BINDURA UNIVERSITY OF SCIENCE EDUCATION



FACULTY OF COMMERCE

DEPARTMENT OF ACCOUNTANCY

AN EVALUATION OF THE EFFECTIVENESS OF ZIMRA IN COMBATING TAX EVASION IN ZIMBABWE. A CASE STUDY OF MBARE MUSIKA

BY

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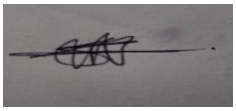
APPROVAL FORM

I certify that this research project was presented in line with the guide of the faculty and guidelines for typing undergraduate project. A study entitled “An evaluation of the effectiveness of ZIMRA in combating tax evasion in Zimbabwe. A case study of Mbare Musika” suitable to be submitted to the Faculty of Commerce, Bindura University of Science Education.

Student’s Signature :  Date: 07/08/2026

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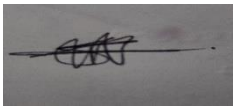
Signed: 

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Dedication

I dedicate this research project to my parents, Mr. and Mrs. Nyirenda, and my little brother Malik.

ABSTRACT

This study assessed the efficiency of ZIMRA in preventing tax evasion in Zimbabwe with focus to informal traders at Mbare Musika in Harare. Taxes are regarded as reliable source of public funding, but in Zimbabwe and other developing countries taxing the informal sector remains difficult. In Zimbabwe, tax evasion remains a significant barrier to domestic revenue mobilization, especially in informal markets like Mbare Musika. The study aimed to determine ZIMRA's effectiveness in combating tax evasion, to identify strategies used by ZIMRA in reducing evasion and the challenges faced by ZIMRA in enforcing tax compliance, and also to recommend the strategies to improve ZIMRA' effectiveness in reducing tax evasion. This study revealed that low tax awareness, massive tax burdens, poor enforcement and adverse views of ZIMRA are frequently cited as the key drivers of non-compliance. Despite introducing policies and strategies to broaden the tax base in the ZIMRA strategic plan (2021-2025), research suggested that the policies generated little revenue in comparison to the size of the informal market hence tax evasion remained high among business and including in the formal sector particularly at Mbare Musika. Respondents for the study were chosen using non-probability convenience sampling research technique based on their willingness and availability to participate. The study's targeted population was 83 but only 55 of that population managed to respond. A mixed-methods case design was used, and data was collected through questionnaires with traders and interviews with ZIMRA officers. The results indicated that poor taxpayer education, weak and limited enforcement, perceived misuse of tax of tax funds and corruption severely limit ZIMRA's efficiency in combating tax evasion, despite the presence of official tax instruments. The study recommended context-specific solutions to strengthen enforcement, improve tax morale and adapt ZIMRA's informal sector tax administration to the needs of markets like Mbare Musika.

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Table of Contents

APPROVAL FORM II

RELEASE FORM III

DEDICATION IV

ABSTRACT V

ACKNOWLEDGEMENTS VI

LIST OF TABLES AND FIGURES IX

ABBREVIATIONS X

CHAPTER I 1

INTRODUCTION 1

1.0 Introduction 1

1.1 Background to the study 1

1.2 Statement of the problem 2

1.3 Purpose of the study 3

1.4 Research objectives 3

1.5 Research questions 3

1.6 Significance of the study 4

1.7 Assumptions 4

1.8 Delimitations of the study 5

1.9 Limitations of the study 5

1.10 Definition of terms 6

1.11 Summary 6

CHAPTER II 7

LITERATURE REVIEW 7

2.0 Introduction 7

2.1 Concept of tax evasion 7

2.2 Role of ZIMRA in tax administration 8

2.3 Tax evasion in the informal sector and urban markets 8

2.4 Theoretical perspectives on combating tax evasion 9

2.5 Conceptual Framework 11

2.6 Empirical studies on effectiveness of tax authorities 12

2.6.1 Dlamini. (2025). Factors influencing tax evasion among SMEs in Zimbabwe 13

2.6.2 Munjeyi. (2024). Digitalising tax revenue collection in Zimbabwe's informal economy 13

2.6.4 Khaltar. (2024). Tax evasion and governance Quality: The moderating role of operating government. 14

2.6.5 Adem., Desta., & Girma. (2024). Determinants of tax compliance behaviour: A case study in Ethiopia. 14

2.6.6 Ilemona (2023): Effects of tax compliant determinants of tax evasion in Nigeria: An Empirical insight 15

2.6.7 Simbarashe (2022): An assessment of the effectiveness of tax revenue collection: A case study of Zimbabwe. Journal of Tax Administration, 7(1) 15

2.7 Evidence specific to Mbare Musika and specific markets 15

2.8 Research gap **16**
2.9 Chapter summary **16**
CHAPTER III **16**
RESEARCH METHODOLOGY 17
3.0 Introduction **17**
3.1 Research design **17**
3.2 Subject **18**
3.3 Sources of data **19**
3.4 Research instruments **19**
3.5 Validity and reliability **20**
3.6 Data collection procedures **21**
3.7 Data presentation and analysis **21**
3.8 Ethical consideration **21**
3.9 Summary **22**
CHAPTER IV **23**
DATA PRESENTATION, ANALYSIS AND DISCUSSION 23
4.0 Introduction **23**
4.1 Quantitative data analysis **23**
4.2 Questionnaire response **23**
4.3 Demographic information **24**
4.4 Tax awareness **28**
4.5 Tax compliance **32**
4.6 Perceptions of ZIMRA **34**
4.7 Causes of tax evasion **35**
4.8 ZIMRA strategies **36**
4.9 Correlation **38**
4.10 Qualitative data analysis **40**
4.11 Summary **42**
CHAPTER V **44**
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS 44
5.0 Introduction **44**
5.1 Summary of major findings **44**
5.2 Conclusions **45**
5.3 Recommendations **46**
5.4 Areas suggested for further research **47**
5.5 Summary **47**
REFERENCES **48**
APPENDIX 1: QUESTIONNAIRE **51**
APPENDIX 2: INTERVIEW GUIDE **55**

List of tables and figures

FIGURE 2.1 CONCEPTUAL FRAMEWORK ..... ERROR! BOOKMARK NOT DEFINED.
TABLE 4.1 QUESTIONNAIRE RESPONSE RATE ..... **ERROR! BOOKMARK NOT DEFINED.**
FIGURE 4.1 GENDER ..... **ERROR! BOOKMARK NOT DEFINED.**
TABLE 4.2 AGE GROUP ..... **ERROR! BOOKMARK NOT DEFINED.**
FIGURE 4.2 TYPE OF BUSINESS ACTIVITY ..... **ERROR! BOOKMARK NOT DEFINED.**
TABLE 4.3 YEARS IN BUSINESS ..... **ERROR! BOOKMARK NOT DEFINED.**
TABLE 4.4 TAX OBLIGATION AWARENESS ..... **ERROR! BOOKMARK NOT DEFINED.**
FIGURE 4.3 TAX AWARENESS SOURCE ..... **ERROR! BOOKMARK NOT DEFINED.**
FIGURE 4.4 TAX CALCULATION KNOWLEDGE ..... **ERROR! BOOKMARK NOT DEFINED.**
TABLE 4.5 ZIMRA REGISTRATION & PAYMENT FREQUENCY ..... **ERROR! BOOKMARK NOT DEFINED.**
TABLE 4.6 ZIMRA REGISTRATION & COMPLIANCE LEVEL ..... **ERROR! BOOKMARK NOT DEFINED.**
TABLE 4.7 COMBINED PERCEPTIONS OF ZIMRA ..... **ERROR! BOOKMARK NOT DEFINED.**
TABLE 4.8 CAUSES OF TAX EVASION ..... **ERROR! BOOKMARK NOT DEFINED.**
TABLE 4.9 ZIMRA STRATEGIES ..... **ERROR! BOOKMARK NOT DEFINED.**
TABLE 4.9 PEARSON CORRELATION (1-TAILED SIGNIFICANCE) ..... **ERROR! BOOKMARK NOT DEFINED.**

ABBREVIATIONS

1. ZIMRA – Zimbabwe Revenue Authority
2. FDMS – Fiscalisation Data Management Systems
3. SPSS – Statistical Package for Social Science
4. SME – Small to Medium Enterprises

CHAPTER I

INTRODUCTION

1.0 Introduction

This study will focus on the effectiveness of ZIMRA in combating tax evasion in Zimbabwe using Mbare Musika as a case study. This chapter provides an overview of the study's historical background and the motivating problem statement. The study's objectives are clearly stated, supporting the investigation and outlining how different stakeholders will benefit from the results. The chapter ends with an outline of the remaining research paper after defining key terms.

1.1 Background to the study

Taxation is an important source of income for all governments around the world as it highly contributes to the nations' developments through funding of public services such as education, health care, roads and security (Moore 2021; Slemmured 2022). One major problem that affects the collection of taxes is tax evasion, which is an illegal conduct done by individuals or business with intent to avoid tax burden (Alm, 2021; Slemrod, 2022).

Globally tax evasion remains a significant challenge affecting both developed and developing economies, but in developing economies where tax revenue is crucial for financing public services and promoting economic growth the effects are more noticeable (Abdelnabi et al. 2022). Poor administrative and institutional capability makes it more difficult for governments to create and implement efficient fiscal policies, which promotes tax evasion (Crivelli et al. 2022).

Mick Moore (2021) highlighted that many African nations have inadequate tax administration and enforcement capabilities, which foster an environment conducive to tax evasion. The economic growth of most developing African countries is impacted

negatively by tax evasion (Kopeng Obed Richmond and Albert Msimang Mncwango, 2022). According to Leonce Ndikumana (2023), illegal financial flows cost Africa $89 billion annually, with tax evasion estimated to cost Sub-Saharan Africa up to $730 million annually.

The 2025 economic census which surveyed over 204 000 businesses, revealed that the informal sector in Zimbabwe is the backbone of the economy (Solomon Obi, 2025). Similarly, information obtained from Zimbabwe's national economic census revealed that over 75% of economic activity takes place in the informal sector which limits government's tax revenue because of the widespread tax non-compliance (Bloomberg, 2025).

Mbare Musika one the biggest informal market in Zimbabwe shows the difficulties of taxing informal businesses. Stephen Hahlani (2025) highlighted that despite Mbare Musika playing a crucial role in livelihoods and food distribution, the market operates mainly outside developed legal frameworks, with actions that are frequently unrecorded and challenging for the authorities to track. As a result, the frequency of informal activities leads to poor tax compliance and increasing tax evasion, thereby limiting government revenue collection, despite efforts by tax authorities like ZIMRA to improve compliance (Mpofu, 2021).

This study aimed to evaluate the effectiveness of ZIMRA in combating tax evasion in Zimbabwe, using Mbare Musika as a case study. Findings are expected to help identify challenges and suggest ways to improve tax compliance and revenue collection.

1.2 Statement of the problem

A serious challenge that Zimbabwe still faces as a nation is tax evasion which limits the government in getting enough revenue to fund public services and to promote economic developments. The Zimbabwe Revenue Authority (ZIMRA) has implemented a number of methods to improve tax collection but so many businesses and individuals, especially those in the informal sector continue to evade tax payment. Stephen Hahlani (2023) identified Mbare Musika, one of the largest markets in Zimbabwe, operates mostly in the informal sector with limited regulatory control and challenges in formal compliance systems, making a clear example of this problem. However, the existing literature provides insufficient empirical insight into the effectiveness of ZIMRA's efforts. Hence, this study aimed to assess the effectiveness of combatting tax evasion at Mbare

Musika in order to identify strengths weaknesses, and possible improvements in revenue enforcement mechanisms.

