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A CRITICAL ANALYSIS ON CAUSES OF TAX EVASION IN THE INFORMAL SECTOR OF ZIMBABWE STEPS THAT ZIMRA CAN AFOPT TO REDUCE TAX EVASION IN THE INFORMAL SECTOR

BY

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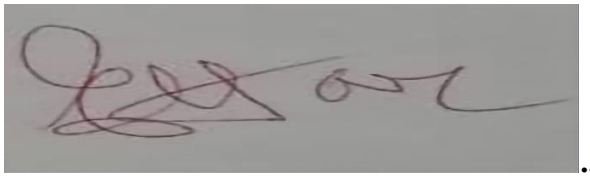

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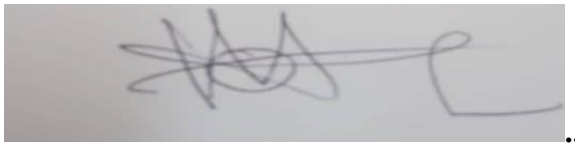

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Abstract

Tax avoidance by the informal sector remains a long-standing issue affecting fiscal policy that significantly reduces the ability to generate taxes and therefore affect economic growth in Zimbabwe. In this paper, I critically analyze the various factors leading to tax avoidance by members of the informal sector in Zimbabwe, and propose strategies which can be adopted by the Zimbabwe Revenue Authority (ZIMRA) to curb this menace. Some of the significant factors that lead to tax avoidance in the informal sector were found to include economic difficulties, poor understanding of taxation laws by informal traders, inefficiencies in bureaucratic processes, loss of trust in government bodies, lack of tangible public services and overall informality in a large section of the Zimbabwean economy. According to the literature review, policies formulated, and experiences from other developing countries, the present paper proposes a holistic approach to solving the issue, which entails several initiatives like the simplification of the tax registration process, improved tax collection processes, increased tax payers' knowledge, application of ICT, enforcing of the existing laws, and gaining back the trust of the informal sector traders through good tax administration practices. The research adds to the wider debate on tax reform and domestic resource mobilization in sub-Saharan Africa with specific policy implications for Zimbabwe.

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CHAPTER I

INTRODUCTION

1.0 Introduction

Evasion of tax continues to be an issue in Zimbabwe's informal sector, which is known to play a vital role in the country's economic activities and employment rate. Evasion of taxes is influenced by various factors such as ignorance regarding the tax laws, heavy taxes, complicated processes of filing returns, among others. Corruption, inefficiency, and lack of trust are also some of the problems associated with ZIMRA, which make individuals avoid voluntary compliance with the law. Consequently, there is huge loss of revenue due to non-compliance. The research aims at critically analyzing various factors contributing to tax evasion in Zimbabwe's informal sector and suggesting various measures that ZIMRA can adopt in ensuring compliance with taxes and minimizing evasion.

1.1 Background of the study

Tax evasion through the informal economy is a long-standing problem faced by many developed and developing countries alike in terms of their fiscal systems. In Europe, the issue has been studied extensively since the 2008 financial crisis highlighted the vulnerability of state budget collection systems to economic informality. As reported by Schneider and Enste (2013), countries like Greece, Italy, and Bulgaria have economies that are 20 to 35 percent informal, while the amount of revenue lost to tax evasion amounts to billions of euros per annum for each of the aforementioned countries. According to the European Commission (2019), tax evasion costs the European Union member states around EUR 825 billion every year, resulting in an urgent need to change tax administrations, introduce digital accounting, and implement systems of exchanging information on cross-border transactions. Allingham & Sandmo (1972) theory, which is based on the concept of deterrence, assumes that the tax evader makes rational decisions after weighing the cost of penalty against the likelihood of being detected. The European reaction to tax non-compliance has been the introduction of punitive policies along with facilitative policies for the taxpayer.

