improved compliance will generally improve the authority’s performance. If no urgent measures are adopted with the seriousness they deserve to eradicate the above problems, the prospects of growing the much needed revenue, will cripple the government’s ability to finance the operations of the nation. This will lead to social and economic tragedies of unprecedented proportion. Lack of compliance therefore by tax payers to ZIMRA undermine the overall performance of authority.
The researcher is going to follow the path as depicted by the diagram below in carrying out the research.

Figure 1.1

Source: Primary Research Data

1.2 Contextual Background of the Study

The Zimbabwe Revenue Authority was formed in 2001 after combining two former departments namely the department Customs and Excise and the department of Domestic Taxes. The sole purpose was to improve tax compliance level and revenue collection to finance government expenditure. The Zimbabwe Revenue Authority derives its mandate from the
Zimbabwe Revenue Act (Chapter 23:11) and other subsidiary legislations. Zimbabwe Revenue Authority’s responsibilities are assessing, collecting and accounting for the revenue on behalf of the State through the Ministry of Finance according to the Zimbabwe Revenue Act (Chapter 23:11).

Zimbabwe has been affected by the negative effects of globalisation such as repatriation of profits and capital flight, thus shrinking the future revenue base. Globalisation has also brought on board transfer pricing by multi-national companies (MNT) through overpricing and under-pricing of exports and imports respectively and indirect transfer of Zimbabwe assets and acquisition foreign companies and corporate inversion. The above mentioned activities has led to tax invasion, avoidance. Given the sophisticated nature of transactions undertaken by multi-national companies, ZIMRA incurs higher tax compliance costs in, auditing, investigating and assessment of such companies since they are done by specialised and experienced teams.

According to Rosen, (2015) service industries and unincorporated firms that are involved in e-business transactions have provided loopholes for revenue leakages. The expansion of the financial sector as well as the coming up of new business models like e-commerce and internet buying has posed a big challenge to tax administrators.

First world countries like Germany, Britain and United States Of America, technology is at an advanced stage. In these countries transactions can be easily tracked while in Africa especially south of the equator with the except South Africa technology is quite behind so much that some transactions go unnoticed by the tax authorities.

Zimbabwe has three major network service providers namely Econet, Netone and Telecel. Shortage of foreign currency and generally economic melt-down has led to service frequently service interruptions due power cuts and/or lack of adequate resource.

Against this backgrounded ZIMRA has a mandate to collected revenue, facilitate trade, advise the government on fiscal and economic matters as well as protecting the civil society.

ZIMRA is comprised of two departments namely the department of Customs and Excise and the department of Domestic Taxes. Its staff are continuously changed from one station to another, further more staff also move from one department to another. During the learning curve of ZIMRA staff in their new departments or stations, ZIMRA tends to lose a lot of revenue which should have avoided if transfers were not regularly done.
1.3 Statement of the Research Problem

The above background of the study shows that ZIMRA has a mandate to collect revenue to finance government expenditure. However, there has been an increased trend of non-compliance by taxpayers, hence ZIMRA fail to meet its set targets to finance government expenditure. Failure by taxpayers to submit tax returns or payments of taxes on due dates has become a common phenomenon. This has resulted in low revenue inflows towards the national budget. In its endeavour to carry out its mandate of revenue collection ZIMRA has implemented various revenue collection strategies but this has not resulted in improvements in the revenue collection. Instead, revenue collection has remained on a continuous downward trend. Amongst, some of the several revenue collection strategies that ZIMRA adopted are services such as e-service, cargo tracking, fiscalisation, field audit, rewarding loyal customers, border patrols, road blocks, workshops and seminars. ZIMRA has not kept abreast with latest technology which has been used to evade, avoid and minimise tax payments by taxpayers. Technology has been changing at a very fast pace and traders, taxpayers and other stakeholders were quick in adopting the new models of doing business. These models include globalisation of markets and production systems, e-commerce, expansion of service industry, financial service such mobile and e-money transfer systems banking has exposed thus undermining ZIMRA’s revenue collection capacity.

Good strategies and modern technology are supposed to be the answer to harness all the revenue given the ever changing technology, trade patterns, tastes and fashion in this modern world. There has been a significant change from the traditional big shops which were visible and easy to collect revenue from compared to small mobile vendors and hawkers which are very difficult to locate.

Over the years due to the melt down of the Zimbabwean economy, the business community has lost faith with the banking systems. Business is now mostly done on a cash basis, which makes it difficult to audit or investigate tax cases where there is no paper trail. In view of the inadequacies of the current strategies being implemented the researcher recognises an elevated need to come up with urgent need to introduce new revenue generation strategies that would improve ZIMRA’s revenue collection base.
1.4 Research Objectives

1. To establish whether the acquisition of new technology would mitigate tax evasion and avoidance in order to improve revenue collection at ZIMRA
2. To identify measures that could be used to mitigate revenue leakages at ZIMRA
3. To establish customer relationship building strategies that could lead to impact positively revenue collection.
4. To establish effective pricing models that could lead to improved revenue collection.

1.5 Research Questions

1. Does the acquisition of new technology mitigate against tax evasion and avoidance?
2. What measures could be adopted to mitigate revenue leakages at ZIMRA?
3. Which customer relationship building strategies that could be used to impact positively revenue collection at ZIMRA?
4. What are the pricing models that ZIMRA could adopt to improve revenue collection?

1.6 Hypothesis

1.6.1 Main research hypothesis

Ho – The adoption of new revenue collection strategies would lead to a positive impact on organisational performance of ZIMRA
H1 – The adoption of new revenue collection strategies will not lead to a positive impact on organisational performance of ZIMRA

1.6.2 Specific Research Hypothesis

Ho: The acquisition of new technology to mitigate tax evasion and avoidance and will not result in improved revenue collection at ZIMRA
H1: The acquisition of new technology would mitigate tax evasion and avoidance and will result in improved revenue collection at ZIMRA
Ho: There are no measures that could be used to mitigate revenue leakages at ZIMRA
H2: There are measures that could be used to mitigate revenue leakages at ZIMRA
Ho: The adoption of business level and customer relationship building strategies will not lead to improved taxpayer compliance with revenue collection laws.

H3: The adoption of business level and customer relationship building strategies will lead to improved taxpayer compliance with revenue collection laws.

Ho: The adoption of different pricing models will not lead to improved revenue collection.

H4: The adoption of different pricing models will lead to improved revenue collection.

1.7 Research Assumptions

1. Inflation remain constant for the period under review
2. Economic conditions remain the same for the period under investigation
3. A single town Harare is going to be representative of the whole country
4. Liquidity, demand and supply, rates of duty and taxes will remain the same
5. There is political stability during the period under investigation

1.8 Justification/Purpose of the Research

ZIMRA is a government department which is responsible for revenue collection and effect controls for the state. The government of Zimbabwe has various ministries which are funded by revenue collected by the Zimbabwe Revenue Authority. ZIMRA collects revenue through the following tax heads income tax, pay as you earn (PAYE), value added tax (VAT), customs duty, capital gains tax (CGT), presumptive tax, mining royalties and surtax. Failure by ZIMRA to collect adequate revenue to finance the various obligations will result social and economic tragedies to the nation of Zimbabwe.

This research paper will try to identify causes of revenue leakages in the modern economy. It should identify the relevant technology, strategies and skill to be compatible with new models of trading in order to improve revenue collection. If a country has adequate resources to finance its activities its gross domestic product will improve so the life expectancy.

Due to current economic hard being experienced in Zimbabwe the national tax base has been continuously shrinking meaning less and less revenue is now being collected. Technology and changing trading trends has also resulted in some tax clients escaping from the tax net. Despite the fact that technology has been moving at fast pace ZIMRA has continued to use tradition
means of collecting revenue. However, a number of strategies were adopted in a bid to improve compliance level as well as revenue collection.

This study tries to ascertain whether the strategies adopted by the authority in a bid improve compliance, revenue collection and overall the performance of the organisation is effective and efficient in carrying its mandate of collecting revenue for the state.

A number of stakeholders like ZIMRA, tax clients, the government, politicians, and business people might be interested in this document as it might highlight the merits and demerits of some of the strategies adopted by the authority. More importantly might be the recommendation which might shade light on some of the strategies to be taken on board in order to improve company performance.
CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

According to Trusting Leviathan (2001), more recent historical links between the introduction/development of modern income tax systems and the onset or risk of war provides some interesting clues. For example, Britain first introduced an income tax in the budget of 1798 given the pressure on its public nuances due to the Napoleonic war. The U.S. first introduced a form of income taxation in 1861 during the civil war and the Internal Revenue Service (IRS) was founded on the back of this with the Revenue Act of 1862, Joseph J. Thorndike (2001). Both countries significantly extended their income tax systems during the first and second world wars; in Britain, for example, the pay-as-you-earn method of tax collection was introduced in 1944. In Sweden, a system of relatively uniform permanent taxation of land and temporary taxation of wealth goes back as far as the 13th century. Sweden first introduced a general income tax in 1861 and an expanded, Besley et l (2009). In contrast to these historical lessons, traditional economic theory presumes sufficient institutions not only to tax citizens, but also to sustain markets. Studies of optimal taxation explicitly acknowledge informational constraints, but implicitly assume a bureaucracy able and willing to enforce any tax policy respecting those constraints, N. Gregory Mankiw (2009). Positive analyses in political economics of how the power to tax or regulate is chosen in a political equilibrium with collective choice makes the same implicit assumption.

According to BBC World service, the story of Africa, one of the central pillars of colonisation was tax, the European powers did not want Africa to be a drain on their treasuries, so they decided that the colonies should be self-financing. They also wanted the people to be in the cash economy, hence taxation was the driving force for people to work for money. In Zimbabwe hut tax was introduced in 1894 by the colonial regime.

This chapter focuses on what other writers and authors found out about the adoption of new revenue generation strategies and their impact on origination’s performance. This chapter seeks to investigate such adoption and impact on performance as investigated by other researchers in different countries. The researcher uses these two frameworks, theoretical and empirical theories
### 2.2 Theoretical Foundations and Research Gaps

The Table 2.1 below depicts foundational theories that form the basis of critical review of literature which going to be discussed in section 2.3 below.

**Table 2.1 Theoretical Foundation and Research Gaps/Anomaly**

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<thead>
<tr>
<th>Key Concept/ Theory Of School Thought</th>
<th>Principal Author’s</th>
<th>Other Authors</th>
<th>Other Concept</th>
<th>Research Gap</th>
</tr>
</thead>
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<tr>
<td></td>
<td>Argyle and Dean (1965)</td>
<td>equilibrium theory</td>
<td>Impact of technology on revenue collections</td>
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<td></td>
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<td>Technological Determinism</td>
<td>Does technology shape culture</td>
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<td></td>
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<td>social shaping of technology’ (SST)</td>
<td>Culture shape technology</td>
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<td></td>
<td>Davis (2003), Technology Acceptance Model (TAM)</td>
<td></td>
<td>Attitude towards technology</td>
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<tr>
<td></td>
<td>Kaldo (1955-6)</td>
<td>Neo-Keysian Theory-Capital Flight</td>
<td>Revenue leakages in Zimbabwe</td>
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<tr>
<td></td>
<td>Hermann Enzer (1975 )</td>
<td>Static Theory Of Transfer Pricing</td>
<td>Transfer pricing as a revenue leakage in Zimbabwe</td>
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<td></td>
<td>Edward A Murphy Jr</td>
<td>Murphy’s Law</td>
<td>Fairness Of Taxes</td>
<td></td>
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<tr>
<td></td>
<td>Venetis, K.A &amp; Ghauri, P.N (2004)</td>
<td>Service quality and customer retention; building long term relationships</td>
<td>Compliance</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ramsey F.P. (1927)</td>
<td>The static theory of taxation</td>
<td>Strategies to improve revenue collection</td>
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</tbody>
</table>

Source: Primary Research Data

2.2.1 Importance of Technological Utilisation in Revenue Collections.

According to Robert Theobald and Ad Hoc Committee on the Triple Revolution 1964, Cybernation results in a system of almost unlimited productive capacity which requires progressively less human labour and potentially unlimited output can be achieved by systems of machines which will require little cooperation from human beings.
The Theory of Diffusion was developed by E. M. Rogers (1962). It explains how an idea or product spread over time in a population or social system. According to Rogers (1962), the adoption of a new idea, behaviour, or product (innovation) does not happen simultaneously in a social system, as highlighted by the Figure 2.1 some people adopt ideas earlier than others. Rogers established five adopter categories namely innovators, early adopters, early majority, late majority and laggards. Innovators are people who try new innovations, early adopters are opinion leaders they lead in any change, and they embrace change immediately. Usually they are aware of the need for change and are comfortable taking on board new innovations. Early majority, usually need evidence that innovation works. Late majority, are people who are sceptical of change and only adopt an innovation after it had been tried by the majority. Laggards, are traditional and conservative people who are sceptical of change. They are a difficult group to bring on board. They are the last to adopt an innovation. Fig 2.1 above shows the percentages rate at which these different groups adopt a new innovation.

### 2.2.2 Instructional Technology Diffusion Theory Burkeman (1987)

According to Daniel W. Surry and John D Farquhar (1994), Rodgers Theory of Perceived Attributes has been used as the theoretic basis for several studies investigating the diffusion of instructional technology. Perception of compatibility, complexity and relative advantage been found to play a significant role in several instructional technological related studies Wyner (1974) and Holloway (1977).