1.3 Purpose of the study

The purpose of this study was to investigate and evaluate the effectiveness of the Zimbabwe Revenue Authority (ZIMRA) strategies and interventions in combating tax evasion among informal traders in Zimbabwe, with specific focus on Mbare Musika. This was done so as to examine how effectively ZIMRA's policies, strategies, and enforcement mechanisms addressed tax evasion in informal markets. It also aimed to assess the strategies employed by ZIMRA to address tax evasion among traders and business operators operating at Mbare Musika and also evaluated the extent to which these measures had enhanced tax compliance and reduced non-compliance within the study area. The study also explored the perceptions of informal traders in Mbare Musika regarding ZIMRA's enforcement activities, taxpayer education programs, and overall fairness in tax administration.

1.4 Research objectives

The objectives of this study were:

1.4.1 To determine how effective ZIMRA is in combating tax evasion in Zimbabwe specifically at Mbare Musika.

1.4.2 To identify strategies employed by ZIMRA in order to reduce tax evasion

1.4.3 To identify challenges faced by ZIMRA in enforcing tax compliance in the informal sector

1.4.4 To recommend strategies to improve ZIMRA's effectiveness in reducing tax evasion

1.5 Research questions

The questions answered by the researcher in this research were as follows:

1.5.1 How effective is ZIMRA in combatting tax evasion in Zimbabwe especially at Mbare Musika?

1.5.2 What strategies have been employed by ZIMRA in order to reduce tax evasion?

1.5.3 What are the challenges ZIMRA faces in enforcing tax compliance in the informal sector?

1.5.4 What strategies can be recommended to improve ZIMRA's effectiveness in reducing tax evasion?

1.6 Significance of the study

The findings from the study will benefit different stakeholder's as below

To the researcher

The researcher got a deeper understanding of taxation and informal markets. The researcher also learnt how to manage projects and communicate with stakeholders.

To Zimbabwe revenue authority (ZIMRA)

The results of the study provided recommendations to be adopted by ZIMRA, which will help the authority detect weaknesses in the policies developed.

To informal traders

The study highlighted the challenges faced by the informal traders which influence them to non-compliance with the tax systems.

To Bindura University of Science Education (BUSE)

In relation to BUSE, the study will be included in the university's library's collection of books, which will aid other students in their future researches and also strengthen the university's capacity to offer research-based answers to the nation's economic problems.

1.7 Assumptions

The study was based on the following assumptions:

1.7.1 ZIMRA has an honest aim to combat tax evasion effectively and has the technological, financial and human resources necessary to implement its strategies, even if such resources may be limited.

1.7.2 During the interviews, surveys and other data gathering techniques, respondents will give accurate and reliable information.

1.7.3 The required responders (informal traders, ZIMRA officials) as well as relevant public information for this study will be accessible to me.

1.7.4 Although Mbare Musika is a distinct example, the concepts gathered are relatively corresponding with similar informal markets in Zimbabwe.

1.7.5 It is assumed that the operational environment at Mbare Musika stays rather constant while the data is being collected.

1.8 Delimitations of the study

This was a case study of Mbare Musika an informal market in Harare, focusing on the effectiveness of ZIMRA in combating tax evasion in Zimbabwe. Data was gathered from the ZIMRA officials and informal operators at Mbare Musika in the period between 2025-2026.

1.9 Limitations of the study

The limitations of this research were:

Confidentiality

Taxation is a sensitive topic that makes respondents to be cautious, because the study needed the reasons that contributed to why the informal sector engaged in tax evasion, participants were hesitant to provide the information. The researcher had to provide guarantee that the research was used for academic purposes only.

Financial constraint

Travelling and communicating with respondents all required financial resources. The researcher had to spend additional funds to cover the expense.

Time constraint

Since the researcher was a full-time student, time had to be divided between lectures and the research project, as a result, the research's scope and depth were not definitive and comprehensive.

1.10 Definition of terms

1. **Tax evasion** – This is the illegal act of purposefully avoiding taxes by people or businesses through understating income, neglecting to register for taxes, failure to register for taxes, providing false information, or failing to disclose taxable transactions to the tax authorities.
2. **Effectiveness** – Refers to the degree to which ZIMRA succeeds in lowering and regulating tax evasion among taxpayers, especially in the informal sector.
3. **Combating** – These are the strategies, policies and initiatives put in place by ZIMRA to stop, identify and lessen tax evasion in Zimbabwe.
4. **Informal sector** – Refers to the businesses and economic activities that function outside of government regulation, registration and taxes systems. It primarily refers to traders who operate at Mbare Musika in this study.
5. **Tax compliance** – It is the willingness and capacity of taxpayers to abide with tax regulations by correctly reporting their income, registering for taxes and creating regular tax payments.
6. **Taxpayer awareness** – Refers to the degree of information and comprehension that people or organisations have about their tax responsibilities, tax procedures and the significance of paying taxes.

1.11 Summary

This chapter presented the background, statement of the problem, purpose of the study, research questions, significance of the study, assumptions, delimitations and limitations to the study. The next chapter reviews the literature of the study.

CHAPTER II

LITERATURE REVIEW

2.0 Introduction

This chapter explores the various theoretical foundations underpinning the study of the effectiveness of ZIMRA in combatting tax evasion in Zimbabwe with particular relevance to Mbare Musika using existing literature from previous researches. It evaluates empirical research from both developed and developing nations, examines significant concepts and theories on tax evasion and compliance, and considers contextual factors affecting Zimbabwe's informal sector taxation. The chapter concludes by pointing out gaps in the body of knowledge that support the current research. In order to guarantee that theoretical and empirical foundations immediately inform the data collection and analysis reported in the subsequent chapters, the review is organized in accordance with study objectives specified in chapter 1.

2.1 Concept of tax evasion

Tax evasion is the intentional and illegal non-payment or underpayment of taxes through techniques like underreporting income, falsifying records, inflating deductions, or hiding taxable assets and transactions from tax authorities. It is widely acknowledged as a serious threat to public finance in both developed and developing economies (Dhammika Dharmapala, 2022; Shakya et al., 2024). The illegality of tax evasion sets it apart from tax avoidance, which is the lawful use of tax system loopholes to lower a taxpayer's liability (Alm, 2021).

According to Zimbabwe's Tax Crimes National Risk Assessment (2024), tax evasion is a criminal conduct that involves purposeful act or omissions that are unlawfully deprive a tax authority of revenue in order to avoid paying taxes. This definition

includes a range of actions that are relevant to the Mbare Musika context, such as failing to maintain financial records, purposefully underreporting sales and income, refusing to remit collected taxes like VAT and presumptive tax contributions and not registering with ZIMRA.

In Zimbabwe, tax evasion is especially prevalent in informal markets and has become a major challenge to the collection of revenues in Zimbabwe, especially in informal trading markets like Mbare Musika where most economic activity is cash-based and hard to track.

2.2 Role of ZIMRA in tax administration

The Zimbabwe Revenue Authority is the government body responsible for collecting taxes and duties, and enforces tax laws through audits and penalties. Its mandate includes widening the tax base, enforcing compliance and conducting audits, investigations, taxpayer education and enforcement actions to combat tax evasion.

The necessary requirements for an effective tax administration include cooperation from taxpayers, use of technology, adequate institutional capacity and clear legislation. ZIMRA has put in place a range of strategic measures such as presumptive tax system, taxpayer education and compliance campaigns targeting informal traders however studies show that enforcement within informal markets remains a challenge. In order to raise money, ZIMRA is required to use a combination of audits, presumptive taxes, fines and education especially in the informal sector (Gift Mugano, 2023; Persistence Gwanyanya, 2022).

2.3 Tax evasion in the informal sector and urban markets

Despite being the highest employer today, the informal sector continues to be non-compliant and makes a minimal contribution to the national budget. Several studies have found that the main causes of tax evasion in the informal economy include high tax rates, tax official corruption, poor transparency in revenue usage and inadequate tax education.

Mbare Musika, as Harare's biggest and oldest fresh produce, is distinguished by its extensive unofficial networks of farmers, traders, agents and transporters that function in a politicized setting which complicates taxation (Stephen Hahlani, 2023; Gift Mugano, 2023). Enforcement is difficult in this context, and sector-tailored and presumptive taxes techniques are more appropriate.

2.4 Theoretical perspectives on combating tax evasion

If tax remittance was optional, the majority of enterprises would be unlikely to comply with tax responsibilities as enforcement methods, deterrence and institutional trust play a role in compliance (James Alm, 2022; Benno Torgler, 2021). Since non-compliance and compliance can be thought of as two sides of the same coin that are separated by a simple flip of the coin, this section examines theories pertaining to combating tax evasion.

Economic deterrence theory

According to the economic deterrence theory of tax compliance, taxpayer behavior is impacted by the perceived costs and compliance decisions are heavily influenced by the possibility of detection and penalties. It implies that effective tax compliance strategies should focus on increasing the probability of detection and enhancing penalties for non-compliance. However, this theory has faced criticism for oversimplifying taxpayer behavior without accounting for non-economic factors.

When applied to ZIMRA' s enforcement activities at Mbare Musika, economic deterrence theory predicts that raising the frequency and the unpredictable nature of audits along with significant financial penalties for non-payment and non-registration would increase evasion by raising the perceived risk of non-compliance. This theoretical recommendation is generally supported by ZIMRA's use of audits, fines and anti-evasions investigations. However, in the context of informal economy, the risk of detection is practically negligible when traders are unregistered and ZIMRA has no record of their presence, rendering the deterrence analysis meaning.

Fiscal exchange theory

The fiscal exchange theory offers a different perspective by changing the focus from the costs of non- compliance to the benefits of compliance. It suggests that perceived benefits and services provided by the government influence the taxpayer's compliance with tax laws. The theory emphasizes how tax compliance behavior can be greatly impacted by the provision of public goods and the fairness of the tax system (Levi, 1998; Bird and Zolt, 2005). According to this perspective, compliance is a social compact as well as a legal requirement, people comply when they have faith that their contributions will be used effectively and fairly.

In Zimbabwe's context, the fiscal exchange theory is very useful. The public's confidence in the government to provide services in return of taxes paid has been seriously damaged by years of economic mismanagement, hyperinflation and assumed corruption. There is slightly challenging evidence of a functional fiscal exchange among the traders at Mbare Musika who do not have formal market facilities, such as, clean water, electricity and dependable infrastructure. Research on tax compliance in Zimbabwe consistently find that tax revenues are misappropriated rather than used to fund public services (Mpofu, 2021; Hamudi Simbarashe, 2022), which directly reduces trader's incentive to comply willingly. Therefore, according to fiscal exchange theory, enhancing service delivery and making public income use more transparent may be just as important to raising compliance at Mbare Musika as any enforcement-based strategy.

Social psychology models

Social psychology models of tax compliance highlight how non-economic factors, including peer behavior, individual attitude and social conventions, influence compliance choices. The models consider influence of social and interactions on individual decision-making choices. According to social psychology models, individuals form their behavioral intentions on the bases of two basic determinants that are personal norms and social norms (McKechar and Evans, 2009). Social norms can strongly encourage non-compliance even among traders who might otherwise be prepared to fulfill their obligations when tax evasion is accepted within a community, as it seems to be in Mbare Musika.