In Asia, tax evasion in the informal economy is influenced by fast economic growth, a big agrarian and commercial population, and low government capability in the past in

terms of tax administration. Countries such as India, Bangladesh, Pakistan, and Indonesia have informal economies that make up 40 percent to 65 percent of employment, and this is a huge obstacle for revenue agencies when it comes to expanding the tax net (La Porta and Shleifer, 2014). The GST bill that was introduced in India in 2017 was a landmark step in formalizing the informal economy by increasing the tax net in a digital compliance system. However, the implementation of the bill showed how deeply entrenched the behavioral issues are in small traders and micro enterprises who did not have the technical ability to file their taxes online (Kumar, 2018). In the same way, the Indonesian Directorate General of Taxes has used a combination of presumptive taxation, taxpayer education, and compliance initiatives within communities to fight tax evasion in the batik industry, street vendors, and traders. From the Asian experience, it becomes clear that tax evasion in the informal economy is not only caused by non-compliance, but it can also be attributed to the exclusion of the informal economy in the formal economy, poor delivery of public services, and tax morality problems due to corruption of the government (Bird and Zolt, 2008).

At the global level, the International Monetary Fund (IMF) and World Bank have continuously emphasized the role of informal sector tax evasion in being one of the key barriers for domestic resource mobilization in developing and least developed economies. As per the IMF (2021), developing nations lose around USD 200 billion each year through tax evasion and tax avoidance, a figure which is more than their annual inflows in terms of development aid. In Sub-Saharan Africa, it is an especially challenging issue, as informal economies make up an average of 38 percent of their GDP (African Development Bank, 2022). Revenue authorities in Africa have considered several reforms mechanisms such as presumptive tax, mobile money-based taxation platforms, and block management systems to map out informal businesses geographically. According to the African Development Review (2026), imposing too much of a tax burden on formal financial institutions like financial transaction taxes causes economic activities to shift towards the informal sector, reducing the tax base. Several studies in WAEMU countries have revealed that increased transaction taxes lower ROA and ROE in the banking sector, leading to reduced credit provision to SMEs for formalisation.

Tax evasion in the informal sector has been among the key issues of fiscal governance facing Zimbabwe since independence, particularly with regard to the context of long-standing economic problems, hyperinflation, and lack of trust in institutions. The informal economy is said to contribute to about 80% of all economic activity in Zimbabwe, and thus makes the country's fiscal base inherently small and makes it extremely difficult for ZIMRA to raise revenue (Duma, 2024). The informal sector consists of a variety of economic players such as market sellers, cross-border businesspeople, miners, transporters, domestics, and micro-manufacturers, who are operating outside the reach of the government (Chirisa and Mhaka, 2017).

The policies regulating the tax administration in Zimbabwe have themselves created an environment conducive to tax evasion. The reformation of the Intermediated Money Transfer Tax (IMTT), which was done in October 2018 whereby the tax which used to be an insignificant fixed tax changed to a two percent tax on all money transfers via electronic means, has been cited by the Bankers Association of Zimbabwe (2024) as one of the causes of financial disintermediation. This has encouraged people to carry out transactions using money since such transactions are not subject to assessment by ZIMRA (Mapakame, 2020). The Zimbabwe National Chamber of Commerce (2025) estimated that up to USD 2.5 billion in economic activity may currently be circulating outside the formal banking system, a dramatic escalation from the Reserve Bank of Zimbabwe's estimate of USD 500 million in 2021, reflecting the cumulative effect of policy-induced disintermediation on taxable economic flows.

In Africa as well as Europe there have been several factors responsible for tax evasion in informal sectors which include high compliance costs, complicated tax regulations and lack of confidence and trust towards the government and tax authorities (Makochekanwa, 2011; OECD, 2015). In Africa tax evasion has also resulted from low levels of tax education and awareness programs (Mupawaenda & Chitakunye, 2013). For both Africa and Europe, the inefficiency of the tax collecting authorities, even their corruption, has been linked with poor compliance (ET Kassa, 2021). In other words, there is reduced willingness to comply with the payment of taxes when they feel that the tax collectors are corrupt; hence, they might reduce earnings or just ignore them to show their displeasure, or to avoid corruption payments to some officials.