Two theories were developed from instructional technology namely Macro and Systematic Instructional Technology. The first category focuses on reform and restructuring of education institutions, Daniel Surry and John Farquhar (1994). It has mainly to do with the school of change driven by technology. The second category focuses on increasing the adoption and

2.2.3 Equilibrium Theory Argyle and Dean (1965)
According to Argyle and Dean (1965) a discussion on whether there is a certain level of interchangeability of verbal and non-verbal cues of immediacy in the realm of online communication and they referred to it as affiliative conflict or equilibrium theory. Equilibrium theory posits that communicators dynamically adapt levels of gaze, physical proximity, and other behaviours indicative of intimacy to normative levels based on culture and need for affiliation, Argyle and Cook (1976), p.41. Modern equipment helps to communicate especially when you use Skype, video conference non-verbal communication might to send the intended message to the audience. It has also solved the problem of people being at different geographical places since they can continue to do a meeting while one is in Canada, Germany, Australia and South Africa.

2.2.4 Technological Determinism Thorsten Veblen (1929)
Technological determinism is a reductionist theory that assumes that a society's technology determines the development of its social structure and cultural values, Chandler (1995)
The American Benjamin Franklin apparently first coined the phrase that 'man is a tool-using animal'. Thomas Carlyle (1841), added that 'without tools he is nothing; with them he is all.
In its most extreme form, the entire form of society is seen as being determined by technology: new technologies transform society at every level, including institutions, social interaction and individuals.

2.2.5 Social Shaping of Technology’ (SST) William & Edge, (1996)
The social shaping perspective emerged from a long-standing critique of crude forms of technological determinism Edge (1988), which held that the nature of technologies and the direction of change were unproblematic or predetermined (perhaps subject to an inner technical logic or economic imperative').
That technology had necessary and determinate impacts upon work, upon economic life and upon society as a whole: technological change thus produces social and organisational change.
According to Robin Williams and David Edge (1996), SST studies show that technology does not develop according to an inner technical logic but is instead a social product, patterned by the conditions of its creation and use. Every stage in the generation and implementation of new technologies involves a set of choices between different technical options. Alongside narrowly `technical' considerations, a range of `social' factors affect which options are selected - thus influencing the content of technologies, and their social implications.

Fleck et al (1990) gave a critic of technology theorist, stating that they assumed that technology offered a sure vehicle for achieving organisational change, and overlooked difficulties in implementing technologies, and their frequent failures to deliver predicted and desired outcomes.

### 2.2.6 Technology Acceptance Model (TAM) Davis (2003)

Davis (2003) theory, TAM states that a tax payer’s intention towards using a system is jointly determined by perceived usefulness, a probability that using a specific applicable system will increase the client’s job performance and perceived ease of use, to which the effects of external variables, like system design characteristics, are moderated by this. This is important in organisations when designing systems for appropriate group users and also for different climatic conditions of the different governments geographically.

Paul and John (2003), suggested that TAM is a useful model but has to be integrated into a bigger one, which would include variables related to both human and social factors. The Theory of Planned Behaviour (TPB) takes these factors into consideration.

In their research for electronic tax filing system in Taiwan, Anna Che Azmi and Ng Lee Bee (2006), extended the technology acceptance model (TAM) to include such Theory of Planned Behaviour (TPB) parameters as subjective norms, resource, self-efficacy facilitating conditions and technology facilitating conditions. In yet another article, the same authors Anna Che Azmi and Ng Lee Bee, (2004) also compared user friendliness with the three methods of tax filing (manual, two-dimensional barcode and web based) in Taiwan, according to such parameters, easy of information entry, correction, operation, learning and information submission, explanation completeness, filing form and total filing time.

Palmer (2002), electronic tax filing systems can be achieved in terms of user friendliness, design and performance including system delays, navigability, site content, interactivity, power outages responsiveness, the likelihood of return to the website and frequent use.
ZIMRA is also affected by technological changes taking place, as postulated by the contingency theory. Contingency theory is an approach to the study of organizational behaviour in which explanations are given as to how contingent factors such as technology, culture and the external environment influence the design and function of organizations. The assumption underlying contingency theory is that no single type of organizational structure is equally applicable to all organizations. Rather, organizational effectiveness is dependent on a fit or match between the type of technology, environmental volatility, the size of the organization, the features of the organizational structure and its information system. Contingency theories were developed from the sociological functionalist theories of organization structure such as the structural approaches to organizational studies by Reid and Smith (2000), Chenhall, (2003) and Woods (2009). These studies postulated that organizational structure was contingent on contextual factors such as technology, dimensions of task environment and organizational size.

2.2.8 Efficiency

Olushola and Thomas (2015) in their study also found that company income tax revenue increased in 2007 from N332billion to N846.6billion in 2012, and that the Federal Inland Revenue Service surpassed its 2014 target by N400 billion or 9.32 per cent, generating about N4.69 trillion of this, N1.18 trillion was collected from company income tax in 2014, compared to the N1.03trillion in 2013, based on a quarterly revenue report released in Abuja and reported by Customs Today on 31 January 2015. It found that the use of ICT in CIT collection has improved transparency; taxpayers pay into the designated banks online and obtain a receipt immediately. The Federal Inland Revenue Service’s software monitors the entire process and traces payments to ensure accuracy; the banks then transfer the money to the Central Bank of Nigeria. The e-tax payment system was found to give the federal government a real time, almost minute by minute, report on taxes paid by taxpayers and receipted by the Federal Inland Revenue Service. The findings revealed that ICT also has the potential to improve interactions between the tax authority and taxpayers, fostering transparency and accountability in the administration of company income tax collections. This study also found that information disseminates from the tax authority to company income taxpayers through radio and websites,
publication and information requests submitted by the taxpayers and queries answered by tax officials. The results obtained indicated that using ICT facilitates the CIT collection process and predicted potential contribution to the effectiveness and efficiency in CIT collection in terms of the skills, opportunities and resources required.

2.3.1 Fiscalisation
Fiscalisation is whereby ZIMRA is installing cash registers in many different business entities in the country for recording business transactions on daily basis. Cash registers or Fiscal Devices are now linked to ZIMRA servers since January 2017 for real time online capturing of all business transaction done by traders. Fiscal devices are sold and installed to clients with annual turnover of $60,000.00 and above per annum.

2.3.2 E-Service
The implementation of e-filing on 1 January 2017 and online payment system (BizTalk) on 1 June 2012 enable customers to access their accounts any time, applying for tax clearance online and print the tax certificates right in their offices and making payments from their banks or their cellphones. The 2014 Revenews added that e-service system allows taxpayers to register and submit documents online and this will reduce physical interface between ZIMRA and its clients, a move that will go a long way to reduce corruption and queues at ZIMRA offices. The concept of e-services represents a best way of utilizing information and communication electronically in dealing with tax matters ZIMRA Revenews (2016).

2.3.3 E-Filing
Yusniza (2009) did a paper on the relationship of perceived risk and its dimensions within the Technology Acceptance Model (TAM), within the tax e-filing context in Malaysia. She based her study on the argument that e-government is becoming increasingly more important in today’s world due to its applicability and effectiveness in revenue collections. Paul and John (2003), suggested that TAM is a model which must be coordinated into a bigger, more specialised model, which can include variables related to both human and social factors. The Theory of Planned Behaviour (TPB) takes these factors into account.

In their research for electronic tax filing system in Taiwan, Anna Che Azmi and Ng Lee Bee, (2006) extended the technology acceptance model (TAM) to include such Theory of Planned Behaviour (TPB) parameters as subjective information, self-esteem, resource facilitating conditions and technology facilitating conditions. In yet another article, the same authors Anna Che Azmi and Ng Lee Bee (2006) also compared user friendliness with three methods of tax
filing which are, (manual, two-dimensional barcode and web based) in Taiwan, according to such parameters, easy of information entry, correction, operation, learning and information submission, explanation completeness, filing form and total filing time.

E-filing is one of the e-government services that have been adopted by many developed countries today where the public has to meet their responsibility to the government via online tax filing, and that despite the rapid adoption of tax e-filing in many countries, researchers have argued that it is yet to establish an integrated system that is reliable, especially in developing countries due to high feared risk by the public.

She concluded that many of these risk factors are significant, and among the risks that could possibly be significant are performance risk of the authority, psychological risk, time risk and privacy risk which tax payers perceive that by e-filling, their tax returns are now of public eye.

Amitabh (2009) did a study on the antecedents of paperless income tax filing by young professionals in India. The objective of this study was to study how young Indian professionals would adopt or behave towards paperless or online filing of tax returns with the aim of enhancing compliance. The analysis carried out found that the antecedents of young Indian professionals depended on the perceived ease of use of the tax system, personal innovativeness in information technology, relative advantage, performance of filing service, and compatibility.

In Zimbabwe, the young taxpayers are the ones who are happy to file their tax returns electronically, while the older generation insists on using the hard copy and are satisfied when they visit the ZIMRA offices and are served face to face by officers. The introduction of an electronic system which the national revenue collection agent, Zimbabwe Revenue Authority (ZIMRA) introduced in 2013 was one of their recommendations. Other countries regionally, South Africa, Tanzania, Kenya Uganda and Zambia have introduced such electronic systems, more so, those that are online for the same purposes in several government departments and organizations are now benefiting an increase of government revenue.

2.3.4 Cargo Tracking & Scanners
The introduction of highway patrols in an effort to prevent transit fraud through electronic cargo tracking systems is a welcome development, contrary to Arthur Mann, (2004) recommendations. Cargo tracking is a system of tracking haulage trucks carrying goods in transit to other countries. Zimbabwe has not been spared to transit fraud just like most African countries hence the need to monitor the trucks until the exit Zimbabwe. Prior to cargo tracking and scanning ZIMRA has been monitoring the transit trucks through the acquittal of the transit
bills of entries. The system was heavily abused by both clearing agents as well ZIMRA officers as they present false acquittal to the organisation hence losing a lot of revenue. This necessitated the adoption of cargo tracking and scanners to mitigate against transit fraud.

Cargo tracking involves putting devices on transit trucks and they will monitor electronically, its routes and exit point while scanners ensures that ZIMRA can assured that the truck still has the goods at exit point without carrying a physical examination.

2.3.5 Cost Savings

Kid Misso (2012) Sophisticated ERP systems, such as SAP or Oracle, typically offer sophisticated reporting support, and in some cases, tax-return reporting or electronic-filing capabilities. Even with these ERP elements in place, however, a global company that operates across myriad tax regimes and languages faces challenges when implementing a VAT determination and compliance system. One such challenge is that tax personnel end up importing or rekeying ERP tax data into working papers or desktop-based spreadsheets for further consolidation, analysis, correction, manipulation and preparation of returns

2.3.6 Technology Cost

The use of technology, by business and government, in tax compliance is driving continued simplification and reduction in the burden of tax compliance on businesses, says the latest edition of Paying Taxes 2018, a report by The World Bank Group and Price Waterhouse.

The report finds that the time to comply declined by 5 hours to 240 hours; and the number of payments by one to 24 payments. On the post-filing index, in 81 economies a corporate income tax audit is triggered by taxpayers voluntarily amending a return for a simple error while in 51 of the economies with a VAT system, no VAT refund is available for our case study company, suggesting that there is significant room for improvement in post-filing processes in many economies.

The Total Tax and Contribution Rate (TTCR) increased by 0.1 percentage points, to 40.5%; with the largest increases resulting from corporate income taxes and turnover taxes.
Table 2.2: Conceptual Summary of Technology Impact

<table>
<thead>
<tr>
<th>Independent Variable/Predictor</th>
<th>Independent Variable/Outcome</th>
<th>Dependant Variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscalisation</td>
<td>Online recording of clients sales and reporting</td>
<td>High collection level/compliance</td>
</tr>
<tr>
<td>E-Service</td>
<td>Availability of Information</td>
<td>Turnaround time reduced</td>
</tr>
<tr>
<td>E-Filing</td>
<td>On time submission of tax return</td>
<td>High collection level/compliance</td>
</tr>
<tr>
<td>Cargo Tracking</td>
<td>Secure transportation</td>
<td>High collections level duty/compliance</td>
</tr>
<tr>
<td>Scanners</td>
<td>Accurate information</td>
<td>High collections level/compliance</td>
</tr>
</tbody>
</table>

Source: Primary Research Data

2.4 Strategies to Reduce Revenue Leakage

Leakages are out flows from the economy which shrink the tax base of an economy

2.4.1 Taxing E-Commerce and Internet Sales

Among the many bodies exploring Internet taxation and other issues are OECD ‘Technical Advisory Group on Monitoring the Application of Existing Treaty Norms for Taxing Business Profits (the "Business Profits TAG"), set up by the Committee on Fiscal Affairs in January 1999 with the general mandate to “examine how the current treaty rules for the taxation of business profits apply in the context of electronic commerce and examine proposals for alternative rules”, the U.S. ‘Advisory Commission on E-Commerce’, established in 1998 under the Internet Tax Freedom Act, and the WTO, which has been carrying out a work programme in accordance with the ‘Declaration on Global Electronic Commerce’, adopted in 1998. Although differences among these bodies in approaching e-commerce taxation still prevail, convergences on some basic ideas do exist, namely;

- the non-discriminatory treatment of e-commerce;
• the application of existing rules and concepts;
• the importance of a fair sharing of the tax base internationally;
• and a commitment to pursuing these ends through intensified dialogue with businesses and all international actors.