Ronane and Ramalefane (2007) noted that such variables as stigma, reputation and social norms have great impact on taxpayers' decision on whether or not to comply with tax laws. Social norms around non-compliance are likely to be self-reinforcing at Mbare Musika. Traders who witness colleagues evading taxes without repercussions get two signals which are, that evasion is socially acceptable and that ZIMRA enforcement is ineffectual. According to social psychology models, ZIMRA's efficacy in informal markets then rests on changing the large social norms around compliance within trade communities in addition to individual enforcement and teaching.

Comparative treatment theory

Comparative treatment theory proposes that individuals are more likely to exhibit higher tax compliance when they perceive the entire tax system as fair, and vice versa. It

emphasizes that the fairness and reasonableness of the tax system significantly influence taxpayers' compliance behavior. People's willingness to comply is lowered when they believe that tax burden is allocated unfairly, with some groups paying more than their fair amount and others evading unpunished (Adams, 1963; Wenzel, 2003). This argument is especially pertinent to Zimbabwe's informal sector, as informal operators contribute little to taxes and formal enterprises bear a disproportionate share.

The informal traders feel that there is unfairness in both sides. On the other hand, traders feel justified in avoiding taxes in order to preserve competitive advantage if they are aware of the significant tax burden that formal businesses bear. However, formal sector taxpayers may feel resentful of their own disproportionate contribution if they witness the lack of enforcement of tax responsibilities in informal markets, which could encourage avoidance behavior among formally compliant. According to comparative treatment theory, expanding the tax base to more fairly cover informal traders is both a revenue and a fairness obligation. If this is accomplished it may boost tax morale in both formal and informal sectors.

2.5 Conceptual Framework

This study's conceptual framework was centered on the relationship between ZIMRA's enforcement strategies and the results of those strategies in terms of tax compliance, and evasion decrease, as mediated by contextual factors specific to Zimbabwe's informal sector. According to Saunders et al, (2023), a conceptual framework provides a logical foundation for gathering and analyzing data by acting as a theoretical and visual map connecting the independent, dependent and moderating factors of the study.

ZIMRA's enforcement strategies, which included audits and investigations, taxpayer awareness campaigns, the use of technology like the Fiscalisation Data Management Systems (FDMS), presumptive tax administration, and penalties and sanctions, were the study's independent variables. These strategies were examples of the tools ZIMRA used to change taxpayer behavior and reduce tax evasion gap.

The dependent variables that reflected the quantifiable results of those measures were the degree of tax compliance among informal traders; the sum of revenue received from the informal sector and the reduction in evasion. These results directly aligned with the research objectives of the study as described in chapter one.

However, there was more to the relationship between ZIMRA's strategies and compliance results. A number of moderating factors influence and mediate how much enforcement strategies result in compliance. These include the nature of Mbare Musika informal sector activities, taxpayer attitudes, corruption and economic environment.

This framework draws on different theoretical perspectives reviewed in this chapter, including the economic deterrence theory, which links enforcement inputs to compliance outputs, the fiscal exchange theory, which introduces taxpayer attitudes as a moderating variable, and social psychology theories, which takes into account peer norms and social influences on compliance behavior. Combined, these perspectives demonstrate that ZIMRA's efficacy cannot be evaluated solely by examining enforcement strategies, rather, the moderating context in which such strategies are used is just as important in determining results.

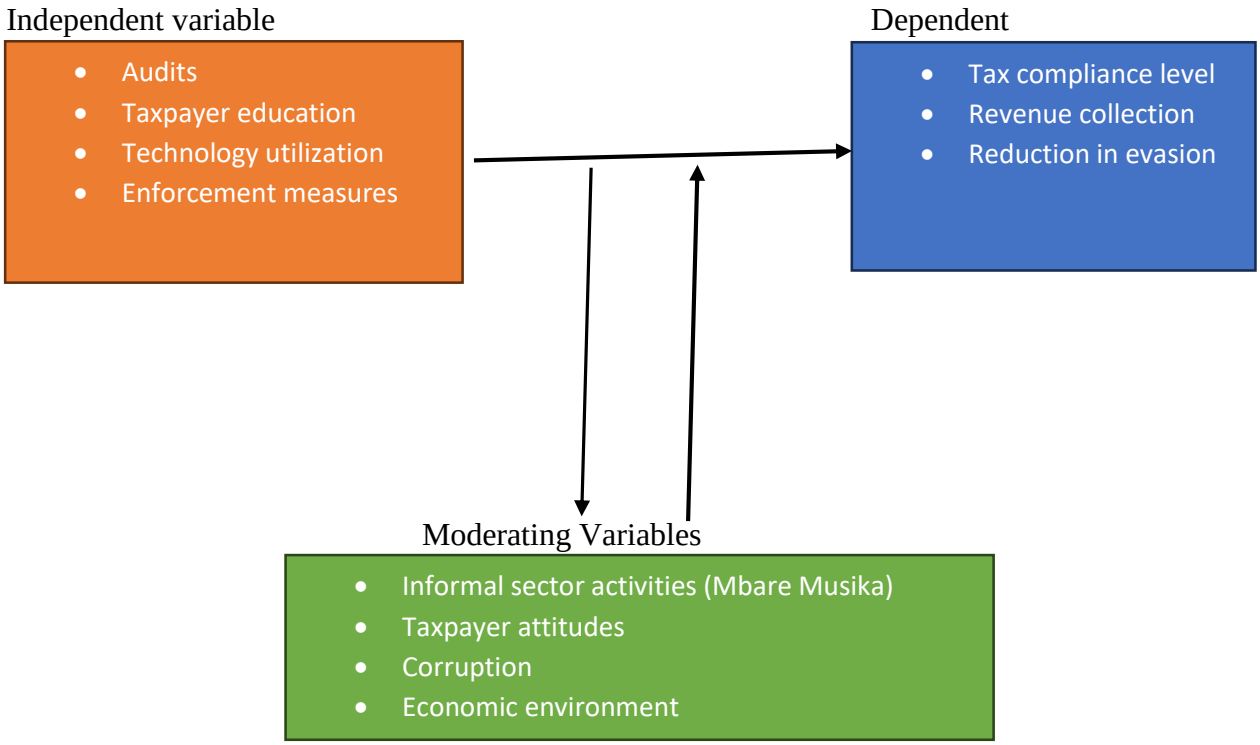


Figure2.1 Conceptual Framework

Source: Researcher

2.6 Empirical studies on effectiveness of tax authorities

The study's rationale in the first chapter presented the idea of limited studies on the effectiveness of ZIMRA in combating tax evasion in Zimbabwe. This section of the

chapter explores the limited local literature evaluating ZIMRA's strategies and effectiveness in combating tax evasion, as well as the relevant international literature, this is based on Chigbu, Atiku and Du Plesis (2023) claim that good research relies on a thorough analysis of relevant literature.

2.6.1 Dlamini. (2025). Factors influencing tax evasion among SMEs in Zimbabwe

The study found that the main factors influencing tax evasion among SMEs were weak follow-up strategy, lack of tax audit, high tax rates, financial limitations and misuse of public funds by authorities, and tax education. It revealed that for the purpose of tax audits, ZIMRA should have kept a database for SMEs, increased follow-up strategies, conducted more tax audits, and provided more tax support services. There should have been more extensive campaigns against tax evasion and avoidance as well as intense tax education.

2.6.2 Munjeyi. (2024). Digitalising tax revenue collection in Zimbabwe's informal economy

The study concluded that ZIMRA reported that less than 0.5% of the revenue earned by the informal economy came from this sector (ZIMRA, 2022), and the government predicted budget deficits from 2013 to 2023 as a result of informalisation of the economy. The Presumptive Tax Act, a tax tool, had not succeeded in generating income from the developing informal economy. In the informal economy, the majority of potential taxpayers were still untaxed.

The efficacy of digitalisation to reduce unreported tax bases was called into question by Zimbabwe's ongoing losses of potential tax revenue from the informal sector. ZIMRA recognized that the benefits of digital economy had not yet been fully realised and that there was at that time no effective system in place to collect data from unregistered taxpayers.

2.6.3 Nichelatti., Hiilamo (2024): The effect of citizens' perception of governance on tax compliance: A cross-country analysis study for 32 Sub-Saharan African countries.

The research examined on whether there was a link between citizens' perceptions of governance and individual tax compliance in Sub-Saharan Africa. The study used cross-national data and concluded that better levels of tax compliance were substantially correlated with good governance namely trust in public institutions, perceived

efficiency of the government and control of corruption. When taxpayers perceive that government officials are transparent and accountable, they are more likely to comply with tax duties. The study also put emphasis on how tax compliance in Sub-Saharan Africa was not only influenced by enforcement measures but also by the social agreement between the state and its people.

2.6.4 Khaltar. (2024). Tax evasion and governance Quality: The moderating role of operating government.

Khaltar's study focused at how transparent government and good governance, which are viewed as government regulatory measures, actively support efficient resource mobilisation and fight trade-related tax fraud. The study improved the conceptualisation of the casual link between government capabilities and tax evasion. Lack of tax revenue due to corruption and illegal financial outflows was stated as one of the reasons many developing nations fail to deliver basic public services.

The study linked institutional quality, governance and tax evasion, which is useful for evaluating ZIMRA's institutional effectiveness and the broader governance environment in Zimbabwe.

2.6.5 Adem., Desta., & Girma. (2024). Determinants of tax compliance behaviour: A case study in Ethiopia.

The study empirically investigated the elements influencing taxpayers' voluntary and enforced tax compliance behaviours. Simple random sampling was used to distribute a survey questionnaire to 400 taxpayers, and an ordered logit model was used for data analysis. The findings supported the slippery slope framework's hypotheses by demonstrating that trust has a major impact on voluntary tax compliance and that the authority of a powerful tax authority leads to a more enforced tax compliance. Enforced compliance is more significantly impacted by the relationship between power and trust. Even while tax evasion is a persistent and expanding global problem, taxpayers' noncompliance is rising, and sub-Saharan Africans are most heavily impacted.

The study offered an empirically supported framework for understanding how public trust and tax authority power impact compliance, which is directly relevant to ZIMRA's enforcement issues.

2.6.6 Ilemona (2023): Effects of tax compliant determinants of tax evasion in Nigeria: An Empirical insight

The study examined how certain factors that affected tax compliance affected tax evasion in Nigeria, with emphasis on SMEs. The study concluded that tax morale, tax education and tax incentives greatly increased tax compliance and helped in lowering tax evasion by promoting voluntary contribution to the tax system through the use of survey data and regression analysis. In contrast, he discovered that tax deterrents such as fines and harsh enforcement had a negative impact on tax compliance, this showed that they could make taxpayers more resistant than cooperative. The study concluded that strategies that mainly focus on punishment and enforcement alone are less successful in reducing tax evasion in Nigeria than policies targeted at raising taxpayer awareness, trust and incentive.

2.6.7 Simbarashe (2022): An assessment of the effectiveness of tax revenue collection: A case study of Zimbabwe. Journal of Tax Administration, 7(1)

The researcher investigated the effectiveness of tax revenue collection in Zimbabwe, focusing on the performance of Zimbabwe Revenue Authority (ZIMRA) and the challenges limiting the collection of revenue. The study used a descriptive research design; it drew on data from questionnaires and in-depth interviews with Harare's tax officers and taxpayers. The outcomes suggested that Zimbabwe's tax revenue collection was mostly ineffective and fell under its potential because of a number of connected contributing factors. The challenges included identifying and monitoring taxpayers, especially in the informal sector, and lack of taxpayer education and awareness, which led to poor compliance. The study also highlighted administrative problems that reduced operational efficiency such as poor technology systems, scarce resources, low employee morale and lack of incentives.