There have been challenges in the implementation of ZIMRA's existing compliance framework even if it encompasses a number of targeted instruments. The presumptive tax system in Income Tax Act Chapter 23:06, aimed at capturing the informal economy operators by means of turnover-based assessment which does not require full accounting records, has been criticized on the ground of its inadequacy of taxation rates to income levels of the informal sector traders who operate with low margins (Musakwa, Ncwadi and Phiri, 2024). The Block Management System (BMS) aimed at geographical mapping, registering, and auditing the informal traders in the specified urban blocks is facing some of the following operational constraints: trader data deficiency, field officers insufficiency, and irregularities in implementation. The Taxpayer Education Programme, Electronic Fiscal Devices (EFDs), and the Tax and Revenue Management System (TaRMS) represent additional institutional investments that have yet to achieve the penetration and behavioural impact necessary to meaningfully reduce evasion in the informal sector (Dlamini, 2025).

The tax evasion is a serious headache for the whole system as ZIMRA keeps increasing the taxes on the other taxpayers to compensate for its losses in tax collection which impacts individuals and organizations (Nyanhete, 2020). This study aimed to examine the factors responsible for non-payment of taxes in the informal sector and recommend possible strategies for the Zimbabwe Revenue Authority (ZIMRA) to minimize the tax evasion problem in the informal sector as despite measures introduced by ZIMRA, tax evasion still remains a problem in this sector, which is important for the economy representing as much as 60% of Zimbabwe's GDP (Mupawaenda & Chitakunye, 2013). However, low level of compliance in informal sector can be attributed to a variety of reasons and it has been observed that tax evasion is generally prevalent among the informally employed sector as they find themselves operating outside the formal tax net (ET Kassa, 2021).

1.2 Statement Problem

It has been observed that tax evasion continues to be a problem in the informal economy of Zimbabwe even though it plays an important role in the country’s economic activities and employment. This problem is caused by various reasons like lack of knowledge about tax laws, high tax rates, difficulties in tax compliance and lack of trust on the Zimbabwe Revenue Authority (ZIMRA). These problems have led to revenue losses

and tax base erosion. In this context, this research intends to examine the causes of tax evasion and ways through which ZIMRA can overcome it.

1.3 Research Objectives

1..3.1 Primary Objective:

To critically analyze the drivers of tax evasion within Zimbabwe's informal sector and develop a strategic framework for Zimra to enhance tax compliance and revenue collection.

1.3.2 Secondary Objectives:

- To identify demographic, economic, and social factors influencing tax evasion behavior among informal sector actors.
- To evaluate the effectiveness of current ZIMRA's measures to raise tax revenue in the informal sector.
- To propose evidence-based strategies for ZIMRA to enhance tax compliance in the informal economy.

1.4 Research Questions

The key research question of this research is, what are the causes of tax evasion in the informal sector of Zimbabwe and how best can the Zimbabwe Revenue Authority (ZIMRA) reduce tax evasion by the informal sector?

- What effects does evasion of taxes in informal sector have on the Zimbabwean economy?
- What are Zimra's current strategies for preventing evading of taxes in the informal sector ?
- What actions may be taken to address evasion of taxes in Zimbabwe informal sector?

1.5 Assumptions of the study

To effectively respond to the research questions and achieve the study's goals, it is essential to make certain assumptions:

- That all respondents will give honest, trustworthy comments that allow for logical inferences and deductions.
- The economic environment is favourable during the study process, allowing for the gathering of unbiased data.
- The sampling methods used, yield accurate characteristics of the entire population.