The future gives hope that e-commerce can and will be taxed – the important thing is that it be taxed fairly and efficiently just like conventional commerce. Governments will not and cannot remain oblivious to the potential revenue derivable from taxing e-commerce. Therefore, it will be up to governments to come up with new and feasible taxing methods which will allow for consumers and businesses alike to easily comply with their duties as taxpayers. New software and electronic tracking systems will without doubt be helpful in this respect. However, opponents of e-commerce taxing will continue to argue that; a. taxes already exist for the acquisition and use of electronic equipment and access to the Internet, b. the numbers of online businesses and employees are swelling – most of them taxable on income, c. taxing e-commerce might spell death for fledgling businesses.

2.4.2 Repatriation of Profits and Capital Flight

John Maynard Keynes put forward a theory to explain the movement of capital in an economy and across countries. Then proposed ways to curb Capital Flight.

2.4.3. Injection-leakage model- John Maynard Keynes (1936)

Leakage is the non-consumption uses of income, including saving, taxes, and imports. In the Keynesian injection-leakage or circular flow model, leakages are combined with injections to identify equilibrium aggregate output. The model is best viewed as a circular flow between national income, output, consumption, and factor payments. Injections are when a central bank makes a short term loan to a member institution it is said to be injecting liquidity.

The Circular
From Figure 2.2 according Keynes capital flight disrupt the flow of capital in the economy affecting causing disequilibrium. This theory was further developed by Kaldo (1955-6) with his Neo-Keysian Theory of distribution, based on the assumption that the general level of output at any one time is limited by available resources, in this research objective capital, and not by demand. Keynes and White called for bilateral controls on capital flight, specifically that receiving countries of capital were to share information with governments, in which capital flight originated so that the knowledge foreign holdings would be shared with citizens. The researcher used this theory in this research to show the impact of capital flight from Zimbabwe and other African countries thereby starving revenue authorities of taxable income.

Further on tax avoidance and evasion serve as important motives for capital flight. Moving capital to tax havens is a perfect tool to conceal ill-gotten financial resources and serves well individuals who have access to national resources. Banks located in rich countries routinely facilitate this activity to the detriment of the poor. Action Aid (2013) reported that global banks such as Barclays facilitate tax dodging by moving funds of multinationals across countries. Barclays used Mauritius, a country famous for its double taxation treaties, as a tax haven for offshore companies that channel funds to Africa.

Peter Reuter’s report on IFF, Draining Development (2014), depicts how capital flight has impacted on the social development of the emerging countries. The stories of President of Zaire, who is believed to have amassed more than $4 billion, or the President of Nigeria who looted the Nigerian Central Bank stealing nearly $2 billion, are just the tip of the iceberg. Moreover, the tax burden is being shifted on the middle class and the poor who effectively have to subsidize social services due to tax evasion- a form of capital flight - by high-earning organisations. Furthermore, given the high correlation between corruption, IFFs and money
laundering, it could well be that the attempts to tackle capital flight would have a spill over effect on other problematic areas.

For instance, the profits gained in a given country might be channelled via a tax haven such as Mauritius and then re-invested in the original country as if it is ‘new’ foreign investment, thus benefitting from potential tax relief on the new investments. A recent report on capital that is hidden from tax authorities via tax havens puts the figure between 21 trillion USD and 32 trillion USD Henry, (2012). Oxfam International estimates that potential tax revenue of 156 billion USD is lost annually from developing nations. This is corroborated by previous estimates that put the level of tax revenue lost by African countries at 255 billion USD annually, which is more than the funding required to meet the Millennium Development Goals Spencer, (2008). In Africa, Mauritius is the only established tax haven that has double taxation treaties.

In Zimbabwe according to the Reserve Bank Report July (2015), it called for sterner measures and realignment of macroeconomic policies to plug off loophole facilitating capital flight, which had cumulatively amounted to $5.2 billion in the proceeding 3 years averaging in excess of 1.6 billion per year.

Capital flight and other illicit financial flows constitute a major constraint to development financing in Africa, a continent that continues to lag behind in most measures of human development Adjani and Ndikumana, (2014). Compared to other regions, capital flight from Africa represents a more severe problem, causing heavy losses in government revenue, forgone investment, and lost output Ndikumana et al., (2014). Moreover, the financial haemorrhage from capital flight is exacerbated by pervasive tax evasion Kedir, (2014)

### 2.4.4 Transfer Pricing Foreign Owned Enterprises

Theories have been developed on transfer pricing and one notable one is by Hermann Enze. This involves the mispricing of transaction, financial transfers among corporates of multinational corporation in order to move capital illicitly.

**The Static Theory of Transfer Pricing – Hermann Enze, (1975)**

It is shown that, under assumptions that the firm and its divisions have full deterministic knowledge of their costs and demands, some form of average cost is the appropriate transfer price, Hermann Enze (1975)

Peter Reuter’s 2014, The following practices are used to facilitate capital flight and would be good candidates for tighter regulation:
Falsified invoicing – an importer may inflate the price so they can record lower profits, and, as a result, pay less tax. Conversely, an exporter might devalue the asset for the same purpose.

Transfer mispricing – transactions between the affiliates of the same TNC are mispriced to move the money around to minimise tax

Mispriced financial transfers – intra-corporate meddling with financial transactions to move the capital illicitly. This includes, for example, exaggerating the interest rate payable to a parent or subsidiary company

In Africa, as elsewhere, transfer pricing by multinational firms is a ubiquitous tax-avoidance practice. Transfer pricing is the manipulation of prices assigned, for accounting purposes, to intra-firm trade in goods and services so as to park corporate profits in low-tax (or no-tax) jurisdictions. Examples of transfer pricing practices by multinational corporations operating in Africa are provided in Barry (2014) and Kedir (2014). The beer manufacturer SAB Miller has been reported to pay less tax than an operator of a beer kiosk in Ghana Action Aid (2010). Mopani, the Zambian branch of Glencore, declared zero profits in its copper mining in Zambia thanks to transfer pricing Barry (2014)

Econet Wireless, Zimbabwe’s largest mobile network operator (MNO) came under some scrutiny regarding a tax evasion and externalisation scandal which alleges that the MNO deprived the country of up to US$300 million. It was alleged that this was achieved through the importation of goods whose tax wasn’t declared and through a transfer pricing scheme that involved the overstatement of prices on equipment bought from Econet Capital – its sister company based in Mauritius, Nigel Gambanga (@nigelt), Techzim,6 February, 2017. This is despite a legislation on Transfer Pricing being enacted on 1 January,2016.

2.4.5 Field Audits

The Field Audit is an in-person interview and review of the taxpayer's records that is usually conducted at the taxpayer's home, place of business, or accountant's office. Audits of business returns, especially for self-employed individuals, are often done at the taxpayer's place of business and are more involved than audits of individual returns. The term “field audit” is used because from the IRS perspective they are done “out in the field” as opposed to their office. Most audits of individual returns (except for the self-employed) are office audits because the returns are not as complex https://www.taxact.com.

An investigation is an intensive audit of a transaction/s to determine any tax leakage that may have occurred in the transaction/s
- normally carried out on large corporates, multinationals

- looking at related party transactions such as:
  
  • Transfer pricing
  • Thin capitalisation

  – Concerned about tax evasion and avoidance
  – Takes long to complete depending on findings (one finding leads to another)

  https://www.icaz.org.zw/ArchiveDocs/taxaud.pdf

ZIMRA is no longer engaged in assessments, there is more time to carry out audits and investigations to verify the returns submitted

**Table 2.3 Conceptual Summary of Revenue Leakages**

<table>
<thead>
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<th>Independent Variable/Predictor</th>
<th>Intermediate Variable</th>
<th>Dependant Variable/Outcome</th>
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</thead>
<tbody>
<tr>
<td>E-commerce/Internet Legislation</td>
<td>Availability of information on transactions</td>
<td>High collection level/compliance</td>
</tr>
<tr>
<td>Capital legislation</td>
<td>Availability of information on movement</td>
<td>High collection level/compliance</td>
</tr>
<tr>
<td>Transfer Pricing legislation</td>
<td>Availability of information on transactions</td>
<td>High collection level/compliance</td>
</tr>
<tr>
<td>Field Audits &amp; Investigations</td>
<td>Availability Information on taxation activities</td>
<td>High collection level/compliance</td>
</tr>
</tbody>
</table>

Source: Primary Research Data

**2.5 Customer Relationship Building Strategies to Improve Compliance**

**Singapore**

Using any normal criterion for comparison, Singapore has a sound fiscal system. The government’s policy aims (as the finance minister in his 1996 budget statement announced) “to provide a stable and conducive environment for the private sector to thrive. Their target is to contain expenditure within operating revenue and run a modest budget surplus over the long run, so that the public sector does not drain resources from the economy.”

Singapore’s revenue system has had an enviable track record. Total increased from US$ 14.9 billion in 1991 to US$ 24.8 billion in 1995, at an annual growth rate of 13.58% and higher than
the corresponding rate of expenditure. Revenue is divided into tax and non-tax revenue. Tax revenue can further be divided into direct and indirect tax revenue. As indicated in Appendix Table 3, direct taxes generate a large part of the total tax revenue. The bulk of the direct tax revenue comes from individual and corporate income taxes. In Singapore, income tax is a broad-based tax covering a large majority of households. Of the indirect taxes, more than half were formerly derived from taxes levied on limited items such as motor vehicles, petroleum, liquor and tobacco. These taxes were levied for reasons other than revenue. This proportion has changed since the introduction of the Goods and Services Tax (GST) in 1994. Non-tax revenue comes in the form of fees and charges and other receipts.

2.5.1 Murphy’s Law
Murphy’s Law is, as everyone knows, the proposition that “Anything that can possibly go wrong, does.” There are many variants of this. Among tax practitioners, a well-known one is the proposition “There is no equity in a tax statute.” Roughly translated, this means that as a taxpayer, you may not rely on the fairness of your position when contesting a tax assessment – fairness has nothing whatever to do with the correctness of the assessment, and Tax Court judges will be quick to remind you of this. Almost always this version of Murphy’s Law is applied against the taxpayer, so it is refreshing to be reminded that from time to time it will be applied against the tax department, too Thorsten L (2017)

Gilligan and Grant (2005) are of the view that, there has to be tax fairness on tax issues which will influence tax compliance. If the public sees that the system is fair and equitable, then it is important that the system relies for its success on voluntary tax compliance people coming to pay their dues without the use of force, which of course is the contemporary reality for many countries

2.5.2 Neo-classical Theory
The neoclassical theory basing on the Smitian concept of Home Economics US, affirms that taxpayers are people who usually do not want to pay taxes and maximise on the obvious strategy, of trying to run away from paying taxes to enjoy the best outcome but revenue authorities obliged to educate and encourage citizens to pay tax.

Emmanuel Saez, J. Slemrod and S.H. Geertz (2010) found a higher level of compliance among low and middle income taxpayers and high possibility of avoiding in paying taxes in the higher income earners group. Tax rates differ between 5%, 30% and 60% and saw a significant
increase in taxpayer compliance. In the same thinking, T.L. Trivedi, H.M. Curr (2009) differ with this theory which states that from a probability of 0% to 25% and observe a higher tax compliance rate in the later case Terry Sheridan (2016) believes compliance fades in the following months after an audit then increases again, because in near future there will not be another audit. Some studies made by Pommerhme and Weck-Hannemann, (1996) suggest a negative relationship between tax rate and compliance behaviour.

Providing correct responses to taxpayers’ queries in in the shortest period of time, answering the phone within three rings, replying to clients’ letters within three days and attending to visiting clients there and then. This will give the taxpayer the confidence needed to comply. Refunding of overpaid taxes in reasonable time that is, within thirty days of submission of all the required information. Quickly solving taxpayers’ complaints and dealing with non-compliance in an efficient, timely, and effective manner. ZIMRA uses the complaints, compliments registers and E TOLL free hotline to facilitate the smooth handling of tax issues.

2.5.3 Tax Payer Education

According to Wadhavan and Gray (1998), compliance is not only promoted by the awareness of the rights and expectations but by simple and clearly user friendly administrative systems and procedures. The tax information should be simple and understandable to the public and also the officers should be able to inform and educate the taxpayers about any tax information required. People should be happy to visit the tax offices at any time to enquire and learn more about the organization and its mandate. When the public is aware of their tax obligations, then there is compliance from the tax payers.

2.5.4 Reward Compliant Tax Payers

In Zimbabwe ZIMRA has come up with a tax payer’s day to reward compliant tax payers. This and the unwillingness of tax payers to comply can be examined by various literatures in the light of Abraham Maslow’s theory of motivation.

Motivational theory Abraham Maslow (1943)

Maslow developed a motivational theory and states that if workers needs are satisfied they will be motivated to work. Motivation of workers might help to mitigate against corruption. In the 1950 MacGregor developed theory y and theory x. theory y assumes that a worker is rational being who likes work and can do his duties with very little supervision while on the other hand theory x assumes that a worker does not like can avoid if possible. Both theories agree that people if motivated or rewarded can perform well.
Customer Relationship Management is an effort to establish a meaningful relationship with the customer and its characteristic of this understanding, Barnes (2003). It is a holistic process of acquiring, retaining and growing customers. It includes all in line and off line relationship management Strauss et.al (2003). Creating good customer relationship with client will improve compliance, which will eventual help the performance of the organisation.