Furthermore, corruption and poor enforcement reduced the public's trust in the tax system. The researcher came to the conclusion that Zimbabwe's tax collection system would continue to be ineffective without significant improvement in taxpayer education, administrative capabilities, enforcement and adoption of modern technology, and recommended specific changes to increase efficiency and revenue performance.

2.7 Evidence specific to Mbare Musika and specific markets

While there isn't a direct empirical study assessing ZIMRA's tax evasion control at Mbare Musika, case studies of Mbare flea markets and township SMEs provided insight into the operating environment, which included high volatility, regulatory burdens and

flexible but vulnerable informal businesses. These factors make it more difficult to achieve high compliance and increase the demand for efficient informal sector taxation.

2.8 Research gap

The majority of the existing literature on tax evasion in Zimbabwe focus on the causes for non-compliance and its macroeconomic aspects with less attention given to the efficiency of tax administration organisations in particular informal market contexts. Localized dynamics of enforcement and compliance in significant informal trading hubs like Mbare Musika are therefore overlooked by the majority of studies, which take national or theoretical approach. Previous studies also focused more on taxpayer behavior and less on institutional capability, enforcement strategies and the practical challenges ZIMRA faces in informal markets. Empirical research based on primary data from tax authorities and informal traders is also lacking, hence, there is a clear research gap about how well ZIMRA works to combat tax evasion on a micro level, which this study fills by focusing on Mbare Musika as case study.

2.9 Chapter summary

In this chapter the literature on tax evasion was reviewed, with focus on the informal sector and tax administration in developing economies like Zimbabwe. Empirical research and relevant theoretical perspectives on tax evasion were reviewed. According to the review, less attention is given to the efficiency of tax administration organisations in informal market settings, with the majority of studies concentrating on taxpayer behavior and macroeconomic effects of tax evasion. Consequently, there is still insufficient empirical data regarding the ZIMRA's efficacy in preventing tax evasion in certain informal market places like Mbare Musika. This identified gap serves as the basis for the current research and guides the methodological strategy used in the following chapter.

CHAPTER III

RESEARCH METHODOLOGY

3.0 Introduction

A probable long-term solution to the problem of tax evasion in Zimbabwe is improving presumptive tax collection by identifying and eliminating the root causes of tax non-compliance amongst the informal traders. This chapter examines the strategy used to investigate and address the purpose of the research, as well as the population, sampling strategy and research instruments used to gather data. The chapter ends with a detailed description of the methods used by the researcher to get information from the intended respondents.

3.1 Research design

Saunders et al. (2023) described a research design as a researcher's method for meeting the research questions, including data collection and analysis procedure.

For this study, a mixed-methods research approach was used since it enabled the use of both qualitative and quantitative research technique. Combining the two techniques allowed supporting of conclusions and adding facts from many angles. To gather qualitative data for the study, a semi-structured interview guide was used which sought to gather thorough information about the strategies, methods and enforcement and difficulties in dealing with tax evasion in the informal sector.

This was followed by a quantitative phase where a bigger sample of the Mbare Musika's informal dealers were given structured questionnaires. This was done so as to measure tax compliance rates, measure tax obligation awareness and investigate informal business owners' opinion of ZIMRA's efficiency.

Finally, qualitative and quantitative data were combined in order to produce well-informed conclusions about ZIMRA's efficacy in preventing tax evasion. This made the study more contextual and gave insight into current tax enforcement strategies and other similar contexts.

3.2 Subject

3.2.1 Target population

A target population is a specific group of individuals identified for a study defined by shared characteristics relevant to the objectives Mohom (2022). The study focused on people who are impacted by Zimbabwe's tax law practices. The targeted population was 83, which included ZIMRA officials responsible for enforcing and administering taxes in relation to informal sectors in Harare and informal traders from Mbare Musika.

These groups were deemed suitable since they offer important perspectives on tax administration as well as the difficulties related to tax compliance and evasion in the informal sector.

3.2.2 Research Sample

Respondents were chosen for the study using the non-probability convenience research sampling technique based on their willingness and availability to participate.

Google Forms was used to distribute the questionnaire electronically, and informal traders at Mbare Musika were given the option to voluntarily participate. With this strategy, the researcher was able to reach more respondents in a shorter amount of time with fewer resources.

Additionally, three ZIMRA officials with appropriate tax administration and experience were chosen for the interview using purposive sampling.

Convenience sampling made it simple to reach respondents, but because participants choose to participate in the study on their own, it may have introduced sampling bias. Nonetheless, considering the study population's informal and dynamic nature, it was deemed appropriate.

3.2.3 Sample Size

Using Google Forms, the study collected only 52 valid questionnaire responses from Mbare Musika's informal traders. To provide qualitative insights, three Zimbabwe Revenue Authority (ZIMRA) officials were also interviewed. The final sample size was therefore was 55 participants which was considered adequate to provide both quantitative and qualitative data for the study.

3.3 Sources of data

This study used primary data as the main source of data. Primary data on tax compliance and perceptions on ZIMRA was collected through interviewing tax officials and questionnaires given to informal business owners in Mbare Musika.

3.4 Research instruments

Research instruments are equipment or tools that researchers used to monitor and gather data in a methodical manner in order to address research issues (Haruna, 2023; Nuryanto et al., 2025). This research used questionnaires and interviews to assess the efficiency of the Zimbabwe Revenue Authority in combating tax evasion in Mbare Musika in accordance with the study's objectives.

Questionnaires were given to informal business owners in order to collect primary data on the reasons of tax evasion which allowed for the collection of both qualitative and quantitative responses about tax compliance and efficacy on ZIMRA's opinions. To gather comprehensive primary data on the difficulties in enforcing tax compliance within the informal sector, semi-structured interviews with ZIMRA officers were undertaken.

3.4.1 Questionnaires

The Zimbabwe Revenue Authority's (ZIMRA) efficacy in preventing tax evasion at Mbare Musika was systematically evaluated through questionnaires as the main data collection tool in this study. Taherdoost (2022) and Rahi (2023) defined questionnaire as a structured instrument that consists of a set of standard questions intended to collect qualifiable replies from participants. The questionnaires were given to informal traders in Mbare Musika who were thought to have relevant first-hand information of the tax dynamics in the informal sector. Self-administered questions were used in the study to gather primary data from Mbare Musika's informal business owners. The tool was specifically created to meet the study's objectives. The questionnaires allowed respondents to submit reliable and relevant information while ensuring thorough coverage of the research topic.

3.4.2 Justification

Questionnaires were selected due to their cost-effective qualities, which are essential for low budget studies like this one. They also allowed participants to complete them in their own time, which encouraged more legitimate and helpful answers since

respondents had enough time to consider the research questions. Additionally, questionnaires promoted anonymity, which is important when addressing sensitive topics like tax evasion in this case, it encouraged respondents to give truthful and objective responses, which improved the validity and trustworthiness of the data gathered.

3.4.3 Interviews

Interviews are qualitative data gathering strategy that yield in-depth insights through direct engagement with a small number of participants (Kiger and Varpio, 2022). In order to get primary data on the difficulties in preventing tax evasion in Mbare Musika, semi-structured interviews with ZIMRA officials were undertaken. According to Sileyew (2021), semi-structured interviews use open-ended questions but also allowing the researcher to ask any other clarifying and relevant questions if needed. By using this method, the researcher was able to go further into complicated topics like compliance obstacles and enforcement limitations, producing rich and comprehensive qualitative data that was in line with study objectives.

3.4.4 Justification

Interviews clarified remarks made on the questionnaire and offered any further details on matters that the questionnaire was unable to sufficiently address. The interviews enabled the researcher to record both verbal and non-verbal body language. In accordance with the literature review, there are several topics that need more clarification from ZIMRA officials regarding the difficulties tax authorities encounter with taxing informal businesses. This prompted the researcher to do interviews as a research tool.

3.5 Validity and reliability

Validity refers to the degree to which research tools accurately measure what they are supposed to measure (Taherdoost, 2022). Validity was guaranteed in this study by carefully matching the interview questions and questionnaires to the objectives of the study on evaluation of the effectiveness of ZIMRA in combating tax evasion in Mbare Musika. An in-depth analysis of the literature on the taxation of informal companies improved by validity by providing guidance for the creation of research tools and guaranteeing that they sufficiently captured important factors associated with tax evasion and ZIMRA’s efficacy.

Reliability is the ability of research instruments to consistently produce comparable results under consistent settings (Rahi, 2023). Reliability was ensured by using standardized interviews with well-structured questions and by following same protocols when conducting interviews and administering questionnaires. the reliability of the results was further increased by the use of both qualitative and quantitative data collection techniques.

3.6 Data collection procedures

The researcher was granted authorization to carry out the study, before beginning data collection. Google Forms was used to electronically deliver questionnaires to Mbare Musika's informal traders. The online approach increased accessibility and response rates by enabling respondents to finish the survey whenever it was more convenient for them. The system automatically logged responses, which improved accuracy and decreased data entry errors.

3.7 Data presentation and analysis

Tables, pies charts, bar graphs and percentages were used to illustrate the study's data in order to improve clarity. Before analyzing the results, the researcher checked the questionnaires for consistency and completeness, addressing any uncertain or partial answers. Microsoft excel and Statistical Package for Social Science (SPPS) were used to evaluate quantitative data whilst content and thematic analysis techniques were used to analyze qualitative data. The research questions served as a guide for the presentation analysis, guaranteeing alignment with the study's objectives of assessing ZIMRA's efficacy in preventing tax evasion at Mbare Musika. The statistical methods used depended on the type of data that is correlation was used to look at links between important variables while descriptive statistics were used to summarize data.

3.8 Ethical consideration

Bryam (2022) reaffirmed that ethical considerations are basic principles that guide study conduct and protect researchers and participants. The researcher followed all the ethical issues relating to research. These included explaining the objectives of the study to the participants and used informed consent to get their voluntary participation. Respondents were guaranteed anonymity and confidentiality by the researcher, who used responses for academic use and did not record any personal identifiers. To add on, participants were made known of their right to withdraw from the study at any time they felt

uncomfortable without any fear of repercussions. To prevent plagiarism and maintain academic integrity, all secondary data were appropriately cited.

3.9 Summary

This chapter outlined the research methodology used to evaluate the effectiveness of Zimbabwe Revenue Authority (ZIMRA) in combating tax evasion at Mbare Musika. It addressed data collection strategies, analysis approach and research design. To guarantee trustworthy and dependable results, validity, reliability and ethical issues were also taken into account.

CHAPTER IV

DATA PRESENTATION, ANALYSIS AND DISCUSSION

4.0 Introduction

This chapter presents and examines data collected from informal traders at Mbare Musika and ZIMRA official. The goal is to assess ZIMRA's effectiveness in combating tax evasion in Zimbabwe's informal sector. Where appropriate, tables and figures are used to support the data, which is thematically around the research objectives. Both qualitative and quantitative methods are used to determine the data and interpretations are produced in accordance with the ideas and literature covered in chapter 2.

4.1 Quantitative data analysis

The data analysis from questionnaires given to informal businesses at Mbare Musika is covered in this section.