1.6 Significant of the study

1.6.1 To the Researcher

The study will give the researcher more insight, knowledge and experience on the research topic the cause of tax evasion and the steps that Zimra can. adopt to reduce tax evasion. This will enable the researcher to have the adequate knowledge on the gaps and areas needing further exploration.

1.6.2 To the university

The study will shed light on how the university may include them into the current curriculum 5.0 to introduce student with more practical skills on tax and practice module. This will also strengthen ties between the university and the informal sector, fostering collaborative efforts toward economic development.

1.6.3 To informal sector

Zimbabwe's economy can gain increased awareness of the importance of tax compliance by understanding the benefits of paying taxes, such as improved infrastructure and services, informal traders may be encouraged to formalize their business.

1.6.4 To Zimra

The study provides actionable insights to shape effective tax collection strategies by understanding the causes of tax evasion and the authorities can design target interventions improving compliance and increase revenue. This can lead to improved relations with the informal sector, built on trust and mutual benefits.

1. 7 Limitations of the study

These are the study's potential flaws that are outside the researcher's control (Suresh, S.,2015). The following are potential limitations and strategies the researcher will use to lessen their impact on the generalizability, practical applications, and usefulness of study findings.

1.7.1 Confidentiality

Some data may be withheld because it is sensitive or proprietary to the company or because respondents are reluctant to divulge details that might be useful to the researcher. However, the researcher will address the issue by ensuring participants that findings would be kept confidential and by relying on secondary sources like academic journals and newspapers.

1.7.2 Sample size

Limiting the research to Harare and Mashonaland Central (Bindura) suggests that the researcher won't look at other informal sectors in other cities, so the sample might not be a full reflection of Zimbabwe's informal sector. To improve quality of results and the likelihood that the underlying problems and their fixes are universal, the researcher must, nevertheless, broaden the sample size.

1.8 Delimitation of the study

Delimitations are the boundary or limit of a study to set and define the boundaries under which research is conducted. Unlike limitations which can be defined as something that may restrict or hinder the researcher, delimitations were the boundaries of the study and are determined by the researchers based on what is included and excluded so that the study can remain within its scope and be academic. (Coker 2022). For this study, the geographical boundaries are set at urban areas; namely at specific major cities of Harare and Bindura. This study concentrates on cities with a dynamic informal sector, which involves significant economic activity but does not necessarily yield tax revenue, excluding rural areas enables thorough analysis on the challenges faced by the urban informal operators as highlighted by Chakanyuka and Matongorere (2020). Further delimitations of this study include; the study will limit itself to some specific sub-sectors in the informal economy, which are street vending, artisanal mining and small-scale manufacturing. This focuses the study to certain specific groups and their respective challenges within the informal economy as highlighted by Chagonda (2018).

1.9 Definition of the terms

1.9.1Tax evasion to the failure to pay taxes that are rightfully owed to the government According to Browing (2014) is called tax evasion. This has become a behavior that countries have developed which has made it difficult for nations to administer taxes. In the Zimbabwe context, this often manifests as the complete non-registration of informal businesses with Zimra, despite meeting the turnover threshold for taxation (ZIMRA 2004)

1.9.2 Taxation

It is the imposition, administration and collection of taxes by governmental authorities to finance the provisions of public goods and services by Besley. T. T. T (2013) .

1.9.3 Informal sector

These refers to economic activities that are not formally registered or regulated by the government (IMF,2023). In Zimbabwe, this sector is a dominant force, comprising street vendors, small scale miners, farmers and small retailers. Medina and Schneider (2022) note that Zimbabwe has on of the largest informal economies globally, often exceeding 60% of its GDP.

1.9.4 Tax Morale

Tax moral is defined as the intrinsic motivation of individual and businesses to pay taxes, arising from a sense of moral obligation or social contract (luttmer &Singhal ,2022). High tax morale is often linked to perceived fairness of the tax system and the quality of public delivery.