Nobody likes to pay taxes. Tax payments are compulsory and unrequited: people are legally obliged to make them but cannot expect any specific benefit in return like a piece of public property, or a preferential treatment in a public hospital. Why do people comply? One prominent answer is that people pay taxes because the government forces them to. The entire machinery of taxation operates under a deterrence approach e.g. Feld et al. (2006) that threatens non-compliant tax payers with audits, fines, and criminal punishment. An alternative answer holds that people pay taxes because society obliges them to. Taxes are at the heart of the social contract. They define what people owe to each other collectively. According to this civic duty approach, it is feelings of public responsibility that moves people towards tax compliance e.g. Kirchler et al. (2008). While deterrence threats and civic norms certainly raise tax compliance, they hardly ever ensure full compliance. Even in fairly well administered and integrated societies tax evasion is common. According to one estimate, for instance, the 28 member states of the European Union lose 864 billion Euros in annual tax revenues to tax evasion Murphy (2012). Pressed by high spending requirements and high political obstacles to tax increases, some governments have recently experimented with recovering some of these losses through a new rewards approach to tax compliance. The idea is to curb tax evasion by providing positive rewards for individual tax compliance. The perhaps most prominent example of this trend is the spread of receipt-based VAT lotteries. These lotteries incentivize correct invoicing by allowing consumers to submit purchase receipts as lottery tickets Fooken et al. (2014). Another example is a 2006 Spanish income tax law allowing Spanish taxpayers to earmark 0.7 percent of their income tax for a charitable purpose (European Research Network on Philanthropy

2.5.5 Plug Corruption Induced Revenue leakages

The researcher referred to Mankiw G ‘s theory before highlighting what other literature say on corruption induced revenue leakages in order to try and go to the root causes.

Optimal Taxation in Theory - Mankiw, Gregory (2009)

Optimal tax theory or the theory of optimal taxation is the study of designing and implementing a tax that reduces inefficiency and distortion in the market under given economic constraints.
Generally, this criterion consists of individuals' utility and the optimization problem involves minimizing the distortions caused by taxation. J Slemrod (2009) argues that optimal tax theory, as it stood when he wrote his paper, was an insufficient guide to determine tax policies because policy makers had yet to find a way to implement a tax system that enticed individuals to work at their optimal level. As a solution, Slemrod proposes the theory of optimal tax systems a phrase he uses to refer to the normative theory of taxation. Slemrod advocates this theory because not only does it take into account the preferences of individuals, but also the technology involved in tax collecting. A practical application of this, for example, is implementing value-added taxes, a tax on the purchase price of a good or service, to correct tax evasion. He argues that any future tax literature in normative theory needs to focus less on consumer preferences and more on tax-collecting technology and the areas of the economy that affect tax collection. In light of this theory researcher had to compare with the Zimbabwean scenario where there is much tax evasion and VAT replaced Sales Tax to mitigate the challenge.

2.5.5.1 Tax Administration

African economies are always changing and they are many external forces at play in their economies. In light of that revenue enhancing strategies applicable to one cannot be applied to the other. The theory of static taxation sheds light on such scenarios facing Zimbabwe trying to come up with best formula to administer tax.

Static Theory of Taxation-Ramsey FP (1927)

The static theory of taxation as propounded by Ramsey F.P. (1927) states that not to cause inefficiencies and distort the equilibrium in the market, only those goods and services which have inelasticity of demand should be taxed. This would base on assumptions that prices for similar goods are the same, no externalities and government taxation decisions are made at profit maximisation market prices. This was contradicted by other researchers like Nicholas Stern 1991 arguing that such is not possible or applicable in a dynamic economy.

In Zimbabwe, there is a high risk of encountering corruption in the tax administration. Bribes in connection with annual tax payments often occur (GCR 2015-2016). More than 40 percent of Zimbabweans believe tax officials are corrupt Afro barometer, Oct. (2015), and most find it hard to know how the government uses tax revenues, indicating a lack of transparency in the tax system Afro barometer, Mar. (2014). Preparing, filing and paying taxes takes 242 hours per year (DB 2016). Corruption is fuelled by high tax and customs duty. Due to high tax rates
levied by developing countries like Zimbabwe and Zambia traders try to avoid tax by conniving by tax officials leading to more leakages. According to ZIMRA Revnews 2014 the authority charges very penalties of up 100% of the debt which brings in the unintended result of not complying as the organisation try to remain afloat. Customer relationship building strategies have shown to be more effective compounded by low rate of both tax and customs duty while the organisation takes advantages of compliance and large numbers. Use of excess force by authorities has led to companies’ closures shrinking the tax base where revenue is supposed to be generated.

2.5.5.2 Customs Administration

There is a very high risk of corruption when interacting with Zimbabwe’s customs authorities: Irregular payments are common in the sector (GETR 2014). There are reports of transporters experiencing artificial delays and bribe demands when obtaining necessary documentation (Daily News, Apr. 2015). Companies should note that import procedures are burdensome (GETR 2014) and that the government’s approval criteria heavily favour export-oriented projects (ICS 2015). Exporting goods takes an average of 72 hours, while importing takes approximately 60 hours (DB 2016).

Transparency International Zimbabwe (TIZ) reported in October 2016 that Zimbabwe is losing at least $1 billion annually to corruption, with police and local government officials being among the worst offenders. Despite the high level of corruption in Zimbabwe, there has been a paucity of empirical studies on its impact on the economy. A lot of corruption scandals are reported through newspapers and it seems the stories just end there. Economists have not quantified the effect of corruption on Zimbabwe’s economy. There are issues like the $15 billion diamond money which was reported as missing but we have not had any quantitative studies of the impact of such leakages on Zimbabwe’s economy. The source also state owned enterprises, who by virtue of either being government departments or are politically connected, ignore paying taxes, rates or fines.

The Zimbabwe Revenue Authority (ZIMRA) has embarked on lifestyle audits as one of its initiatives to improve tax compliance levels and to assist taxpayers with information on tax matters. The audits are carried out to verify compliance of individual taxpayers in terms of the statutes administered by ZIMRA, which include Income Tax Act [Chapter 23:06]; Capital Gains Act [Chapter 23:01]; Value Added Tax Act [Chapter 23:12] and Customs and Excise Act [Chapter 23:02]. This is a type of audit carried out with specific attention on income received by individuals. It involves verification of a person’s personal expenditure patterns to
determine if it is consistent with his declared taxable income to ZIMRA. Any variances noted will result in an amendment to the declared income and recovery of any additional tax.

Across all sectors, corruption is a very high risk for companies operating in Zimbabwe. Investors face both high-level corruption in the form of nepotism, patronage and abuse of power, as well as petty bribery and extortion. The Prevention of Corruption Act prohibits active and passive bribery, gifts and facilitation payments in the public and private sectors, but such practices are common. [https://www.business-anti-corruption.com](https://www.business-anti-corruption.com)

### 2.5.6 Creation of Revenue Authorities.

Although ZIMRA is the sole government agent for collecting tax revenue, there is need to accord the autonomy that goes with its mandate. Central government controls are still direct and extensive. It is essentially running like a government department - thus making a mockery of its autonomy status. ZIMRA is under the direct financial control of central government. It has no separate budget of its own. Appointments of the chair of the board and management are directly supervised by the executive. It is highly susceptible to political direction. Its operational framework needs reconfiguration. ZIMRA is also top heavy and a therefore drain on treasury revenue. It needs to be restructured into a lean executive structure. Robust anti-corruption measures should also be enforced to prevent incidents of bribery within its functional structures. The introduction of highway patrols in an effort to prevent transit fraud through electronic cargo tracking systems is a welcome development, contrary to Arthur Mann, (2004) recommendations. Approval of the Zimbabwe Border Post Authority Bill aimed at instituting mechanisms to ease congestion and delays at the borders will also go a long way in preventing revenue loss.

The public revenue collection challenge should be broadly conceptualised within the tax reform initiatives of the 1990s that were promoted by the IMF and World Bank. These reform measures sought to revamp and strengthen revenue administration, enhance voluntary compliance, expand the tax base and address corruption-induced revenue leakage. Notable among these were the : The creation of Revenue Authorities (RAs) in a bid to protect revenue collection systems from political interference Fjeldstad & Moore, (2008). The adoption of Value Added Tax systems to escape tax evasion-ridden associated with sales taxes . Shifting from Income Tax Returns to Final Deduction Systems—where PAYE is deducted by the employer in a bid to reduce compliance costs by simplifying taxpayer registration, filing and payment, audit, collection enforcement, and appeals IMF (2011). Segmentation of the taxpayer...
population by treating them as distinct revenue possibilities comprising large, medium, small, and micro tax payers. The term large taxpayers cover large firms, financial institutions, and telecom operators. This even saw specialist units being established in countries such as Ghana and Uganda to deal with high level individual and institutional payers (Ibid).

Underpinning these raft of tax reforms was the need to reduce incidence of tax evasion and avoidance on one hand and enhance voluntary tax compliance on the other hand. It should be noted that though closely related, tax evasion and tax avoidance should be treated as distinct activities; the former constituting a crime while the later does not. Tax evasion is deliberate violation of tax law through tax underpayment while tax avoidance is reducing tax liability within the confines of law, for instance, by simply moving from the formal to the informal sector AFRODAD, (2011). The tragedy is that while tax avoidance is not a crime, it remains a major source of revenue haemorrhage. In Africa and other developing countries, revenue collection is further thwarted by high unemployment levels, extensive informality, highly skewed income and wealth disparities, poverty, tax regimes littered with tax incentives and tax holidays IMF (2011); Dramod (2004), Fischer, (2002). IMF (p; 30) notes that less than\% of the population in developing countries are legible for paying Individual Income Tax while 80 \% of tax regimes in Sub-Saharan Africa were by 2005 offering generous tax holidays. The situation is compounded by the fact that the bulk of micro traders have income bases generally below tax thresholds

In most countries, the responsibility of revenue collection has since the 1990s been hived off to semi-autonomous revenue authorities which exercise direct control over the import, export, manufacture, movement, storage or use of certain goods Fjeldstad & Moore (2008). In the UK, the HM Revenue and Customs (HMRC) was formed in 2005 following the merger of Inland Revenue and HM Customs and Excise Departments, and is responsible for administering direct and indirect taxes. In the USA, there is the Internal Revenue Service (IRS) created through the Internal Revenue Service Restructuring and Reform Act of 1998 (www.interantionalbudget.org/wp-cont). In SA, the South African Revenue Service (SARS) was established in 2002 under Section 195 of the SA Constitution (www.southafrica.co.za/about-southafrica) while in Malawi, the Malawi Revenue Authority (MRA) was established in 1998 as an agency responsible for the assessment, collection and accounting for tax revenues. Its establishment sought to improve the functions previously carried out by the Department of Customs and Exercise and Income Tax in the Ministry of Finance.
Table 2.4 Conceptual Summary On Customer Relationship Building Strategies

<table>
<thead>
<tr>
<th>Independent Variable/Predictor</th>
<th>Intermediate Variable</th>
<th>Dependant Variable/outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lifestyle audits</td>
<td>Income information</td>
<td>High collection level/compliance</td>
</tr>
<tr>
<td></td>
<td>available</td>
<td></td>
</tr>
<tr>
<td>Anti-corruption act</td>
<td>Curb corruption leakages</td>
<td>High collection level/compliance</td>
</tr>
<tr>
<td>Autonomous Revenue Authority</td>
<td>Autonomy to exercise taxation authority</td>
<td>High collection level/compliance</td>
</tr>
<tr>
<td>Fair tax rates</td>
<td>Easy to meet obligations</td>
<td>High collection level/compliance</td>
</tr>
<tr>
<td>Tax education</td>
<td>Tax information available</td>
<td>High collection level/compliance</td>
</tr>
<tr>
<td>Reward compliance</td>
<td>Motivation to compliance</td>
<td>High collection level/compliance</td>
</tr>
</tbody>
</table>

Source: Primary Research Data
2.6 Effective Pricing Models That Could Lead to Improved Revenue

There are various pricing models which can be adopted by ZIMRA to effectively and efficiently collect the much needed revenue to fund government expenditure. Bowman’s clock provides a number of option as shown by the figure below.

2.6.1 Differentiation/Cost Leadership/Niche

![Bowman’s Strategic Clock](image)

**Figure 2.3: Bowman’s Strategic Clock**

**Source: Kotter (2002)**

It gives two dimensions on how a company should position itself. On one hand it’s the price whilst on the other it’s the value. It has eight different possible strategies. It has four quadrants.
The first quadrant is for low price low added value, second is low price hybrid value, third is focused differentiation and the fourth one is monopoly with high price low value.

The revenue authority in Zimbabwe faces a strategic dilemma in prescribing the right taxes for the different levels and mix of businesses (formal & informal) in Zimbabwe. The Bowman’s strategic clock could be used to approach the taxable market in Zimbabwe. The cost to the taxpayer and ZIMRA of complying and auditing versus perceived revenue anticipated should determine which tax heads to concentrate on. There is informal and formal markets ZIMRA has to vary approaches to the two markets. Currently ZIMRA falls in the monopoly pricing strategy.