4.2 Questionnaire response

Table 4.1 Questionnaire response rate

CATEGORY	NUMBER OF RESPONSES	PERCE NTAGE (%)
Questionnaires distributed (Google Form access)	Open access	-
Target population	80	100
Questionnaires not returned	28	35
Total responses received	52	65
Incomplete/Invalid responses	0	0

Source: (Field data 2026)

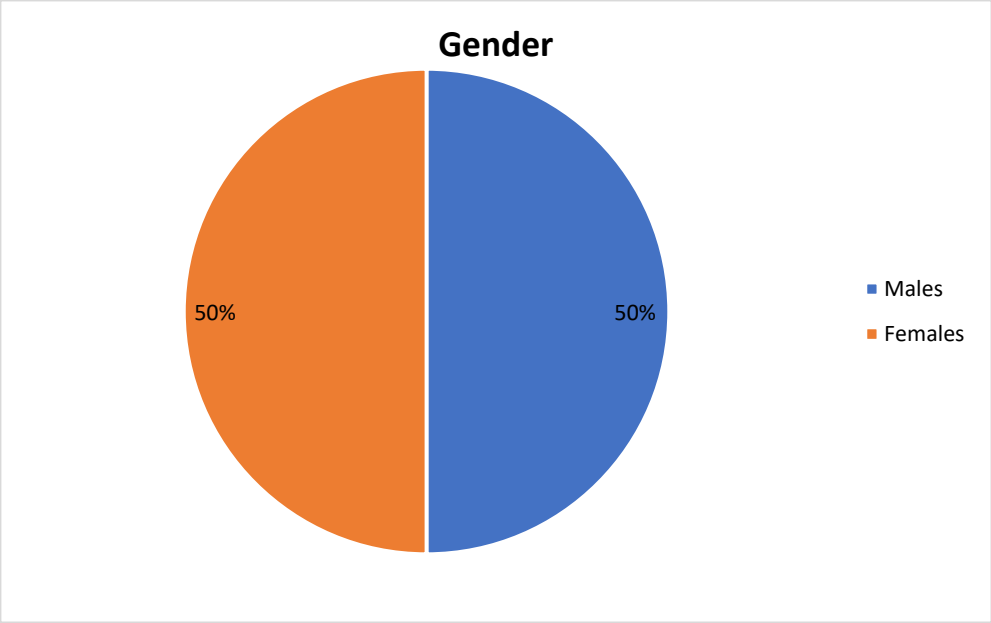
Eighty informal traders at Mbare Musika made up the study's target population. The precise number of people who got or viewed the questionnaire could not be determined

because it was delivered using an open-access Google Form. However, 52 full responses were gathered, all of which were deemed suitable for examination. In comparison to the target population, this indicated a response rate of 65% (52 out of 80). The results were reliable due to the high response rate.

4.3 Demographic information

4.3.1 Gender

Figure 4.1 Gender



Source: (Field data 2026)

According to the study's findings, 50% of participants were men and 50% were women. The study captured a variety of viewpoints among informal traders, as indicated by the equal proportion of male and female respondents. Given that both male and female actively engage in informal trading, it showed that participation in economic activities at Mbare Musika is not gender biased. The balanced gender distribution improved the validity and reliability of the results, as it reduced gender bias and guaranteed that results fairly represented both groups. Additionally, it suggested problems with tax evasion and compliance affect people of both genders, hence the results were generally applicable.

4.3.2 Age Group

Table 4.2 Age group

Age group	Frequency	Percentage

20-30	24	46.2
31-40	18	25.0
41-50	8	15.4
Above 50	3	5.8
Below 20	4	7.7
Total	52	100

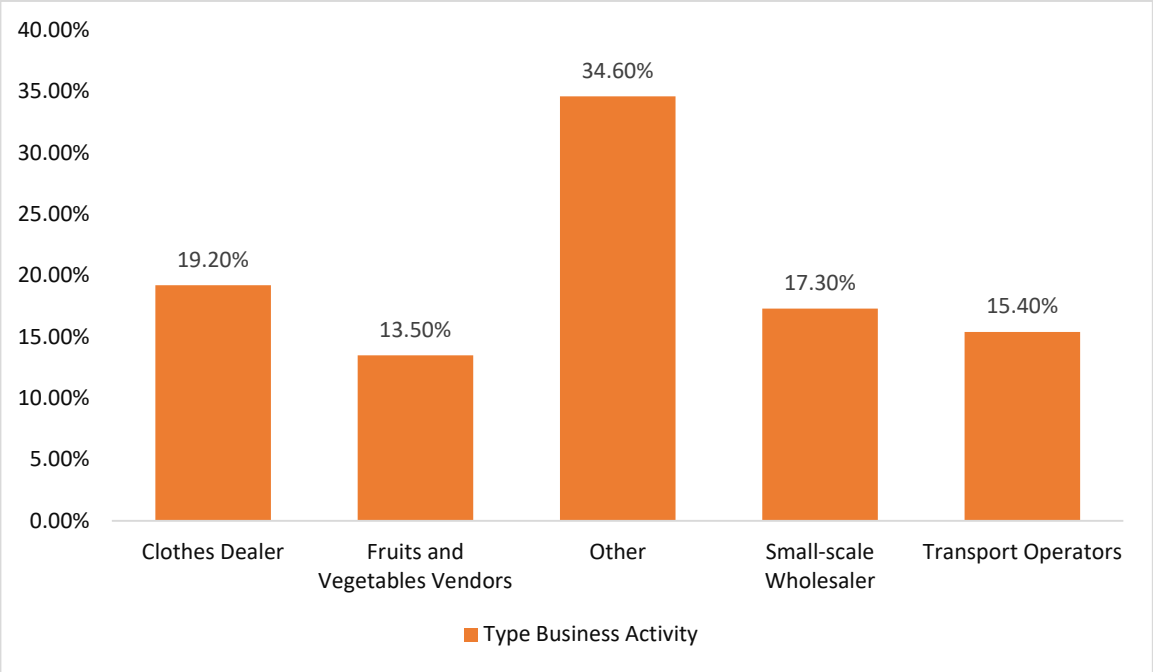
Source: (Field data 2026)

The table presented the distribution of responders by age group. A significant proportion of responders (46.2%) were in the 20-30 age group, with those 31-40 age range following (25,0%). 15.4% of the responders were between the ages of 41 and 50, while 7.7% were below 20 and 5.8% were above 50. The results showed that young, economically engaged people, especially those between ages of 20 and 40, who together accounted for 70% of the respondents, dominated the informal commerce sector in Mbare Musika. This implied that younger people were essential elements in the informal sector and were more involved in the informal economic activities, probably as a result of less formal employment opportunities.

The significantly reduced representation of the older age group, those over 50, suggested that economic engagement decreases with age, either as a result of transitioning into other livelihoods or the physical difficulties of trading activities. From a taxation perspective, this age distribution is important since younger traders could possess less knowledge about taxes, be less cooperative due to lack of experience, or become more flexible with regard to digital taxation and educational initiatives.

4.3.3 Type of business

Figure 4.2 Type of business activity



Source: (Field data 2026)

The table presented the distribution of the respondents by type of business activities. The largest proportion of respondents fell under "Other" (34.6%), followed by Clothes Dealers (19.2%), Small-scale Wholesaler (17.3%), Transport Operators (15.4%), and Fruits and Vegetables Vendors (13.5%).

The results showed that informal business activities at Mbare Musika were extremely diverse, as evidenced by the rate of the "Other" group. This represented a diverse range of undeclared or mixed business activity, emphasizing the informal sector's complexity and dynamic nature. Clothes dealers and small-scale wholesalers together constituted a sizeable proportion of respondents, showing that retail and bulk trading operations were prevalent in the sector.

Transport operators were also a significant section, showing the importance of logistics and mobility services in supporting market operations. The lower proportion of fruit and vegetable vendors could be attributed to sampling variation, despite the fact that such activities are typically linked with Mbare Musika.

The diversity in the business activities resulted in a taxation challenge that will be faced by Zimbabwe Revenue Authority (ZIMRA), because the income level and tax

capacities of different business types vary and implementing consistent tax laws becomes challenging.

4.3.4 Years in Business

Table 4.3 Years in business

Period in Business	Frequency	Percentage	Cumulative percentage
	1	1.9	1.9
0-2 years	30	57.7	59.6
3-5 years	13	25.0	84.6
Above 5 years	8	15.4	100
Total	52	100	

Source: (Field Data 2026)

The table above shows the distribution of respondents according to the years they have been in business. The majority of the respondents (57.7%) had 0-2 years of experience, followed by those 3-5 years which were 25% of the respondents and more than 5 years which were the 15.4%. only 1.9% of the respondents did not indicate how long they had been in business.

The results showed that new entrants dominate informal trading at Mbare Musika, with over half of the respondents having less than two years of business experience. The informal sector is defined by low entry barriers and high turnover, this was shown by how quickly people enter and leave the market. The comparatively lower percentage of experienced traders suggested factors like competition, economic instability and lack of official support may hinder the sustainability of informal businesses.

The distribution had major implications for ZIMRA as new traders are more likely to show low levels of compliance, may not be registered or legally recorder, or they are more likely to have little understanding of their tax duties. The 1.9% representing missing responses suggested minor data gaps, but they do not significantly affect the overall analysis.

4.4 Tax awareness

4.4.1 Tax obligations awareness

Table 4.4 Tax obligation awareness

Tax Awareness		2. Age Group					Total
		20-30	31-40	41-50	Above 50	Below 20	
Are you aware of your tax obligations?	No	6	6	1	0	1	14
	Yes	18	7	7	3	3	38
Total		24	13	8	3	4	52

Source: (Field data 2026)

The table above shows that 38 that is 73.1% of the respondents were aware of their tax obligations, the other 14 (26.9%) were not aware. This suggested a general high level of tax knowledge, but a sizable minority were still ignorant. 75% of the respondents in the age range of 20-30 show that they understand their tax responsibilities, indicating a rather high level of awareness. This may be due to early exposure to employment or financial education. The 31-40 age range showed the lowest level of knowledge, with only roughly 54% displaying knowledge. This indicated a substantial knowledge gap in the group that is generally engaged in the economy. The high awareness levels (88%) of respondents between the ages of 41-50 were probably a result of their involvement with tax systems and greater financial responsibilities. Despite the small sample size, every responder in the over 50 group stated that they were fully aware of their tax obligations. The group below 20 show a relatively high degree of awareness (75%), which could be related to exposure to financial literacy concepts in school.