1.9.5 Tax compliance

It is the degree to which taxpayer meet their legal obligation to report income and pay tax (Kirchler, 2022). It is influenced by various factors, including the perceived fairness of the tax system and fear of penalties. Understanding tax compliance is integral to developing strategies for reducing tax evasion in the informal sector.

1.9.6 Fiscalisation

The use of electronic fiscal devices and digital systems to record transactions and improve tax administration and compliance monitoring.

1.10 Chapter Summary

This chapter presented the background to the study from global, African, and Zimbabwean perspectives. The study examined the issue of tax evasion in the informal sector of Zimbabwe. It also provided an insight into the objectives and research questions of the study together with the significance of the research. The assumptions, limitations, and definition of terms for the study were also examined in this chapter. The next chapter will examine the theoretical and empirical literature on tax evasion in the informal sector and the strategies that can be employed by ZIMRA to reduce tax evasion.

Chapter ii

Literature Review

2.0 Introduction

The current chapter provides a thorough review of the current literature on tax evasion within the informal sector focusing on theoretical approaches that explain the drivers of compliance and empirical literature from Zimbabwe and other developing countries. The structure of this chapter includes three major parts: a review of the theoretical literature analyzing major models of tax compliance; a review of the empirical literature carried out in Zimbabwe and other developing countries; and a conceptual framework outlining the major independent variables and dependent variables for this study.

2.1 Theoretical Review

Theories are applied to describe, predict and explain events. However, it is also common practice for theories to investigate and expand upon available knowledge within strict parameters (A Grabiel's, 2015). Theory of research is supported or proven through the theoretical framework. This theory also explains and describes the hypothesis, and hence justifies the research problem that needs to be investigated. This theoretical framework assists in understanding current theory, the relationship between theory and other theories, how well the theory has been investigated, and to develop a hypothesis that can be tested. This theoretical framework aims at understanding the underlying causes of tax evasion in the unorganized sector within the limitations of confidentiality and sample size.

Taxation Theories

2.1.1 The Classical Deterrence Model (Allingham & Sandmo, 1972)

Classical Deterrence Theory, which was developed in 1972 by Michael Allingham and Agnar Sandmo, is one of the most important theories in the realm of tax compliance literature. The model is based on the economic theory of crime, put forward by Gary Becker in 1968. According to the economic theory of crime, individuals make their decisions taking into account rational analysis of cost and benefit considerations. When applied to taxation, the theory claims that taxpayers are utility maximizers, comparing the gain they can get from non-payment of taxes with the costs incurred in case of being caught by the tax authority and fined. It is claimed that evasion decision is affected by three main variables: taxpayers' income, probability of audit detection, and the size of the fine. It asserts that a rational taxpayer will evade if the expected benefits from evasion exceed the expected costs of an audit and its corresponding sanctions.

Conversely, an increase in audit probability or the intensity of the sanctions will lead to increased tax compliance. The model was further refined by Sandmo (2014) who conceded that tax compliance decision making is more complex than previously posited, but the issue of deterrence remained at the forefront.

In Zimbabwe, the informal sector has a strong presence, as manifested in the difficulties that the Zimbabwe Revenue Authority (ZIMRA) faces in monitoring and ensuring compliance amongst informal businesses. Most informal traders do not register with ZIMRA, they keep little financial records, most of their transactions are in cash, and this results in most of them believing that their chances of being detected and audited by tax collectors is quite low. This low perception of risk means that the expected costs of tax evasion in the informal sector are relatively low, and thus there is more temptation for most of these businesses to remain outside the tax system.

Studies have shown this to be the case. Dlamini (2025) found that for small and medium enterprises in Bulawayo, the perceived reasons for tax non-compliance were "lack of adequate auditing, no follow up inspections and no enforcement action", which imply that most respondents acted based on the perceived chances of audit and their resultant consequences. Similarly, Chirisa and Mhaka (2020) found that most of these informal traders feel that ZIMRA does not have enough resources and cannot really monitor their activities, which is why most of them tend to evade their taxes.