2.6.2 Expand Tax Base

The income tax Act needs to be reconstituted to bring it in line with global trends and best practices. It was enacted 50 years ago and has several grey areas that provide soft spots for tax evasion and avoidance. It provides for multiple tax rebates, concessions and exemptions which leave most major mining companies on tax holidays and in this way exempting them from paying duty as they can technically declare losses and carry over until they close. The treasury is losing revenue from tax evasion by companies involved in the mining of strategic minerals such as platinum, gold and diamond e.g. Chiadzwa. According to Zhou G, Mandikeni A (2013), critical discourse analysis however revealed that, statements by the minister of finance since the formation of the inclusive government in 2009 suggest deep-seated compliance challenges in the remittance of revenue from the Chiadzwa diamond mining fields in the Marange area of the Manicaland province. These challenges seem to arise from the fact that government is yet to evaluate the actual extent of the diamond mineral wealth, update the number of mining companies that are operating in the country, establish the official price of a carat of diamond, make reliable disclosures of proceeds from diamond sales, among others. In fact, ZIMRA is yet to fully exercise its control over the revenue collection processes in this sub sector. Such scenarios create soft spots for revenue leakage through illicit trade and smuggling.

According to Victor Boroma (2018), Zimbabwe’s tax regime is considered as one of the most difficult and expensive in the world, with the country ranked 159 out of 190 in the World Bank’s Doing Business report of 2017. The report looks at the ease and cost of paying taxes for businesses in all the ranked countries. The report concludes that Zimbabwe’s taxes are a burden to companies and investors, and require reforms to ensure competitiveness in the economy. The recent revelations by the Zimbabwe Revenue Authority (ZIMRA) that the
The taxpayer is owed over $4 billion by defaulters (dating back to 2009) confirms the magnitude of the burden on businesses and taxpayers in general. High rates of tax act as hindrance to potential investors in the country since investors will choose countries with low tax rates and profits are easy expatriate.

Tinotenda Chimusoro wrote an article in The Small and Medium Enterprises publication on 13 September, 2017 stating that, Whilst some progress has been registered in terms of roping in SMEs, there was still some way to go, and therefore government, and ZIMRA in particular, engaged in a Rapid Results Initiative aimed a substantial share of economic activity in African countries is due to informal activities known as the (Hard-To-Tax) and this provides a fertile ground for cross-border smuggling. Smuggling is exacerbated by the complexity of tax systems in African countries. It is distortionary and leads to welfare loss Stopler and Deardorff, (1990).

Formalizing the shadow economy can boost resource mobilization through taxation. The potential tax revenue loss due to informality stands at 62.6 billion USD for the region, where the informal economy accounts for 41% of official GDP. The estimated benefit from taxing informal activities is at 28.7% of official GDP for sub-Saharan Africa Cobham, (2005). The revenue losses are especially high in countries such as Angola, Botswana, Cameroon, Côte d’Ivoire, Ghana, Kenya, Senegal, and Zambia.

The non-compliance by the informal sector in paying presumptive tax and have made a huge blow to the Zimbabwean economy as it should be one of the Zimbabwean Government’s main source of revenue is tax. Measures need to be adopted to tax informal sector due to the low revenues from the informal and cottage industry tax heads. [http://www.ictazim.org](http://www.ictazim.org).

Slemrod and Yitzhak (1994) indicates that the presumptive tax makes sense in cases where otherwise desirable tax base is difficult for the tax authorities to measure, verify and monitor this has led to Zambia introducing presumptive tax to deal with the hard to tax, that is, the informal sector.

Developing countries benefits mainly from donor aids and loan from former colonies and international bodies like the world Bank and International Monetary Fund respectively. Instead of creating a strong tax base the end up struggling trying to pay back the loans hence very little is achieved in terms of tax since there is little or no serious capital investment that might lead to improved collection from PAYE, income as well as VAT. Developing countries have lowest wage but high tax rates drive away potential investors leaving the at the mess of charity and loans.

**Table 2.5 Regional Variations in the Size of the Informal Economy**
<table>
<thead>
<tr>
<th>Region</th>
<th>High</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
<td>Zimbabwe – 59%</td>
<td>South Africa – 28%</td>
</tr>
<tr>
<td>Asia</td>
<td>Thailand – 53%</td>
<td>Japan – 11%</td>
</tr>
<tr>
<td>Australasia</td>
<td>Australia – 15%</td>
<td>New Zealand – 13%</td>
</tr>
<tr>
<td>Economies in Transition</td>
<td>Georgia – 67%</td>
<td>Slovak Republic – 19%</td>
</tr>
<tr>
<td>OECD countries</td>
<td>Greece – 29%</td>
<td>Switzerland – 9%</td>
</tr>
<tr>
<td>South America</td>
<td>Bolivia – 67%</td>
<td>Chile – 20% Cou</td>
</tr>
</tbody>
</table>

*Source: Schneider 2002*

Thuronyi (1996), emphasizes that a key aspect of any presumptive tax is that it is not based entirely on the taxpayer’s records, which are subject to manipulation and abuse. Thuronyi further indicated that the presumptive techniques may be employed for a variety of reasons, which are,

i. Simplification, particularly in relation to the compliance burden on taxpayers with very low turnover and the corresponding administrative burden of auditing such taxpayers.

ii. To combat tax avoidance or evasion, this works only if the indicators on which the presumption is based are more difficult to hide than those forming the basis for accounting records.

iii. Providing objective indicators for tax assessment, presumptive methods may lead to a more equitable distribution of the tax burden, when normal accounts-based methods are unreliable because of problems of taxpayer compliance or administrative corruption.

iv. Rebuttable presumptions can encourage taxpayers to keep proper accounts, because they subject taxpayers to a possibly higher tax burden in the absence of such accounts.

v. Presumptions of the exclusive type can be considered desirable because of their incentive effects, that is, a taxpayer who earns more income will not have to pay more tax.

vi. Presumptions that serve as minimum taxes may be justified by a combination of reasons, for instance, revenue need, fairness concerns, and technical difficulty in addressing certain problems directly as opposed to doing so through a minimum tax.

A common aim of many presumptive approaches is to obtain at least some tax revenue from the hard to tax groups specifically at reforming the taxation regime for SMEs.

**Table; 2.6 Conceptual Summary of pricing models**
Source: Primary research Data

2.7 Literature Synthesis and overall Conceptual Framework
According to Rodgers E(1962), Burkeman, Argyle and Dean, Thorsten, William and Davis agreed that the use of technology will result into an improved revenue collection which eventually improves the organisational performance.

John Keynes, Brink, Kaldo and Herman agreed that putting corrective measures to mitigate against revenue leakages will increase the economy’s tax base. An increased tax base will lead to increased revenue collection which result in increased organisational performance as illustrated in the table 2.7 below.

Maslow, McGregor, Kumah and Murphy also agreed that good customer relationship building strategies and motivational theories will help to improve customer compliance which will in turn lead to improved revenue collection and eventually improve organisational performance.

Bowman and Faulker, Mankis G and Ramsey F. P concluded that good pricing models will increase revenue collection and finally lead to improved organisational performance as illustrated by table 2.7 below.

Table 2.7 Literature Synthesis and Overall Conceptual Framework

<table>
<thead>
<tr>
<th>Independent Variable/Predictor</th>
<th>Intermediate variable/ Predictor</th>
<th>Dependant Variable/ Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income tax act reform</td>
<td>Line with economic mix</td>
<td>High collection level/compliance</td>
</tr>
<tr>
<td>SMEs act reform</td>
<td>Line with economic mix</td>
<td>High collection level/compliance</td>
</tr>
<tr>
<td>Presumptive Tax reform</td>
<td>Line with economic mix</td>
<td>High collection level/compliance</td>
</tr>
<tr>
<td>Mining act reform</td>
<td>Line with economic mix</td>
<td>High collection level/compliance</td>
</tr>
<tr>
<td>1. Technology Adoption</td>
<td>Increase Revenue Collection</td>
<td>Improved organisational performance</td>
</tr>
<tr>
<td>------------------------</td>
<td>-------------------------------</td>
<td>--------------------------------------</td>
</tr>
<tr>
<td>2. Minimising Revenue Leakages</td>
<td>Improved revenue collection</td>
<td>Improved organisational performance</td>
</tr>
<tr>
<td>3. Adoption of CRM Strategies</td>
<td>Improved revenue collection</td>
<td>Improved organisational performance</td>
</tr>
<tr>
<td>4. Effective Price Model</td>
<td>Improved revenue collection</td>
<td>Improved organisational performance</td>
</tr>
</tbody>
</table>

2.8 Summary

This chapter explored the writing by other researchers revealing study gaps mentioned. In the next chapter the researcher looked at ways of conducting the appropriate survey which tests the assumptions of this study.

CHAPTER 3: RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the methodology used to investigate the adoption of new revenue generation strategies and their impact on organisational performance. Methodology is comprised of the research design, research philosophy, research approach, research strategy, research methods, population sample frames, data collection methods and data analysis.

3.2 Research design

Orodho (2003) defines research design as the scheme, outline or plan used to generate answers to research problems. Bless and Higson-Smith (1995), concurs that a research design is a programme that guide the researcher in collecting, analysing and interpreting observed facts.

This research is three fold, partly descriptive, explanatory and exploratory. Saunders et al (2009) argued that descriptive research seeks to give the profile of a person, event or situation where observations must be based upon a scientific method, that is, being precise. Descriptive research answers who, what, how, where and when type of questions. The researcher in
descriptive research looked at statistics or data which reflect on the phenomenon or problems under investigations.

On an explanatory, the researcher looked at the phenomenon symptoms and cause factors as indicated in the background of the study. explanatory research seeks explanations of observed variables, Saunders et al (2009).

Exploratory research aims to seek new insights according to Saunders et al (2009). On exploratory, the researcher sought to investigate and find a deeper understanding of the phenomenon.

3.3 Research philosophies and paradigms

According to Saunders & Thornhill (2009), research philosophy is the assumption that ultimately underpin the research strategy and the methods chosen as part of that strategy.

![Figure 3.1 Research Philosophies](Source: Researcher's Data 2018)

The above diagram shown as Figure 3.1 serves to illustrate the research philosophies and paradigms used in contacting this research. The relevance of these philosophies and paradigms are reviewed below

- Epistemology
This philosophy focuses on the development of theory that is relevant to the topic under study. The researcher adopted this philosophy because of the desire to develop a new body of knowledge on the adoption of new revenue generation strategies for revenue collection services departments or authorities. To fulfil the requirements of this philosophy the researcher conducted a critical and extensive review of extant literature on the strategies for generating revenue for the benefit of the national fiscus. The paradigms of positivism which uses established scientific formulas to test theory using quantitative methods was applied. This application is evidenced in the use of a number of statistical tests such as descriptive statistics, Pearson correlation and regression of coefficient tests shown in chapter four.

Interpretivism paradigm was used in explaining and describing the nature of the phenomenon bedevilling ZIMRA in its quest collect sufficient revenue to support the national fiscus. The researcher used the interpretivism philosophy in chapter four to explain the results of the primary research and triangulated them against the critical review of literature provided in chapter two. The paradigm of realism was used by the researcher in the need to discover real challenges affecting ZIMRA. The acknowledges Bhaskar(2003) who states that, nothing happens out of nothing. Each event and patterns of events have their causal mechanisms. These causal mechanisms and their powers can only be discovered and understood when theory interact with reality and reality interact with theory.

- Ontology refers to the researcher’s view about the nature of reality or being which is external, objective and independent of social actors. It deals with reality of an entity that is known as ZIMRA that has problems which are in need of research. The magnitude of the problem of low revenue collection is real. The researcher recognises that there are a number of paradigms such as; the objectivism, subjectivism and pragmatism. However, for the purposes of this research the researcher used the paradigms of objectivism and pragmatism which are discussed below. The researcher took an objective paradigm to investigate new revenue generation strategies by asking a number of stakeholders in the sample strata, who then gave their views as captured in the data collection instruments. The researcher used a pragmatic paradigm which sought to strike a balance between theory and reality.

- Axiology is a philosophy which deals with the attitudes, beliefs, feelings, values, ethos and ideologies of various social actor in given study. In applying this philosophy, the
researcher took into account the attitudes, values, ethos and ideologies of practitioners and other stakeholders who interface with ZIMRA and are responsible for support its revenue collection initiatives.

The significance of this research is that armed with theory from epistemology and practice from ontology and correct attitudes, values and belief system from axiology the stakeholders will be to adapt to better newer strategies of revenue collection.

3.4 Research Approach
The researcher used both the deductive and the inductive approach in carrying out this research. Deductive approach begins with a theory which is then scientifically tested. In this research, the researcher tested the theory to find whether the adoption new revenue generating strategies will result in improved performance. The researcher collected and analysed data to prove the theory. Inductive approach begins with the collection of data, analysis and observations of trends to come up with a theory.

3.5 Research Strategy
The researcher has adopted a case study approach. According to Saunders et al (2009), a case study is a method that is used to narrow down a very broad field of research into one easily researchable topic.

3.2.1 Case Study
Merriam (1988) defined a case study as an examination of specific phenomena, like an event, process, person or a social group and it is employed to gain in-depth understanding of situation and meaning for those involved.