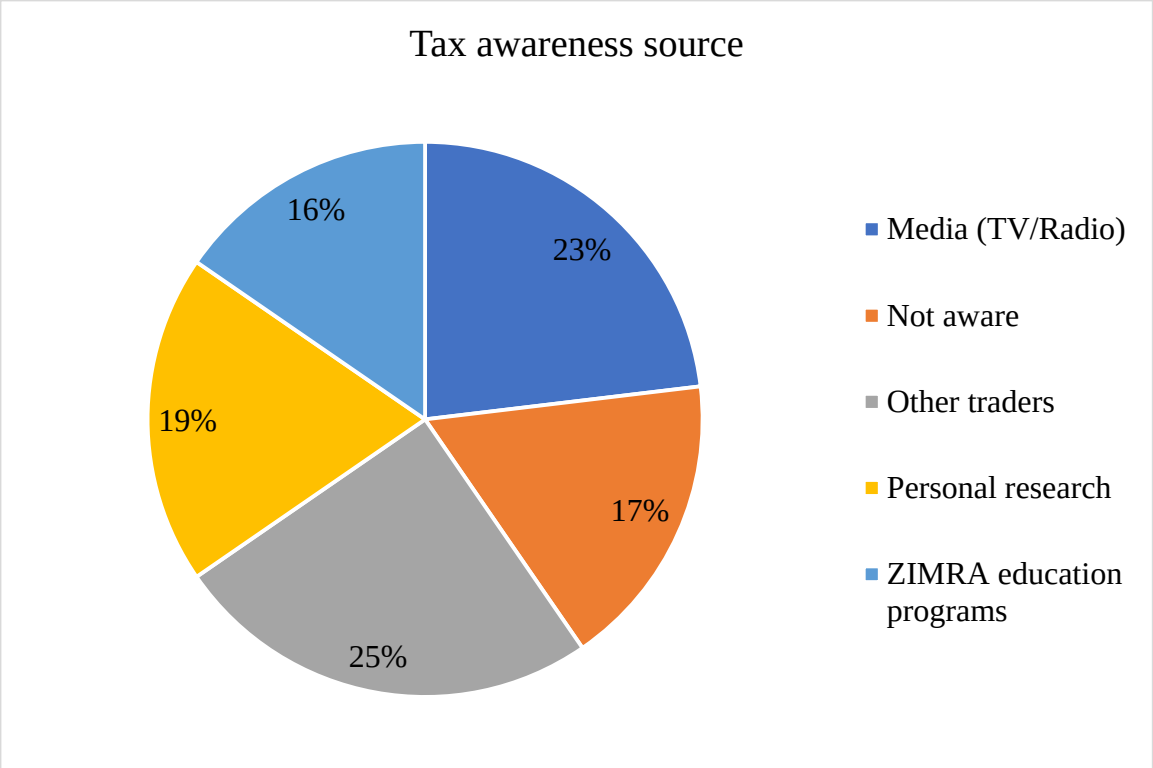
The findings suggested that tax awareness generally increases with age, particularly over 40 years. The 31-40 age group has comparatively low understanding, however, is surprising and suggested the necessity of targeted tax education initiatives. The high awareness among younger respondents may also have been a result of improvement in financial literacy education or easier access to information through digital channels.

These results aligned with the social psychology theory which emphasizes how social interactions and personal experiences influence attitudes and behaviour. Due to their frequent exposure to tax systems, older traders are more likely to be aware of and compliant. Additionally, the results confirmed those of Ilemona (2023), who discovered

that tax education greatly improves compliance by lowering ignorance as a barrier, and Simbarashe (2022), who noted that a major contributing factor to Zimbabwe's inefficient tax revenue collection is a lack of taxpayer education and awareness. However, the 31-40 age group's awareness gap indicated that experience by itself does not equate to knowledge, highlighting the necessity for focused outreach in line with the fiscal exchange theory's emphasis on active government interaction with taxpayers.

4.4.2 Tax awareness source

Figure 4.3 Tax awareness source



Source: (Field data 2026)

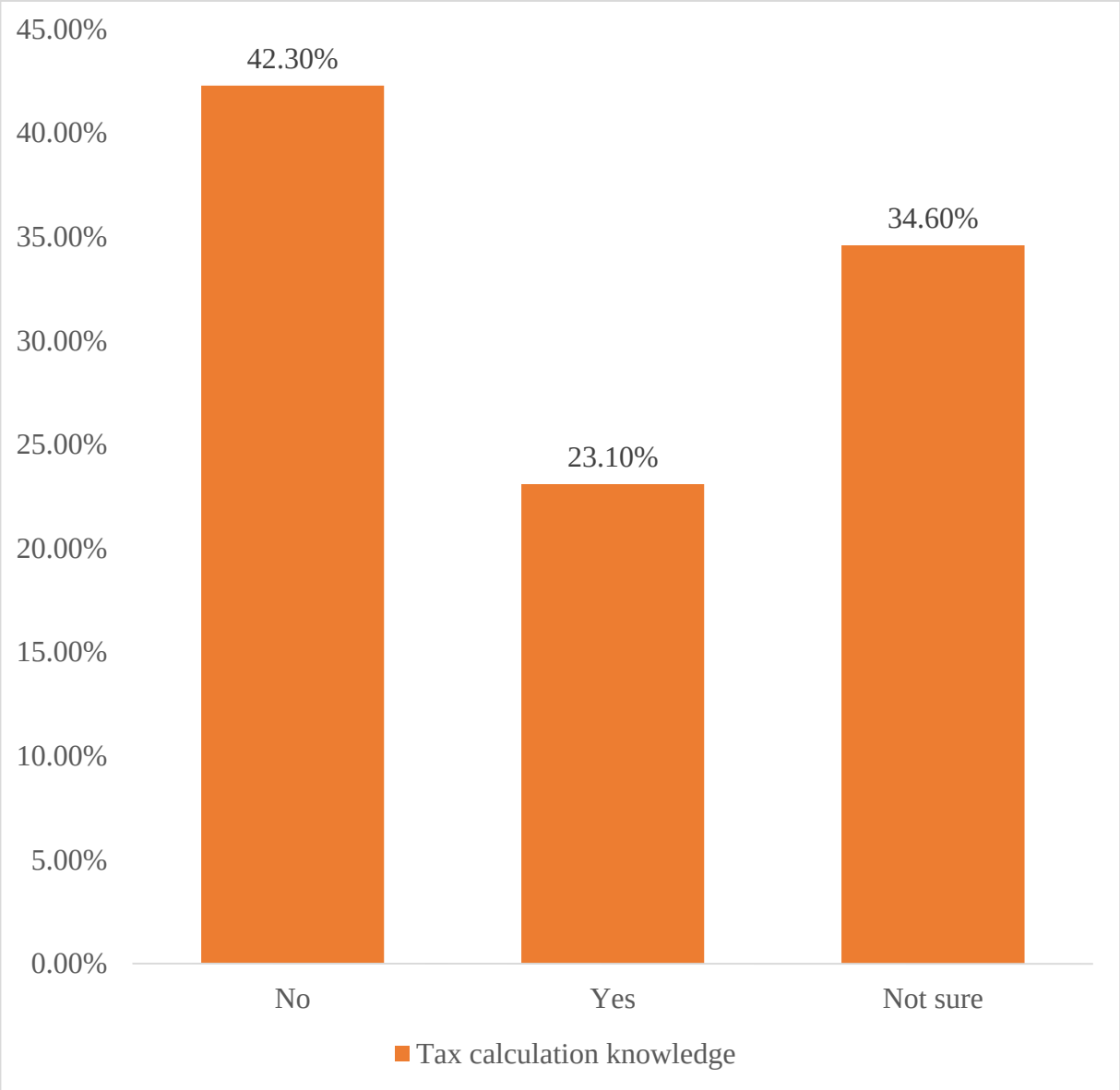
The pie chart above showed that the most common source of information is through other traders accounting for 25% of respondents, implying that informal peer-to-peer contact is a significant factor in the trading community's circulation of tax-related knowledge. Media with 23% followed as significant source information. This suggested that, despite having a smaller audience than unofficial peer networks, traditional mass media is nevertheless a valuable resource for informing traders about their tax duties. 19% of the respondents reported doing their own research, indicating that a significant percentage of the traders take the initiative to look for information on their own, whether online or by direct enquiries at ZIMRA offices. An alarming statistic is the 17% reported

being unaware of their tax obligations which indicated a substantial tax education gap and raises the possibility that some traders may continue to operate without a sufficient knowledge of their responsibilities, raising the potential of compliance and evasion.

The presence of peer-to-peer knowledge transfer pattern highly supports the social psychology theory, especially the way that peer pressure and social norms shape conduct. The significant tax education gap that was represented by the 17% of those who were completely ignorant of their responsibilities. This result agrees with findings of Munjeyi (2024), who found that the majority of potential taxpayers in Zimbabwe's informal economy remained untaxed, in part due to ZIMRA's lack of an efficient system to contact unregistered traders, and Simbarashe (2022), who identified insufficient taxpayer education as a structural failure within ZIMRA's operations.

4.4.3 Tax calculation knowledge

Figure 4.4 Tax calculation knowledge



Source: (Field data 2026)

The results indicated that the respondents generally have little knowledge of how taxes are calculated. The percentage that was unsure was 34.6%, whilst the majority (42.3%) reported having no knowledge and only 23.10% knew how to compute tax.

In total, this indicated that a significant tax literacy gap that may have a negative effect compliance, as over two-thirds of the respondents lack clear knowledge or trust in tax calculation.

The results support Sani Alfred Ilemona (2023), who found that while ignorance increases tax evasion, tax education greatly enhances compliance. They are also in line with the findings of Adem, Desta and Girma (2024), who discovered that taxpayers who lack basic computing literacy are less likely to voluntarily interact with the tax system, and that trust and comprehension of the tax authorities significantly moderate compliance behaviour. According to social psychology theory, a person's perception of efficacy and ability to cooperate are diminished when they are unable to calculate taxes, which further solidifies avoidance behaviour.

4.5 Tax compliance

4.5.1 ZIMRA registration, payment frequency and compliance level

Table 4.5 ZIMRA registration & payment frequency

Section 3: Tax Compliance **8. Are you registered with ZIMRA? * 9. How often do you pay taxes? Crosstabulation**					
		9. How often do you pay taxes?			Total
		Never	Regularly	Sometimes	
Section 3: Tax Compliance 8. Are you registered with ZIMRA?	No	24	3	4	31
	Yes	0	14	7	21
Total		24	17	11	52

Source: (Field data 2026)

The results showed a high correlation between tax compliance behaviour and Zimbabwe Revenue Authority (ZIMRA).

Table 4.5 above shows the of frequency tax payment. The majority of the respondents (24 out of 31) never paid taxes, with only a small percentage who make regular payments. On the other hand, the majority of registered respondents (14 out of 21) paid taxes on a regular basis, while the remaining respondents only occasionally did so. This

suggested that the probability of regular tax payment was much increased by registration.

Table 4.6 ZIMRA registration & compliance level

Section 3: Tax Compliance **8. Are you registered with ZIMRA? * 10. Level of tax compliance Crosstabulation**					
		10. Level of tax compliance			Total
		Fully compliant	Not compliant	Partially compliant	
Section 3: Tax Compliance 8. Are you registered with ZIMRA?	No	3	23	5	31
	Yes	10	0	11	21
Total		13	23	16	52

Source: (Field data 2026)

From table 4.5 above few non-registered respondents were entirely compliant with tax laws, the majority (23 out of 31) were not. However, there was greater compliance among registered respondents, 10 were entirely compliant, 11 were moderately compliant and non were non-compliant.

Results from the two tables implied that ZIMRA registration is closely related to improved tax compliance since registered traders are more likely than unregistered traders to pay taxes on time and fulfill their tax obligations. It supports Simbarashe (2022), who found that difficulties in identifying informal traders reduce tax collection efficiency. Results are also in line with the findings of Nichelatti and Hiilamo (2024), who discovered a substantial correlation between higher levels of compliance and institutional trust and perceived government across 32 Sub-Saharan African countries.

4.6 Perceptions of ZIMRA

Table 4.7 Combined perceptions of ZIMRA

Perception of ZIMRA	Positive %	Neutral %	Negative %	Total%
Effectiveness	42.3	32.7	25.0	100
Enforcement	43.1	35.3	21.6	100
Education	25.0	30.8	44.2	100

Source: (Field data 2026)

The overall findings indicated that respondents' opinions of ZIMRA's efficiency and enforcement strategies are usually moderate, with positive opinions slightly outnumbering negative ones. However, opinions about tax education were generally negative, with most people believing that ZIMRA does not offer sufficient education. This suggested that there is a substantial gap in taxpayer education even while enforcement and efficiency were generally satisfactory.

Fiscal exchange theory, which argued that taxpayer compliance is improved when the state is perceived as delivering fair services and fulfilling its side of the social compact, is directly contradicted by the negative perceptions of ZIMRA's educational role. The perceived fiscal exchange is weak or nonexistent when traders at Mbare Musika lack formal market infrastructure, such as clean water, electricity and dependable infrastructure, which reduces voluntary compliance incentives.