The model suggests policy implications for tax authorities. For tax officials like ZIMRA, to achieve higher levels of tax compliance, there is need to strengthen audit programs, improve tax registration systems, make tax enforcement activities more conspicuous and make penalties sufficient to outweigh any expected benefits. Use of digital systems, e-payment systems, and the sharing of financial information with financial institutions will increase the probability of detecting non-compliance, especially in the informal sector. The publication of cases of tax evaders brought to justice will also influence the probability of detection.

However, there have been critiques that the Classical Deterrence Model takes too narrow a view on what determines taxpayers' decisions. It has been observed that the theory implies that tax evasion and compliance are determined by economic calculations alone and disregards any social, psychological, cultural, and institutional factors that may influence behavior. For instance, tax evaders in Zimbabwe might decide to withhold their contributions towards the tax system if they have no trust in

public authorities (especially due to perceptions of corruption and misallocation of resources) and receive little in terms of public service in return for the tax paid.

The theory assumes that revenue authorities have the resources to conduct effective audits of their taxpayers. For ZIMRA, this assumption may not hold, especially in the informal sector, where many entities operate outside the financial system and dispersed in remote rural and urban areas. According to a statement made by ZIMRA officials in 2025, it is estimated that the majority of transactions take place in cash and thus away from the banking system, making them difficult to track for enforcement purposes. Therefore, even if the penalties were high enough, the chances of being detected might remain too low.

Lastly, the model is not concerned with the impact of social norms on the behavior of taxpayers. Studies have shown that individuals who see tax compliance as a social norm and also observe others doing so will continue to comply with their tax obligations. It might be normal and acceptable within these informal communities to evade taxes; therefore, the deterrence measure would be less effective.

2.1.2 The Fischer Model of Tax Compliance

Fischer Model of Tax Compliance, as proposed by Fischer and revised by Chau and Leung (2019), provides a multi-dimensional perspective of taxpayer behavior. In contrast to the Classical Deterrence Model, it takes into account demographic factors, non-compliance opportunities, taxpayer attitude, and tax system aspects that make it appropriate in explaining the situation in the informal economy in Zimbabwe.

As far as demographics are concerned, informal economic actors consist of mostly of petty traders, vendors and artisans who lack proper education and financial literacy skills. According to Maseko (2014), the level of educational attainment limits their knowledge about registration, record keeping, and filing issues, resulting in non-compliance which is often caused by lack of awareness, rather than intentional behavior.

In terms of the possibility of evasion, cash-based dealings, lack of accounting records, and little use of electronic payments make it hard to track revenue. As stated by ZIMRA (2025), a large proportion of informal dealings takes place beyond the banks and hence less detectable and underreporting possible. Increased usage of digital registration systems and mobile payments will help bridge the gap.

In terms of perceptions and attitudes, many informal traders feel that the revenues collected from them are mismanaged and that there is little that is provided to them in terms of public goods, as noted by Chirisa & Mhaka (2020). Weak infrastructure and minimal provision of social goods strengthen this perception. Increased transparency on part of ZIMRA regarding the management of revenue can assist here.

As far as tax system characteristics go, there are too many changes in currency and policy, as well as complicated filing processes, which are increasing compliance costs especially for small firms without any accountant (Dlamini, 2025). Making it easier to file, creating simple systems, and increasing presumptive taxation can solve these problems.

The main value of the model lies in the understanding of interactions between different factors – for example, lack of literacy makes it harder to cope with complicated legislation, whereas distrust towards authorities fosters exploitation of opportunities for evasion. The drawback of the model is that it considers individual behavior only and does not pay enough attention to how informal sector evasion influences formal sector compliance or to such macroeconomic factors as inflation and instability.