The purpose of research design is to ensure the evidence obtained will enable the research to answer initial question clearly. The researcher used case study because data that is collected using a case study approach is more reliable and up to date, details are rich and well defined, it becomes immediately useful in gathering detail and it is an effective way of explaining a situation. A case study is cheaper and easy to carry out. A case study was adopted so as to have a detailed analysis on the investigation of new revenue generation strategies, their adoption and impact on ZIMRA revenue collections.

3.6 Research Method
The researcher used both qualitative and quantitative methods to collect data. Qualitative methods aim to address the how and why of research and tend to use unstructured methods of
data collection to fully explore the topic. Qualitative questions are usually open ended as shown
the survey questionnaire.

Quantitative approach uses systematic standardised approach and employ methods such as
surveys. In this research the researcher used a survey questionnaire in conjunction with the
Linkert Scale to come up with quantitative data that was analysed to test a theory. Quantitative
approach has the advantage of being cheaper to implement, easy to compare and size of the
effect can easily be measured.

3.7 Population and Sample Framework

Ngechu (2004) defines a population as a well-defined or set of people, services, elements,
events, group of things or households that are being investigated. Mugenda and Mugenda
(2003) further alludes that a population refers to the entire group of individuals or objects to
which a research is interested in generalizing the results of the study and having observable
homogeneous characteristics. The population for this study was the ZIMRA staff in various
departments in the Domestic Taxes and Customs. Target population

<table>
<thead>
<tr>
<th>Population</th>
<th>Size (N)</th>
<th>Location</th>
<th>Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance Managers</td>
<td>40</td>
<td>Harare</td>
<td>10</td>
</tr>
<tr>
<td>Fiscalisation Managers</td>
<td>20</td>
<td>Harare</td>
<td>5</td>
</tr>
<tr>
<td>Modernisation Managers</td>
<td>50</td>
<td>Harare</td>
<td>5</td>
</tr>
<tr>
<td>Revenue Officers</td>
<td>200</td>
<td>Harare</td>
<td>20</td>
</tr>
<tr>
<td>Clients</td>
<td>100</td>
<td>Harare</td>
<td>10</td>
</tr>
</tbody>
</table>
Source: Primary Research Data

3.8 Data collection methods

For this research, both primary and secondary data was used. Questionnaires were used to collect primary data and secondary sources like revenue performance reports, journals and articles were used to collect secondary data. According to Wegner (1999) primary data is data that is collected/captured for the first time with a specific purpose in mind. Primary data benefited the researcher in that data obtained was very relevant to the research study though it was time consuming to gather the data and it was expensive travelling to the selected respondents.

Cooper (2003) points out that secondary data is data already existing that is collected and prepared for another purpose other than for what it was originally gathered for. The advantages of using secondary data are that: it is a cheaper method of collecting data and less time consuming and it provides an easy, cheaper and faster access to information. The disadvantages of using secondary data is that where it is based on journals and articles, the reliability of the use of journals and articles may be affected as they will be based on other people’s views which may not be necessarily true.

3.9 Data Analysis

After data collection, data conceptualization, presentation, interpretation and analysis was done thoroughly by sorting, editing and manipulating the data using SPSS to explain the trends and theories reflected by the study. For the purpose of this study, the researcher used of tables and bar graphs where appropriate to present the findings.

3.10 Research Ethics Validity and Reliability

According to www.http://socialresearchmethods.net/kb/reliability.php (13.04.11, 14.55) the term reliability means "repeatability" or "consistency". A measure is considered reliable if it would give us the same result over and over again.

The researcher used questionnaires as they are viewed as the most suitable instruments for data collection where a descriptive, explanatory and exploratory research is applied. The instrument ensured collection of qualitative and quantitative data. The researcher heavily relied on primary data and as a result the instrument produced valid results that can be relied upon.
3.11 Chapter Summary
In this the researcher explored the methodology, which involved the philosophies applicable in collecting data, analysing and interpreting it. The following chapter 4 will analyse the results for interpretation.
CHAPTER 4: DATA PRESENTATION AND ANALYSIS

4.1 Introduction
The chapter will analyse the obtained results linking it with related literature and empirical evidence. The data will be presented in tabular and graphical formats. The analysis of the relationship between the variables was also done in this chapter.

4.2 Response rate
Table 4.1 Data response rate

<table>
<thead>
<tr>
<th></th>
<th>Issued</th>
<th>Returned</th>
<th>Response rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Questionnaires</td>
<td>50</td>
<td>48</td>
<td>96%</td>
</tr>
</tbody>
</table>

Source: Primary Data

- Data Response rate = Returned Questionnaires \( \times 100\% \)
  
  Issued Questionnaires

50 questionnaires were distributed while 48 questionnaires were returned in a useable state that would permit for data analysis to be carried out effectively. The response rate expressed as a percentage was 96% which is quite significant for analysis. This idea is supported by Leedy (2009) who suggest that a questionnaire response rate if fifty percent is considered adequate.

4.3 Demographic variables
In this study the demographic variables were gender, age, marital status, length of service in an organization, level of education and position in an organization.

4.3.1 Gender

Table 4.2: Demographic profiles

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>31</td>
<td>64.6</td>
</tr>
<tr>
<td>Valid Female</td>
<td>17</td>
<td>35.4</td>
</tr>
<tr>
<td>Total</td>
<td>48</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Primary Data
64.6% of the respondents were male as shown in table 4.2, female made 35.3%. This is because at ZIMRA mainly male employees work mostly in the accounting department, hence male dominated the sample.

### 4.3.2 Age

**Table 4.3: Age**

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>19-24</td>
<td>2</td>
<td>4.2</td>
<td>4.2</td>
<td>4.2</td>
</tr>
<tr>
<td>25-29</td>
<td>11</td>
<td>22.9</td>
<td>22.9</td>
<td>27.1</td>
</tr>
<tr>
<td>30-34</td>
<td>21</td>
<td>43.8</td>
<td>43.8</td>
<td>70.8</td>
</tr>
<tr>
<td>35-39</td>
<td>1</td>
<td>2.1</td>
<td>2.1</td>
<td>72.9</td>
</tr>
<tr>
<td>40+</td>
<td>11</td>
<td>22.9</td>
<td>22.9</td>
<td>95.8</td>
</tr>
<tr>
<td>33.00</td>
<td>2</td>
<td>4.2</td>
<td>4.2</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>48</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

*Source: Primary Data*

Table 4.3 shows that the majority of the respondents were between the age of 30 and 34 years commanding 48% of the respondents. These are followed by respondents in the age group of 25 to 29 years and those that are 40 plus years with 22.9% representation in the sample. 4.2% of the respondents are between the ages of 19 to 24 years, 2.1 % were between the age of 35 and 39 years. This shows that most of the people interviewed were between the age of 25 and 34 as well as above 40. This is the most economically active population at ZIMRA.

### 4.3.3 Position held

**Table 4.4 Position held**

<table>
<thead>
<tr>
<th>Position</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>financial manager</td>
<td>1</td>
<td>2.1</td>
<td>2.1</td>
<td>2.1</td>
</tr>
<tr>
<td>Revenue officer</td>
<td>43</td>
<td>89.6</td>
<td>89.6</td>
<td>91.7</td>
</tr>
<tr>
<td>Client</td>
<td>4</td>
<td>8.3</td>
<td>8.3</td>
<td>100.0</td>
</tr>
</tbody>
</table>
Table 4.4 shows that majority of the respondents were revenue officers representing 89.6% of the respondents, 2.1% of the respondents were finance managers this representing the least proportion of the respondents. 8.3% of the respondents were clients. So in this study the most respondents were the revenue officers because the topic was aimed at revenue collection so they were the key respondents in this study.

### 4.3.4 Level of education

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>College certificate</td>
<td>2</td>
<td>4.2</td>
<td>4.2</td>
<td>4.2</td>
</tr>
<tr>
<td>College diploma</td>
<td>3</td>
<td>6.3</td>
<td>6.3</td>
<td>10.4</td>
</tr>
<tr>
<td>University degree</td>
<td>39</td>
<td>81.3</td>
<td>81.3</td>
<td>91.7</td>
</tr>
<tr>
<td>Accounting professional course</td>
<td>4</td>
<td>8.3</td>
<td>8.3</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>48</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Primary Data

The majority of the respondents are degreed people, this is represented by 81.3% of the respondents as shown in table 4.5, 8.3% have accounting professional courses, 6.3% have diplomas while 4.2% have college certificate.

### 4.4 To establish whether the acquisition of new technology would mitigate tax evasion and avoidance in order to improve revenue collection at ZIMRA

Majority of the respondents believed that the adoption of ICT is important for revenue collection. This is shown by the mean values. The mean value of 3.6042 and standard deviation of 1.02604 shows that most of the respondents believe that fiscalisation has improved recording of sales which has led to increased revenue collections. However, the mean value was fair because of the respondents which was a sizable number who were neutral about believing fiscalisation has improved revenue collection.
Online submission of returns and access to other services on the computer has improved revenue collection. The mean score of 3.4583 and standard deviation of 1.11008, reveal that majority of the respondents believe that online submission of returns and access to other services on the computer has improved revenue collection at ZIMRA.

There strong belief within the organisation that submission of returns electronically is less costly, this is represented by the mean scores of 3.7917, standard deviation of 1.28756. The results concur with those of Adeosun et al. (2009) who state that the use of ICT helps in the reduction of costs for returns since the clients will not be saved physically. Kairu (2013) in Kenya also find the same results by pointing the fact that ICT adoption will enhance cost reduction.

Most respondents believe that Cargo tracking has minimised revenue leakages, the mean scores of 4.6250 and standard deviation 5.90213. These results are in line with those by Akintayo (2011) who postulated that cargo tracking prevents revenue loss since it forces the customers will be forced to declare their cargo or imports. The use of scanners has resulted in improved duty collection through the revealing concealed cargos, this is represented by the mean scores of 3.8333 and standard deviation of 1.05857. Maungwe (2013) revealed that scanning the goods will help in revenue loss since no revenue will be diverted or lost to other channels. 

**Table 4.6 Standard Deviation and Mean on Technology**

<table>
<thead>
<tr>
<th>Category</th>
<th>Std. Deviation</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>The use of scanners has improved duty collections by revealing concealed cargos</td>
<td>1.05857</td>
<td>3.8333</td>
</tr>
<tr>
<td>Cargo tracking has minimised revenue leakages</td>
<td>1.28756</td>
<td>3.7917</td>
</tr>
<tr>
<td>The submission of returns electronically is less costly</td>
<td>1.11008</td>
<td>3.4583</td>
</tr>
<tr>
<td>Online submission of returns and access to other services on the computer has improved revenue collection</td>
<td>1.02604</td>
<td>3.6042</td>
</tr>
<tr>
<td>Fascalisation has improved recording of sales which has led to increased revenue collections</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Source: Primary Data*
Note: mean and standard deviation are calculated based on the nominal 5-point Likert scale, such as 1: not important at all, 2: Slightly important, 3: Fairly important, 4: very Important, and 5: Extremely Important.

4.5 To identify measures that could be used to mitigate revenue leakages at ZIMRA
The second objective of this research was to assess the strategies that can be used to reduce the leakages of the revenue. In attempt to fully assess and analyse this objective, the researcher came up with six statements which were respondent to by the respondents. The researcher wanted to confirm whether procuring of goods and services through internet makes it easy to identify transaction for taxation. The following responses were obtained 16.7% disagree, 35.4% neutral, 29.2% agree and 18.8% strongly agreed. The majority of the respondents were not sure if internet purchasing significantly influence taxation as shown by 35.4% of respondents who indicated neutral on the question. The reason behind this responds maybe because of the workers not being used to internet transactions or only few clients use internet for transactions. The mean score of 3.5 showing good was also obtained meaning that internet purchasing is the solution to revenue leakages. The researcher also asked the respondents on whether the problem of externalisation of funds prejudice ZIMRA of revenue collection. The respondents gave the following responses 6.3% disagreed, 27.1% were neutral, and 22.9% agreed whiles 43.8% strongly agreed. The responses clearly reviewed that externalisation plays a major role in prejudicing ZIMRA of revenue as evidenced by the 66.7% of respondents who agreed to the statement and a mean score of 4.04 which indicates good relationship. The above result is in line with previously research carried out in Zimbabwe since 2011 where it was confirmed that externalisation negatively affects ZIMRA.