4.7 Causes of tax evasion

Table 4.8 Causes of tax evasion

Source: (Field data 2026)

		15. Does corruption affect tax collection?			Total
			No	Yes	
14. Causes of tax evasion		1	0	0	1
	Complicated tax system	0	0	3	3
	Corruption	0	0	19	19
	High tax rates	0	2	12	14
	Lack of tax knowledge	0	1	9	10
	Lack of trust in government	0	0	2	2
	Poor service delivery	0	1	2	3
Total		1	4	47	52

The above table shows results indicating that 42 out of 52 respondents agreed that corruption had an impact on tax collection, that is frequently seen as a significant factor. The strong consensus was reinforced by the fact that only 4 respondents disagreed and that only one comment did not fit into one of the major categories. In terms of causes of tax evasion, the most contributing factor was corruption with 19 respondents, which was followed by high tax rates with 14 respondents and a lack of tax knowledge with 10 respondents. Fewer respondents highlighted other problems such as complicated tax systems, lack of trust in government and poor service delivery.

The results indicated that, in addition to structural problems like high taxpayer rates and low taxpayer awareness, corruption is a major contributor to tax evasion and a significant obstacle to revenue collection. Ilemona (2023), who determined that high tax rates and low tax morale substantially contribute to tax evasion, provides empirical

evidence for these findings, and with Khaltar (2024), who disrupted revenue collecting in developing countries and connected institutional corruption to obtain financial outflows.

4.8 ZIMRA strategies

Table 4.9 ZIMRA strategies

		Most Effective Strategies					
			Education	Enforcement	Incentives	Technology	Total
Which strategies are you aware of?		1	0	0	0	0	1
	Audits	0	2	4	2	5	13
	Audits, Penalties	0	1	0	0	0	1
	Audits, Presumptive taxes	0	1	0	0	1	2
	Penalties	0	8	4	8	4	24
	Presumptive taxes	0	0	1	3	0	4
	Taxpayer education	0	4	1	0	1	6
	Taxpayer education, Penalties	0	1	0	0	0	1
Total		1	17	10	13	11	52

Source: (Field data 2026)

The results as shown in table 4.8 above indicated that respondents are aware of a number of ZIMRA strategies, primarily audits, penalties, taxpayer education and presumptive taxes. Audits with 13 respondents and penalties with 24 respondents are the commonly known strategies while the rest remain less frequently considered. In terms of perceived effectiveness, education (17 respondents) is considered to be the most effective, followed by incentives (13 respondents), technology (11 respondents) and enforcement

(10 respondents). This suggested a change from punishing strategies to more encouraging ones.

Overall, the results indicated that while enforcement is thought to be a little successful, respondents have greater confidence in education initiatives and incentive-based strategies to increase tax compliance.

The perceived effectiveness of technology is consistent with Munjeyi's (2024) assertion that digitalisation has substantial but unrealized potential to increase ZIMRA's presence in the informal economy. The results also lend support to Adem, Desta and Girma (2024), who showed that trust and perceived authority legitimacy have a major impact on voluntary compliance.

4.9 Correlation

Table 4.9 Pearson Correlation (1-tailed significance)

		8. Are you registered with ZIMRA?	10. Level of tax compliance	11. How effective is ZIMRA?	5. Are you aware of your tax obligations?
Pearson Correlation	8. Are you registered with ZIMRA?	1.000	.630	-.266	.411
	10. Level of tax compliance?	.630	1.000	-.395	.367
	11. How effective is ZIMRA?	-.266	-.395	-1.000	-.349
	6.Are you aware of your tax obligations?	.411	.367	-.349	1.000
Sig. (1-tailed)	8. Are you registered with ZIMRA?		.000	.028	.001
	10. Level of tax compliance	.000		.002	.004
	11. How effective is ZIMRA?	.028	.002		.006
	6.Are you aware of	.001	.004	.006	

	your tax obligations?				
N	8. Are you registered with ZIMRA?	52	52	52	52
	10. level of tax compliance	52	52	52	52
	11. How effective is ZIMRA?	52	52	52	52
	6.Are you aware of your tax obligations?	52	52	52	52

Source: (Field data 2026)

Formal registration is the most effective driver of compliance among Mbare Musika traders, according to the Pearson correlation study, which shows that ZIMRA registration and tax compliance have the largest positive relationship in the matrix ($r = .630$, $p = .000$). Additionally, tax awareness had a positive correlation with both registration ($r = .411$, $p = .001$) and compliance ($r = .367$, $p = .004$), supporting the idea that taxpayer attitudes, which are influenced by institutional engagement and education, serve as important moderating factors in the compliance chain. These results support objectives, indicating that ZIMRA's taxpayer education and registration campaigns are effective strategies that, when combined, significantly raise informal market compliance.

However, all three remaining of the variables showed negative correlations with ZIMRA's perceived: compliance ($r = -.395$, $p = .002$), registration ($r = -.266$, $p = .028$), and tax awareness ($r = -.349$, $p = .006$). This suggested that traders who are more knowledgeable and formally involved with ZIMRA tend to rate the authority as less effective. This aligned with Hamudi Simbarashe's (2022) conclusion that the inability to identify and monitor taxpayers in the informal sector was one of Zimbabwe's central

tax administration failures. Registered and tax aware traders at Mbare Musika are better positioned to observe enforcement inconsistences primarily, so the pattern suggested that familiarity with ZIMRA's operations breeds skepticism. This confirms that ZIMRA's effectiveness in combating tax evasion in the informal sector remains significantly constrained despite its formal mandate.

4.10 Qualitative data analysis

The researcher interviewed 3 ZIMRA officers who asked not to be recorded so the researcher jotted down notes from the interview. The codes officer 1, officer 2 and officer 3 were used in data collection so as to protect the officers' confidentiality.

4.10.1 What challenges does ZIMRA face in taxing informal traders?

Officer 1: *Majority of the informal traders are not registered; this makes identifying them and bringing them into the tax system difficult.*

Officer 2: *Assessing informal traders' taxable income is difficult due to poor financial records kept.*

Officer 3: *Many informal traders do not work at a fixed place, they tend to move a lot, and deliberately avoid paying tax. This makes monitoring and enforcement difficult*.

The results implied that the informal sector functions mostly out of official regulatory frameworks, which restricts ZIMRA's capacity to enforce compliance. The administrative and behavioural difficulties suggested the need of structural changes as well as focused compliance tactics.

The results obtained align with Hamudi Simbarashe (2022), who noted structural and administrative issues such as inadequate monitoring systems and taxpayer information. Similarly, Munjeyi (2024) reported that ZIMRA lacked an efficient method for gathering information from unregistered taxpayers, with less than 0.5% of informal sector revenue being collected. This percentage accurately matches the identification and monitoring shortcomings that the ZIMRA officials reported. From a theoretical perspective, these results indicated a limitation in economic deterrence theory, as enforcement mechanisms are inefficient when taxpayers operate outside of the official system.

4.10.2 How effective are current enforcement strategies?

Officer 1: *Enforcement strategies like fines help to guarantee compliance from some traders.*

Officer 2: *These strategies only lead to short-term compliance because traders comply in order to avoid fines.*

Officer 3: *Enforcement instills fear, but it does not motivate informal traders to voluntarily comply.*

The results suggested that while enforcement-based strategies are important, they are not enough on their own. Their inefficiency to promote voluntary compliance limits their effectiveness, emphasizing the necessity of additional strategies.

This supported James Alm's explanation of the economic deterrence theory, which places a strong emphasis on penalties and detection. However, because enforcement does not maintain compliance overtime, the data also validates its limitations. Adem, Desta and Girma (2024) similarly showed that voluntary compliance is more permanent than enforced compliance, which is motivated by authority power rather than trust, and that the power-trust relationship is essential to maintaining long term behavioural change.

4.10.3 What role does taxpayer education play?

Officer 1: *Taxpayer education helps in making traders understand their responsibility in tax and how to comply.*

Officer 2: *Traders who are more educated are more likely to comply because they recognize the importance of paying tax.*

Officer 3: *One of the main causes of tax non-compliance is ignorance of tax requirements.*

According to these results, taxpayer education plays an important role in promoting long-term compliance. Education is a more successful long-term strategy than enforcement since it addresses the knowledge gap and attitude issues that affect taxpayer behaviour.

These results were in line with social psychology theory, which maintains that knowledge, attitudes and social influences determine an individual's behaviour.

Education does more than just impart knowledge, it also changes the traders' perspectives on tax system, fosters a feeling of civic duty and has the power to progressively change the social norms that currently normalize evasion at Mbare Musika. The social normalization of evasion starts to decline as traders comprehend their responsibilities and the goal of taxes, which social psychology theories describe as the deeper structural change required for long-term compliance improvements. Similarly, Simbarashe (2022), identified the lack of taxpayer education as one of the fundamental structural flaws in Zimbabwe's revenue collection system.

4.10.4 What improvements are needed to reduce tax evasion?

Officer 1: *There is need for increased awareness campaigns from us, ZIMRA to educate informal traders about tax compliance.*

Officer 2: *To encourage voluntary compliance among traders, incentives should be introduced*

Officer 3: *Technology should be improved to facilitate tax payment and registration.*

The results showed that a variety of approaches including enforcement, education, incentives and technological innovation is necessary to reduce tax evasion. Such a strategy is probably going to improve taxpayer participation and compliance levels.

The results aligned with the fiscal exchange theory, which suggested that when taxpayers believe the tax system benefits and support them, they are more inclined to comply. The significance of fairness and trust is also reflected in the focus on rewards and service enhancement. The results also supported Dlamini's (2025) recommendation that the main actions to lower tax evasion among SMEs in Zimbabwe be broad tax education campaigns and more taxpayer support services.

4.11 Summary

This chapter provided and examined data from 52 informal traders and 3 ZIMRA officers in order to assess ZIMRA's efficacy in preventing tax evasion at Mbare Musika. Significant gaps in tax registration and tax calculation were found, also main reasons for non-compliance were identified. The Pearson correlation study revealed that traders who were more familiar with ZIMRA tended to evaluate the theory as less effective, showing deep skepticism about its enforcement capacity. ZIMRA registration was

identified to be the primary driver of compliance. Overall, the results indicate that ZIMRA's present strategies are only partially effective in solving the extent of tax evasion at Mbare Musika. The next chapter focuses on the recommendations to be made from the research findings, a summary and also draws conclusions.

CHAPTER V

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This final chapter summarizes the research conducted to evaluate the effectiveness of Zimbabwe Revenue Authority (ZIMRA) in combating tax evasion in Zimbabwe, with particular focus in Mbare. This chapter is structured to focus on the summary of the research process and major findings, with conclusions drawn from them. Also, recommendations were reached from conclusions with the intention of providing solutions to improve ZIMRA's strategies to enhance tax compliance among informal traders in Harare. The chapter also suggests areas for additional research, based on the gaps identified throughout this study.