2.1.3The Adverse Evasion Spillover Hypothesis (AESH)

Firstly, it would be helpful to explain the Adverse Evasion Spillover Hypothesis that was postulated by Yimam, Marye, and Moore to understand the mechanisms of tax evasion from the informal sector into the formal one. In particular, it states that the more the formally registered companies see informal traders operating without paying taxes and getting no punishment for such violations, the lower the likelihood of tax compliance becomes. One can easily understand the logic behind the hypothesis; it is becoming harder to motivate the owner of the business to pay his share when he sees others not doing it.

Zimbabwe is an excellent example of where this phenomenon is extremely pronounced. In the current situation, it is known that about 76 percent of the total number of the businesses are considered to be informal (Musakwa et al., 2024). Thus, instead of non-compliance occurring discreetly and hidden from the public eye, people can see it in all urban markets in the country, including such major ones as Mbare Musika and Egodini. When a business owner sees a great number of unregistered companies in Harare CBD, the message becomes very clear.

The investigation of the drivers of evasion by informal sector traders at Mbare Musika, Sakubva Market, and Egodini finds that complicated registration processes constitute the main source of non-compliance, with the entire model explaining 92.4 percent of evasion behavior. However, the AESH reveals that the situation is much more serious than just the difficulty of registration process. Each informal trader who fails to register and be noticed reinforces a cultural message undermining the compliance motive of other people around them, regardless of whether they have been formally registered. Low tax knowledge, lack of trust towards ZIMRA, and perception that tax payments are squandered are not limited to the informal sector alone. They permeate across society and provide even formal sector actors with an excuse to become non-compliant.

The history of Zimbabwe only adds to the problem. Many years of economic crises, hyperinflation, and the lack of adequate delivery of public services have left citizens with very little hope that their money will be spent wisely. As per Chirisa and Mhaka (2017, 2020), the erosion of trust between citizens and the state has destroyed the implicit social contract whereby taxes are paid in exchange for the provision of adequate public goods. Without that implicit social contract, the moral justification for paying taxes is harder to construct, and as such, the AESH spillover effect becomes increasingly problematic.

An additional problem is created by the enforcement discrepancy. The audit practices and requirements of ZIMRA weigh significantly more on the registered formal businesses rather than on the informal ones. It is quite clear who gets the worst side of this: registered companies get hit hard, while their competitors do not need to follow any rules. This enforcement discrepancy does not encourage informal actors to formalise but serves to provide a motive for formal companies to seek to move towards the informal economy instead.

That is exactly what makes the significance of ZIMRA's Block Management System transcend beyond what the system earns directly for the government. Through physical registration of traders within defined geographic zones, the BMS communicates a message loud and clear to the entire business community that traders in the informal sector are also not exempted from paying taxes. This message carries as much importance for compliance by formal sector firms as for registration of informal firms,

since it starts addressing the perception of inequity behind the spillover behavior in the first place.

To combat tax evasion, ZIMRA's efforts will have to consider multiple dimensions. Registration efforts for informal traders will have to be viewed as an effort by ZIMRA to safeguard the culture of compliance within the formal business sector and not simply an effort to collect small amounts of money from individuals who engage in such trade. ZIMRA's Taxpayer Education Programme must make it known to formal businesses that enforcement is taking place through communication of such enforcement activity in informal business places. Reduction of the hurdles that keep traders from being able to register and using simple digital compliance technologies will ensure that traders get into compliance. Efforts towards engaging market associations and community leaders to ensure compliance will serve to change the societal values that according to AESH drive tax evasion. Countries like Rwanda and Kenya have shown that this kind of combined approach, pairing administrative simplification with community-level outreach, can produce real and lasting improvements in informal sector compliance.