On the same objective of revenue leakages, the researcher also confirmed whether over invoicing on imports by multi-national companies leads to revenue loses by ZIMRA. The following responses were obtained 4.2% strongly disagreed, 2.1% disagreed, 22.9% were neutral, 35.4% agreed whiles 35.4% strongly agreed. Over invoicing plays a significant role in ZIMRA losing revenue as shown by 70.8% of the respondents who agreed to the statement. The mean score of the 3.96 also reviews the significance of over invoicing on the revenue collected by ZIMRA. The above results are in line with the research which was carried out in Kenya where it was reviewed that over invoicing by Multinationals deprives Kenya revenue collection authority of the revenue they were supposed to get.
Furthermore, the researcher also asked the respondents on whether an increase in Field audits and investigations has impacted positively on revenue collection and the following results were obtained 6.3% strongly disagreed, 8.3% disagreed, 16.7% neutral, 43.8% agreed and 25% strongly agreed. The results show the significant impact of increasing field audits and investigations on ZIMRA revenue collection. Mean of 4.3 clearly supports the above frequencies on the impact of increased audits and investigations in the field on revenue collection. On the same issue of audit, the researcher also wanted to if lifestyle audits are essential and do they have a significant in the ZIMRA revenue collection. The mean score of 2.8 showing neutral supported by the following frequency 20.8% strongly disagree, 22.9% disagree, 14.6% neutral, 33.3% agree 8.3% strongly agree clearly shows the importance lifestyle audits as neutral. Maybe this is because of complications around individuals. Lastly on this objective, the researcher wanted to confirm whether the anti-corruption act, if applied across the board none selectively will increase revenue collection. The following responses were obtained 10.4% strongly disagree, 6.3% disagree, 8.3% neutral, 52.1% agree and 22.9% strongly agreed. These frequencies and mean score of 3.7 shows that if anti-corruption act is applied none selectively, it positively impacts the revenue collection system at ZIMRA. This is in line with researches carried out in developed countries where 80% confirmed that if the corruption is solved amicably without bias it is easy for tax collection organization to carry out its duties very well.

Table 4.7 Standard Deviation and Mean on Revenue Leakages
The following scales were used to measure the respondents’ perception on the strategies to reduce revenue leakages.

Mean scores ranging from $1.0 \leq M < 1.8$: Very Poor
Mean scores ranging from $1.8 \leq M < 2.6$: Poor
Mean scores ranging from $2.6 \leq M \leq 3.4$: Neutral
Mean scores ranging from $3.4 < M \leq 4.2$: Good
Mean scores ranging from $4.2 < M \leq 5.0$: Optimised

The key was adopted from Van Gruenen, Viviers and Venter (2011).

Having carried out the deceptive analysis the researcher went on to test

### 4.6 To assess factors that enhances voluntary compliance

Reduction of income tax rates will lead to improved compliance hence greater revenue collection this is represented by mean score of 3.8085 and standard deviation of 1.01378. this therefore means that there is strong belief that if tax is lowered more taxpayers will comply this is supported also by a big proportion of the respondents 41.7% and 25% who agreed and strongly agreed respectively. This is also supported by Kairu (2013) who also discovered the same results in Kenya he believes that tax reduction will lead to taxpayers from tax payers.

Reducing VAT threshold from $60,000 per annum would lead to more revenue collection from SME that are not taxed at the moment. This is represented by the mean score of 4.3750 and standard deviation of 5.94165. Also a big proportion of the respondents who believed that the threshold for SMEs would enhance revenue collection as represented by the big proportion who agreed that reducing the threshold will boost revenue collection.

Lowering the fixed amount of presumptive tax will result in improved revenue collection, this is represented by the mean scores of 3.5208, standard deviation of 1.32070. This means that majority of the respondents who believed in that statement.

High tax rates discourage tax payers from complying with tax requirements

Increasing tax education for tax payers will lead to higher levels of compliance
Table 4.8 Mean and Standard Deviation on Customer Relationship Building Strategies.

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduction of income tax rates will lead to improved compliance hence greater revenue collection</td>
<td>3.8085</td>
<td>1.01378</td>
</tr>
<tr>
<td>Reducing VAT threshold from $60000 per annum would lead to more revenue collection from SME that are not taxed at the moment</td>
<td>4.3750</td>
<td>5.94165</td>
</tr>
<tr>
<td>Lowering the fixed amount of presumptive tax will result in improved revenue collection</td>
<td>3.5208</td>
<td>1.32070</td>
</tr>
<tr>
<td>High tax rates discourage tax payers from complying with tax requirements</td>
<td>4.2917</td>
<td>.94437</td>
</tr>
<tr>
<td>Increasing tax education for tax payers will lead to higher levels of compliance</td>
<td>3.8542</td>
<td>1.22021</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Source: Primary Data*

*The following scales were used to measure the respondents’ perception on the strategies to reduce revenue leakages.*

- Mean scores ranging from $1.0 \leq M < 1.8$: Very Poor
- Mean scores ranging from $1.8 \leq M < 2.6$: Poor
- Mean scores ranging from $2.6 \leq M \leq 3.4$: Neutral
- Mean scores ranging from $3.4 < M \leq 4.2$: Good
- Mean scores ranging from $4.2 < M \leq 5.0$: Optimised

The key was adopted from Van Gruenen, Viviers and Venter (2011).

Having carried out the deceptive analysis the researcher went on to test

**4.7 To establish effective pricing models that could lead to improved revenue collection.**

The last objective of this research was to assess the effective pricing models that increase revenue collection at ZIMRA. The researcher asked the respondents whether ZIMRA tax rates should be lowered to match other African nations to attract investments. The following results
were obtained 2.1% strongly disagreed, 2.1 disagreed, 14.6% neutral, 41.7% agree and 43.8% strongly agree. Combining the above results with a mean score of 4.2 and standard deviation of 0.88 it clearly shows that the ZIMRA should lower its rates to match other African countries. This is supported by a research carried out in Zambia where investors are attracted by Zambian policies which included tax rates that are favorable for a business environment.

The second statement by the researcher was aimed at confirming if the lowering of customs duty rates encourages compliance. The gathered information reviewed that 8.3% disagreed, 6.3% were neutral, 35.4% agreed and 50% strongly agreed. The results show that lowering of custom duty rates is another significant way of promoting compliance supported by a mean score 4.3 and standard deviation of 0.88. On the same objective the researcher also asked the respondents whether ZIMRA has excessive powers in executing their duties and the following results were obtained 12.5% strongly disagree, 18.8% disagree, 12.5% neutral, 37.5% agree and 18.8% strongly agree. The mean score of 3.3 showing neutral is in line with the frequencies obtained meaning that the respondents were not very sure about the extent to which ZIMRA exercise it powers in executing its duties. The last statement on this objective was to confirm whether high penalties discourage compliance. The following were the responses obtained 14.6% disagreed, 18.8% were neutral, 29.2% agreed and 37.5 strongly agreed. The results show that high penalties are not the solution to compliance but to some extent may worsen the situation. The mean score of 3.9 clearly reviews the need for using other methods to enforce compliance rather than high penalties.

**Table 4.9 Standard Deviation and Mean on Technology**
Source: Primary research data

* (The following scales were used to measure the respondents’ perception on the Effective pricing models to increase revenue.)

Mean scores ranging from $1.0 \leq M < 1.8$: Very Poor
Mean scores ranging from $1.8 \leq M < 2.6$: Poor
Mean scores ranging from $2.6 \leq M \leq 3.4$: Neutral
Mean scores ranging from $3.4 < M \leq 4.2$: Good
Mean scores ranging from $4.2 < M \leq 5.0$: Optimised

The key was adopted from Van Gruenen, Viviers and Venter (2011).

Having carried out the deceptive analysis the researcher went on to test

4.9 Hypothesis

$H_0$: there is no relationship between customer relationship building strategies and impact of technology on mitigating tax evasion and avoidance.

$H_1$: there is relationship between customer relationship building strategies and impact of technology on mitigating tax evasion and avoidance.

$H_0$: there is no relationship between customer relationship building strategies and enhancement of voluntary compliance.

$H_1$: there is relationship between customer relationship building strategies and enhancement of voluntary compliance.
$H_0$: there is no relationship between technology utilisation in revenue collection and factors that enhances voluntary compliance

$H_1$: there is relationship between technology utilisation in revenue collection and factors that enhances voluntary compliance

$H_0$: there is no relationship between strategies to reduce revenue leakages and effective pricing models to increase revenue

$H_1$: there is relationship between strategies to reduce revenue leakages and effective pricing models to increase revenue

$H_0$: there is no relationship between effective pricing models and customer relationships

$H_1$: there is relationship between effective pricing models and customer relationships

<table>
<thead>
<tr>
<th></th>
<th>Customer relationships</th>
<th>Technology utilisation</th>
<th>Revenue leakages</th>
<th>Enhancing voluntary compliance</th>
<th>Effective pricing models</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer relationship</td>
<td>Pearson Correlation</td>
<td>.476**</td>
<td>.257</td>
<td>.393'</td>
<td>.023</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.874</td>
<td>.136</td>
<td>.706</td>
<td>.897</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>35</td>
<td>35</td>
<td>35</td>
<td>35</td>
</tr>
<tr>
<td>Technology utilisation</td>
<td>Pearson Correlation</td>
<td>1</td>
<td>.560**</td>
<td>.565**</td>
<td>.195</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.874</td>
<td>.000</td>
<td>.846</td>
<td>261</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>35</td>
<td>35</td>
<td>35</td>
<td>35</td>
</tr>
<tr>
<td>Revenue leakages</td>
<td>Pearson Correlation</td>
<td>.257</td>
<td>.560**</td>
<td>1</td>
<td>.579**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.136</td>
<td>.000</td>
<td>.000</td>
<td>814</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>35</td>
<td>35</td>
<td>35</td>
<td>35</td>
</tr>
<tr>
<td>Enhancing voluntary compliance</td>
<td>Pearson Correlation</td>
<td>.393'</td>
<td>.565**</td>
<td>.579**</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.706</td>
<td>.846</td>
<td>.000</td>
<td>353</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>35</td>
<td>35</td>
<td>35</td>
<td>35</td>
</tr>
<tr>
<td>Effective pricing models</td>
<td>Pearson Correlation</td>
<td>.023</td>
<td>.195</td>
<td>.379'</td>
<td>.162</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.897</td>
<td>.261</td>
<td>.814</td>
<td>353</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>35</td>
<td>35</td>
<td>35</td>
<td>35</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

$H_1$: there is relationship between effective pricing models and customer relationships

Table 4.10 Pearson Correlation

Source: Primary Research Data
4.9.1 H₁: there is relationship between customer relationship building strategies and impact of technology on mitigating tax evasion and avoidance.

Bivariate Correlation analysis (Pearson correlation) was performed to test the hypothesis on whether there is relationship between customer relationship building strategies and impact of technology on mitigating tax evasion and avoidance. The table above clearly shows that there is strong relationship between customer relationship building strategies and impact of technology on mitigating tax evasion and avoidance as shown by the correlation coefficient of 87.4% at a significant level of 0.005. The null hypothesis was rejected and the conclusion drawn was that, there exist a strong relationship between customer relationship building strategies and impact of technology on mitigating tax evasion and avoidance.

4.9.2 H₁: there is relationship between customer relationship building strategies and enhancement of voluntary compliance.

Bivariate Correlation analysis (Pearson correlation) was performed to test the hypothesis on whether there is relationship between customer relationship building strategies and enhancement of voluntary compliance. The table above clearly shows that there is relationship between customer relationship building strategies and enhancement of voluntary compliance as shown by the correlation coefficient of 70.6% at a significant level of 0.005. The null hypothesis was rejected and the conclusion drawn was that, there is strong relationship between customer relationship building strategies and enhancement of voluntary compliance.

4.9.3 H₁: there is relationship between technology utilisation in revenue collection and factors that enhances voluntary compliance

Bivariate Correlation analysis (Pearson correlation) was performed to test the hypothesis on whether there is relationship between technology utilisation in revenue collection and factors that enhances voluntary compliance. The table above clearly shows that there is relationship between technology utilisation in revenue collection and factors that enhances voluntary compliance as shown by the correlation coefficient of 84.6% at a significant level of 0.005. The null hypothesis was rejected and it was concluded that there is strong relationship between technology utilisation in revenue collection and factors that enhances voluntary compliance.
4.9.4 \( H_1 \): there is relationship between strategies to reduce revenue leakages and effective pricing models to increase revenue

Bivariate Correlation analysis (Pearson correlation) was performed to test the hypothesis on whether there is relationship between strategies to reduce revenue leakages and effective pricing models to increase revenue. The table above clearly shows that there is relationship between strategies to reduce revenue leakages and effective pricing models to increase revenue as shown by the correlation coefficient of 81.4% at a significant level of 0.005. The null hypothesis was rejected and it was concluded that there is strong relationship between there is relationship between strategies to reduce revenue leakages and effective pricing models to increase revenue.

4.9.5 \( H_1 \): there is relationship between effective pricing models and customer relationships

Bivariate Correlation analysis (Pearson correlation) was performed to test the hypothesis on whether there is relationship between effective pricing models and customer relationships. The table above clearly shows that there is relationship between effective pricing models and customer relationships as shown by the correlation coefficient of 89.7% at a significant level of 0.005. The null hypothesis was rejected and it was concluded that there is strong relationship between effective pricing models and customer relationships.

4.10 Regression Analysis

The regression fitness is shown in Table 4.7 clearly explaining the research phenomena. ICT development, measures to mitigate tax evasion, customer relationship management and pricing system. The above information is strongly supported by determination co-coefficient known as the R square of 65.2%. All the research objectives which include customer relationships, strategies to mitigate tax, measures to hence voluntary compliance explain 55.9% the variation in the performance of ZIMRA in collecting revenue which is the dependent according to this study. This results further means that the model. This results indicates the satisfactory performance of the strategies used to link these variables.

Table 4.11 Model Fitness
P-value show the significance level in indicating the relationship level between independent and dependent variables. If the significance number obtained is less than the critical value which is the probability value (p) which is statistically set at 0.05, the conclusion that can be drawn is the significant of the model in explaining the relationship.