5.1 Summary of major findings

- According to the research, 73.1% of the respondents were aware of their tax obligations. Only 40.4% of them were registered with ZIMRA, though, suggesting that awareness by itself does not result in official compliance. This implies that the marketing of formal registration among informal traders has not been greatly assisted by ZIMRA's educational initiatives. This finding supports Simbarashe (2022), who identified that inadequate taxpayer education is a major cause of poor tax compliance in Zimbabwe.
- Results regarding the frequency of tax payments revealed that just 32.7% of respondents regularly pay taxes, 21.2% occasionally pay, and 46.2% never pay. Nearly half of informal traders are completely detached from the tax payment system, which confirms a high level of compliance. This is in line with the overall compliance statistics, which showed that only 23.1% were totally compliant, 30.8% were moderately compliant and 46.2% were not.
- The study found that opinions about ZIMRA's efficiency were mainly negative. On a 5-point rating system, the majority of respondents gave ZIMRA a score between 1 and 3; 32.7% gave it a neutral score of 3, 25.0% gave it a score of 2

and 17.3% gave the lowest score of 1. Just 13.5% of respondents gave ZIMRA's efficacy the highest rating of 5. This illustrates the general discontent with ZIMRA's performance in the informal sector.

- The majority of respondents gave ZIMRA's enforcement strategies a mediocre to unsatisfactory rating. The modal rating was 3 (35.3%), followed by ratings of 2 (25.5%) and 1 (17.6%). Only 9.8% of respondents gave enforcement strategies the highest rating. This indicate that ZIMRA's audit and penalty procedures in the informal trade sector have significant gaps. The fiscal exchange theory and psychology theory which suggest that taxpayers are more likely to comply when they trust the tax authority agree with this finding.
- The respondents' demographic profile revealed a gender split of 50% male and 50% female. Age-wise, the majority (53.3%) were in the 20-30 age range, followed by the 31-40 age group (28.9%) and the 41-50 age group (17.8%). This implies that younger adults are primarily interested in informal trading, which has consequences for ZIMRA's tax education strategies.

5.2 Conclusions

- The study concludes that ZIMRA'S overall effectiveness in combating tax evasion at Mbare Musika is still severely constrained. This is indicated by how the actual ZIMRA registration and compliance are still extremely low, even though informal traders in Mbare Musika have a comparatively high degree of tax awareness. The fact that 46,2% of respondents never pay taxes at all and 59.6% were not registered with ZIMRA shows that awareness has not been effectively translated into compliance behaviour. As a result, ZIMRA's present educational initiatives are insufficient to close the knowledge gap. These results showed that ZIMRA has no yet successfully penetrated Mbare Musika's informal sector and that its current operational strategies fall well short of fulfilling the sector's potential for tax revenue.
- According to the study's results, ZIMRA uses a variety of strategies at Mbare Musika, such as audits, fines, presumptive taxes, taxpayer education initiatives and technological tools like the Fiscalisation Data Management System (FDMS). The most well-known strategies among traders were penalties (24 respondents) and audits (13 respondents), indicating that enforcement-focused tools are the main way that ZIMRA is visible in the market. Nevertheless, the

study concludes that these strategies have not been well adjusted to the realities of the informal sector and are disproportionately biased toward punitive actions. Additionally, respondents ranked education (17 respondents) and incentives (13 respondents) as the most successful method for increasing compliance even though enforcement strategies were the most acknowledged. This difference between the strategies that ZIMRA now prioritises and those that the traders believe to be successful points to a strategic misalignment that restricts the authority's overall ability to reduce evasion.

- The study also came to the conclusion that ZIMRA has a difficult time enforcing tax compliance at Mbare Musika. The most basic is the almost complete lack of trader registration, which makes deterrence-based enforcement, identification and monitoring all but impossible. ZIMRA's capacity to precisely determine taxable income is further hampered by traders' poor financial record-keeping. This monitoring problem is made more difficult by traders' great mobility, as they constantly move to avoid tax officials. In addition to administrative obstacles, structural elements like pervasive corruption, high tax rates and poor service delivery undermine trader confidence and lessen the incentives for voluntary compliance. ZIMRA's enforcement efficacy is further constrained by insufficient technological systems, restricted outreach capabilities, and the rooted social normalization of tax evasion within the trading community. Together, these challenges indicate that systematic flaws in ZIMRA; s administrative framework and the larger governance environment in which it functions, rather than just individual non-compliance choices, are the cause of Mbare Musika's compliance failings.

5.3 Recommendations

Given the previously mentioned results, the following recommendations have been put forth:

- ZIMRA should enhance its taxpayer education initiatives aimed at informal traders. Education initiatives have to extend beyond basic awareness campaigns to actively assist traders with the registration process, since 73.1% of respondents were previously aware of their tax duties but still neglected to registered. The obstacles to official registration would be lowered by mobile registration drives and outreach to informal markets.

- To provide a strong deterrence against non-compliance, the authority should enhance its enforcement strategies, including audits and penalties. Consistent and open enforcement action is necessary to change the existing opinion that enforcement is ineffective (modal rating of 3 out of 5). Enforcing the law in a visible and equitable manner will let informal traders know that there are serious consequences for breaking it.
- To reach young traders, who make up the majority of the informal sector and are between the ages 20 and 30, ZIMRA should implement technology driven initiatives. Social media campaigns, mobile apps and digital platforms can all be utilized to spread tax knowledge and speed up compliance procedures. This strategy would align with the digital preferences of the age group that makes up the majority of informal traders.
- To make sure that the tax systems that apply to informal traders are viewed as just and equal, the government ought to think about revisiting them. To foster voluntary compliance and foster trust, trader representatives should be consulted during the creation of presumptive and simplified tax systems. A fair tax system has a higher chance of achieving long-term compliance.

5.4 Areas suggested for further research

This study suggests that more research be done on the precise effects of digital taxation strategies on Zimbabwean informal traders' compliance practices. Understanding how ZIMRA can use technology to enhance registration and compliance would close a significant gap in the body of existing material as the nation transitions to a digital economy.

It is also advised that more research be done on how informal traders in Harare make compliance decisions based on their perception of tax fairness. Widespread dissatisfaction with ZIMRA's efficacy was discovered in this study, but it did not thoroughly examine how much non-compliance is motivated by opinions of unfairness.

5.5 Summary

This chapter summarized the major research findings, conclusions, policy and practice suggestions, and areas recommended for additional research.

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APPENDIX 1: QUESTIONNAIRE
BINDURA UNIVERSITY OF SCIENCE EDUCATION



Section A: Introduction

Dear Respondent,

My name is Tumbikani Shamilla Nyirenda, B220748B, a final year student at Bindura University of Science Education (BUSE). As part of the requirements of the University for the completion of the Bachelor of Honour's Degree in Accountancy degree program. I am carrying out the research entitled, "An evaluation of the effectiveness of ZIMRA in combating tax evasion in Zimbabwe. A case study of Mbare Musika."

This is purely academic research the results of which will be used for academic purposes ONLY. I assure that the information you provide will be treated with strict confidentiality, so do not hesitate to express your honest opinion.

Please tick your answers where appropriate.

Section B: Demographic Information

1. Gender
   - Male
   - Female
   - Prefer not to say

2. Age Group
   - Below 20
   - 21-30
   - 31-40
   - 41-50
   - Above 50
3. Type of Business
   - Fruits & Vegetables Vendor
   - Transport Operator
   - Small-scale Wholesaler
   - Clothes Dealer
   - Other
4. Number of Years in Business
   - 0-2 years
   - 3-5 years
   - Above 50 years

Section C: Tax Awareness

5. Are you aware of your tax obligations?
   - Yes
   - No
6. How did you learn about tax obligations?
   - ZIMRA education programs
   - Media (TV/Radio)
   - Other traders
   - Personal research
   - Not aware
7. Do you understand how taxes are calculated?
   - Yes
   - No
   - Not sure

Section D: Tax Compliance

8. Are you registered with ZIMRA?

- Yes
- No

9. How often do you pay your taxes?
- Regularly
- Sometimes
- Never

10. How would you rate your level of tax compliance?
- Fully compliant
- Partially compliant
- Not compliant

Section E: Perceptions of ZIMRA

11. How effective is ZIMRA in collecting taxes in Mbare Musika?
- Very effective
- Effective
- Moderately effective
- Not effective

12. How would you rate ZIMRA's enforcement strategies (audits, penalties)?
- Strong
- Moderate
- Weak

13. Do you think ZIMRA provides adequate taxpayer education?
- Yes
- No
- Not sure

Section F: Causes of tax evasion

14. What are the main reasons for tax evasion? (Tick all that apply)
- High tax rates
- Lack of tax knowledge
- Corruption
- Poor service delivery
- Complicated tax system
- Lack of trust in government

15. Do you think corruption affects tax collection?
    - Yes
    - No

Section G: ZIMRA strategies

16. Which of the following strategies are you aware of?
    - Taxpayer education
    - Audits
    - Presumptive taxes
    - Penalties/fines
17. Which strategy do you think is most effective?
    - Education
    - Enforcement
    - Incentives
    - Technology

APPENDIX 2: INTERVIEW GUIDE
BINDURA UNIVERSITY OF SCIENCE EDUCATION



I am TUMBIKANI SHAMILLA NYIRENDA, B220748B, a fourth-year student at Bindura University of Science Education (BUSE). I'm conducting research on the evaluation of ZIMRA in combating tax evasion in Zimbabwe specifically at Mbare Musika.

Questions

1. What challenges does ZIMRA face in taxing informal traders?
2. How effective are current enforcement strategies?
3. What role does taxpayer education play?
4. What improvements are needed to reduce tax evasion?

BINDURA UNIVERSITY OF SCIENCE EDUCATION

FACULTY OF COMMERCE

CHAIRPERSON, ACCOUNTANCY DEPARTMENT

Private Bag 1020
BINDURA, Zimbabwe
Tel: 0271 – 7531-6, 7615
Mr O.Manyani:0772357174

22 May 2026

RE: REQUEST FOR DATA COLLECTION

PERMISSION TO CARRY OUT RESEARCH- TUMBIKANI SHAMILLA NYIRENDA B220748B

The department of Accountancy at Bindura University of Science Education we acknowledge receipt for **TUMBIKANI SHAMILLA NYIRENDA B220748B** to carry out academic research in fulfilment of her studies. Her research topic is **"An Evaluation of the effectiveness of ZIMRA in combatting tax evasion in Zimbabwe. A Case study of Mbare Musika."**

We undertake to assist her in every way possible. Through our assistance all information provided shall be used solely for purposes of academic research. Should you require any clarification please do not hesitate to contact the undersigned?

Yours faithfully

.....
O. Manyani (Mr), Chairperson

BINDURA UNIVERSITY OF SCIENCE EDUCATION
DEPARTMENT OF ACCOUNTANCY
22 MAY 2026
FACULTY OF COMMERCE
PRIVATE BAG 1020, BINDURA, ZIMBABWE

15 May 2026

Attention

Tumbikani Shamilla Nyirenda

Bindura University of Science Education

741 Chimurenga Road, Bindura

Dear: Sir/Madam

RE: PERMISSION TO CONDUCT AN ACADEMIC RESEARCH AT ZIMRA

This letter serves to confirm that **Tumbikani Shamilla Nyirenda** has been granted permission to conduct an academic research study entitled *"An Evaluation of the effectiveness of ZIMRA in Combating Tax Evasion in Zimbabwe: A Case Study of Mbare Musika."*

The Zimbabwe Revenue Authority acknowledges the importance of academic research in improving tax administration and combating tax evasion in Zimbabwe. The researcher is therefore permitted to collect data in accordance with institutional and ethical guidelines.

Please note that you will be expected to treat all information obtained from the organisation with the utmost discretion. Any data or records accessed in the course of your research must be handled responsibly and used solely for the stated academic purpose.

15 MAY 2026

REGION 1 SCO

P. O. BOX CY 693, HARARE

_MATINYARARE_____

Human Capital Manager