Table below are the results of the analysis of the variance (ANOVA). The results indicate that the overall model was statistically significant. Further, the results imply that the independent variables are good predictors of revenue collection performance at ZIMRA. This was supported by an F statistic of 23.45 and the reported P value (0.000) which was less than the conventional probability of 0.05 significance level.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Coefficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>R</td>
<td>0.808</td>
</tr>
<tr>
<td>R Square</td>
<td>0.652</td>
</tr>
<tr>
<td>Std. Error of the Estimate</td>
<td>0.17613</td>
</tr>
</tbody>
</table>

Positive relationship between all the variables of this research was a positive relationship as clearly reviewed by beta coefficients in Table 4.9 that are 0.752, 0.028 0.114 and 0.146 respectively. Any change in one variable will result in change in all other variable resulting in the significant change in the performance of ZIMRA.

ICT objective was the major variable with insignificant variable with p of 0.542 which is higher than the 0.05 conventional value. The results being reviewed here are not in line with literature.
reviewed in chapter 2 where Werthner, & Klein, (2005) views ICT as a marketing used in attracting customers, helps in the collection and calculation of revenue.

Table 4.13 Regression of Coefficients

<table>
<thead>
<tr>
<th>Variable</th>
<th>Beta</th>
<th>Std. Error</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Voluntary compliance</td>
<td>1.825</td>
<td>0.426</td>
<td>4.282</td>
<td>0.000</td>
</tr>
<tr>
<td>Effective pricing</td>
<td>0.752</td>
<td>0.084</td>
<td>9.01</td>
<td>0.000</td>
</tr>
<tr>
<td>ICT development</td>
<td>0.028</td>
<td>0.046</td>
<td>0.614</td>
<td>0.542</td>
</tr>
<tr>
<td>Customer relationship</td>
<td>0.114</td>
<td>0.052</td>
<td>2.202</td>
<td>0.032</td>
</tr>
<tr>
<td>Strategic to mitigate tax</td>
<td>0.146</td>
<td>0.059</td>
<td>2.488</td>
<td>0.016</td>
</tr>
</tbody>
</table>

There is a positive regression of coefficients which means there is positive relationship among the variables which are found in the objectives.
CHAPTER FIVE: CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction
The chapter will give the summary of the results according to the objectives then conclusion of the study. Recommendations in line with obtained results will be given in this chapter at the same time the limitations and areas to be researched in the future will be reviewed.

5.2 Conclusions
The researcher made the following conclusion after carrying out the research:

5.2.1 Does the acquisition of new technology mitigate against tax evasion and avoidance?
The adoption of new technology played a significant role in the revenue collection at ZIMRA. The most notable benefits of technology are improved duty collections by revealing concealed cargos through use of scanners, minimized revenue leakages through Cargo tracking, minimization of corruption if the submission of returns are done electronically. The researcher concluded that new technology facilitates revenue collection.

5.2.2 What measures could be adopted to mitigate revenue linkages?
The researcher concluded that the adoption of contemporary technology and its correct use helps tax administrators to account for most the transaction hence improving tax base for taxation, which will make it difficult for organizations to escape taxation. The researcher also concluded that externalization of funds which negatively affects the revenue collection at ZIMRA can be mitigated by adopting favourable economy policies like reduced income tax rates, profit repatriation policy as well as lowering customs duty. In simple terms externalization of funds prejudice ZIMRA of possible revenue. Field audits and investigations were found to be most important steps in ensuring effective revenue collection whereas lifestyle audits are not very important since there is no significant impact on the revenue collection by ZIMRA. The anti-corruption act, if applied across the board non selectively will increase revenue collection since this will bring culture among tax administrators.
5.2.3 Which customer relationship building strategies that could be used to impact positively on revenue collection at ZIMRA

There are a number of customer relationship building strategies which can be used by ZIMRA. The research used Maslow’s hierarchy of needs or motivational theory. If all basic needs are satisfied stakeholders like workers, taxpayers, government concentrate to get the best results which makes it a fundamental theory in customer relation. Theory X and Theory Y is also of great importance if applied according to the present situation bring up excellent results to the organization. Customer Relationship Management is one of the most important theory as it seeks to build a firm relationship between tax administrator and taxpayers which will improve compliance to ZIMRA. Educating tax payers was also found to be the important to ZIMRA because it will increase the level of compliance and revenue collection.

5.2.4 Effective pricing models that could lead to improved revenue collection.

Lowering the tax rates to match that of other African countries and lowering custom duty rates encourages investors to invest in the country and promotes compliance among tax payers. The researcher concluded that high penalties are not solutions to the compliance issue instead the cause more harm than good. High penalties increase the noncompliance rate rather than improving it.

5.3 Validation of Research Hypotheses

The testing of the research hypotheses which was conducted in chapter 1. Using regression coefficient analysis, it rejects all the four null hypotheses and confirmed all the four alternative hypotheses. Therefore, the main research hypothesis which states that –The adoption of new revenue collection strategies would lead to a positive impact on organisational performance of ZIMRA

On the impact of technology on the revenue collection performance of ZIMRA, the researcher concludes that technology adoption mitigated tax evasion and avoidance as evidenced by the results found in chapter four. It improves duty collections by revealing concealed cargos through use of scanners, minimized revenue leakages through Cargo tracking, less costly, efficient and minimization of corruption if the submission of returns is done electronically. These are in line with the research carried out in Ghana were the acquisition of technology improved the revenue collection. The researcher concluded that technology is a better way to deal with transparency and enhance the effectiveness of collecting revenue is by using modern
The researcher concluded that buying through internet, field audits and investigations reduces revenue leakages that auditing lifestyles of people. The researcher concluded that education is very important to tax payers in order for them to understand the reason behind paying it and also enhance the feeling of being valued as an important stakeholder.

5.4 Recommendations
The researcher made the following recommendation after conducted the research and discussed them under the following headings: Policies, Practical managerial and research recommendation

5.4.1 Policies
Income tax rates should be reduced to align it with other regional countries. This will help to attract foreign investments; investors prefer to invest in countries with low tax rates.

Investors will create job markets hence ZIMRA tax base will increase for income tax, VAT and PAYE

Customs and Excise duty act reforms to reduce customs duty which makes imports less expensive. Taxpayers evade duty if its too high for instance duty for importing motor vehicle is 97%

Pass laws which are applied to non-selectively to all taxpayers to promote a culture of paying tax.

High penalties breeds non-compliance penalties to be reduced to acceptable standards

5.4.2 Managerial Recommendations
Allocate sufficient capital budget to buy scanner, fiscal devices and servers, software, packages for e-service, fiscalisation and cargo tracking. New technology helps to improve revenue collection in a dynamic ever changing economy

Management should also allocate adequate capital budgets towards client care education for both the tax administrator and the taxpayer. Tax administrators should do outreach programs to educate taxpayers on tax issues, why they pay how it used.

Tax administrators should also be trained to use modern equipment and be effective in revenue collection
5.4.3 General research recommendation

VAT threshold to be reduced to accommodate clients who fail to meet the $60 000. In Zimbabwe, most businesses are small scale to medium enterprises so to improve revenue collection VAT threshold should be reduced.

To encourage the use of point sale machines instead of cash so that records could be easily tracked through the bank.

The academia fraternity to write literature about tax educating the general public in a bid to create awareness and promote culture change. The business community should sponsor workshops which will be educating the general public to understand the good reasons for paying tax.

5.5 Limitations and areas for future study

The research was carried in Harare only instead of various towns in the country so the results only reflect what the stakeholders in Harare think.

Research focused on ZIMRA a parastatal which does not fully review the impact of technology on other companies in the economy. The future studies should consider the impact of technology on revenue collection in companies that are private and public companies. In addition, revenue leakages with other parastatals in the same economy like Zinara, Zesa and Netone might bring better results. The study was quantitative in nature which is also a limitation on qualitative creating a gap for future researches.
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GRADUATE SCHOOL OF BUSINESS  
BINDURA UNIVERSITY OF SCIENCE EDUCATION  

MBL RESEARCH QUESTIONNAIRE  

Dear Colleague  

Re: Self-Administered Survey Questionnaire  

The researcher is a final year student undertaking a Master of Business Leadership Degree at the Graduate School of Business at Bindura University. The researcher is carrying out a research study on a topic entitled “An Investigation into the Adoption of New Revenue Generation Strategies and Their Impact on Organizational Performance: A Case For Zimbabwe Revenue Authority”. This topic is of significance importance to the country and the Zimbabwe Revenue Authority as it seeks to identify strategies to be utilized by ZIMRA in order to increase the rate of compliance amongst tax payers.  

You are one of the few important people that have been selected to give the researcher your opinion on the attached survey Questionnaire. You are therefore kindly requested to assist the researcher by spending 30 minutes of your time to complete the questionnaire and hold it for
collection by the researcher. Should you have any queries in completing the questionnaire, please do not hesitate to contact me my mobile number 0772 384 123 or 04 – 795720-40 ext. 3533 or email @ emateta@ZIMRA.co.zw for further clarification.

Please note that this research is being undertaken purely for academic purposes and that none of your responses or identification would be disclosed to any third-party without your permission.

It will be greatly be appreciated if you could assist by completing this questionnaire and return it to the researcher by 4 June 2018

I take this opportunity to thank you in anticipation of your assistance.

Yours faithfully,

MBL Everton Mateta
Research Candidate – R951087P
APPENDIX 2

SURVEY QUESTIONNAIRE

General Instructions:

I. Please tick a box that appropriately represents your response in each of the following questions.

II. To the questions with alternatives that do not match to your response, please write your appropriate response on the space provided

SECTION A: Respondent’s Demographic Details

1. Name of the Organization: __________________________________________

2. Gender of the person filling the questionnaire (please tick the appropriate)

   Male  __________  Female  __________

Age bracket of the Person

19 years - 24 years  __________
25 years - 29 years  __________
30 years - 34 years  __________
35 years - 39 years  __________
40 years - 44 years  __________
45 years +  __________

3. Category of representative
a) Do you make use of a tax practitioner to complete your tax returns?

Yes [ ] No [ ]

b) If answer is No to 3 a) above who completes tax returns

Financial Manager [ ]
Fiscalisation Mgr. [ ]
Modernization Mgr. [ ]
Revenue Officer [ ]
Client [ ]

4. Please tick in appropriate box that corresponds to your level of education

Secondary [ ]
College Certificate [ ]
College Diploma [ ]
University Degree [ ]
Accounting Professional Course [ ]

5. Name of Department: ________________________________
6. For how long have you been in the department? (Please tick the appropriate)

0 – 3 years
4 years - 8 years
9 years – 15 years
Above 15 years

Section B: Data Gathering

Please rate the following statements on a scale of 1-5 where;
1= Strongly Disagree, 2= Disagree, 3= Neutral 4= Agree and 5= Strongly Agree

Objective 1: Importance Of Technology in mitigating against tax evasion and avoidance increasing revenue

<table>
<thead>
<tr>
<th>Variables</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1. 6. Fiscalisation, has improved recording of VAT Sales which has impacted revenue collections,</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.2 The e service has a greater impact on revenue collections as it always gives timely data?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.3 E Filing has brought timely of revenue returns</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.4 Cargo tracking has secured revenue leakages.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.5 Scanners has improved duty collections by revealing concealed cargos.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Objective 2: Strategies To Reduce Revenue Leakages.

<table>
<thead>
<tr>
<th>Access Variable</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1 to Internet/ecommerce avails transactions for taxing.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.2 Capital flight has prejudiced ZIMRA of revenue collections.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.3 Curbing transfer pricing will improve revenue collections</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.4 Field Audits and investigations intensification has impacted positively on revenue collections</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.5 Lifestyle audits are really necessary in ZIMRA to curb corruption, hence increasing revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.6 The anti-corruption act if applied non selectively will boost revenues</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.7 ZIMRA is an autonomous board without the requisite powers to exercise its mandate</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Objective 3: Enhance Voluntary Compliance

| 3.1 Income tax act reform will improve its contribution to revenue collections |   |   |   |   |   |
| 3.2 SMEs act reform will improve compliance in that sector                    |   |   |   |   |   |
| 3.3 Presumptive tax has the potential to increase revenues if compliance in that sector is improved. |   |   |   |   |   |
| 3.4 Current mining tax legislations promotes noncompliance.                   |   |   |   |   |   |
| 3.5 Tax rates in Zimbabwe are very compared to other nations hence noncompliance is rife. |   |   |   |   |   |
| 3.6 Tax education through all medias will increase compliance among tax payers |   |   |   |   |   |
| 3.7 Rewarding compliant tax payers will reduce the number of non-compliers   |   |   |   |   |   |
Objective 4: Effective pricing models to increase revenues

<table>
<thead>
<tr>
<th>Variable</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1 ZIMRA tax rates should be lowered to match other African nations to attract investments.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.2 Lowering rates of customs duty will encourage compliance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.3 ZIMRA has excessive powers in executing its duties</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.4 High penalty levels discourage compliance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Give your general comment on how new revenue generation strategies can be improved to enhance revenue collections.

__________________________________________________________________
__________________________________________________________________
__________________________________________________________________
__________________________________________________________________

THANK YOU FOR YOUR VALUABLE TIME AND INPUT IN COMPLETING THIS QUESTIONNAIRE. YOU HAVE MADE A GREAT CONTRIBUTION TO THE OUTCOME OF THIS RESEARCH.