2.2 EMPIRICAL REVIEW

2.2.1 Chirisa and Mhaka (2017) High Taxes and Institutional Distrust Harare's urban Mbare Musika Zimbabwe, the survey conducted by Chirisa and Mhaka (2017) highlighted that high tax rates is one of the key issues encouraging tax evasion in Zimbabwe's informal sector. Chirisa and Mhaka (2017) study found that small-scale businesses are the most affected by high tax rates making it quite hard to comply with tax regulations. A separate survey conducted by Chirisa and Mhaka (2020) indicated that the most influential element which causes tax evasion in the informal sector of Zimbabwe is lack of trust towards governmental bodies. It was discovered that many individuals/ businesses do not trust ZIMRA, believing that the taxes they pay would not be used as they should. Bonga (2017) on the other hand suggested that complex tax system contributes significantly to tax evasion in the informal sector. Individuals/ businesses found the complex system confusing.

To address this issue of a complex tax system, ZIMRA has reduced taxes and implemented a flat rate for small businesses and also simple forms and procedures to help tax payers, individuals and businesses to comply with the tax laws (Bonga, W.G

2017).ZIMRA has intensified efforts to enforce tax laws and cut tax evasion within the informal sector through increased audits and inspections of business concerns and increased penalties for offenders(Mhaka and Chirisa, 2017). It has launched education and outreach campaigns for awareness and voluntary compliance programs to rebuild faith in the system.

2.2.2 Dlamini (2025), Factors Influencing Tax Evasion among Small and Medium Enterprises in Zimbabwe , Bulawayo , Zimbabwe ,the study, undertaken by Dlamini in the journal New Advances in Business, Management and Economics established the significant determinants of tax non-compliance by SMEs in Zimbabwe. It targeted SMEs in the province of Bulawayo, sampled via stratified random sampling of 187 respondents to questionnaires, from which 153 were completed and returned. Via regression analysis on SPSS version 22 Dlamini identified the significant determinants as, poor follow up strategy, lack of a tax audit, tax rates being too high, financial constraint, misuse of public resources by officials and tax education. Dlamini recommended that ZIMRA should have a record of SMEs for tax audits purposes, follow up should be intensified, audits increased and tax assistance to SMEs increased. High tax rates, which encourage evasion and ultimately failure, should be reviewed by government. There should be an aggressive campaign against tax evasion and avoidance and comprehensive tax education programs conducted.8

2***.2.3 Musakwa, Kurauone & Zingwina (2024), Optimizing Tax Collection Mechanisms: A Critical Analysis of the Zimbabwe Revenue Authority , Bulawayo,Zimbabwe ,*** focused especially on the potential presumptive tax compliance challenges facing small business operators and the mechanisms that could be employed by ZIMRA to strengthen collections of tax from them. The research was based on a qualitative methodology where 20 transport operator and small business owners from Bulawayo were interviewed. The study revealed that small business owners in the informal sector had limited understanding and lack of transparency over their tax responsibilities.

The study made the recommendation that ease in payment and understanding of tax obligations can be addressed by providing training for taxpayers, simplifying the payment of tax, adapting taxation policies in the context of small business characteristics and strengthened tax enforcement mechanisms can lead to increased

taxpayer compliance and revenue from the informal sector. Also it should be built upon mutual relationship between tax authority and taxpayers in order to get away from negative feeling toward the adversarial tax system to promote long term revenue yield from informal sector. Moreover, the research found that an adversarial relationship between tax authorities and small informal sector owners does much more damage in terms of non-compliance.

2.2.4 ZIMRA Enforcement Initiatives and Their Effectiveness 2024/2025 annual performance report ,Recent empirical evidence suggests that ZIMRA has intensified enforcement efforts to address tax evasion. In June 2025, ZIMRA Commissioner General Regina Chinamasa acknowledged that the cash economy makes it difficult to enforce tax rules, noting that over 70 percent of Zimbabwe's transactions occur outside formal banking channels, leaving large portions of economic activity invisible to tax authorities. Despite these challenges, ZIMRA reported collecting ZWG76.4 billion in the first half of 2025, slightly above its target of ZWG75.9 billion, attributed to intensified enforcement, tax base expansion, and strategic policy interventions.

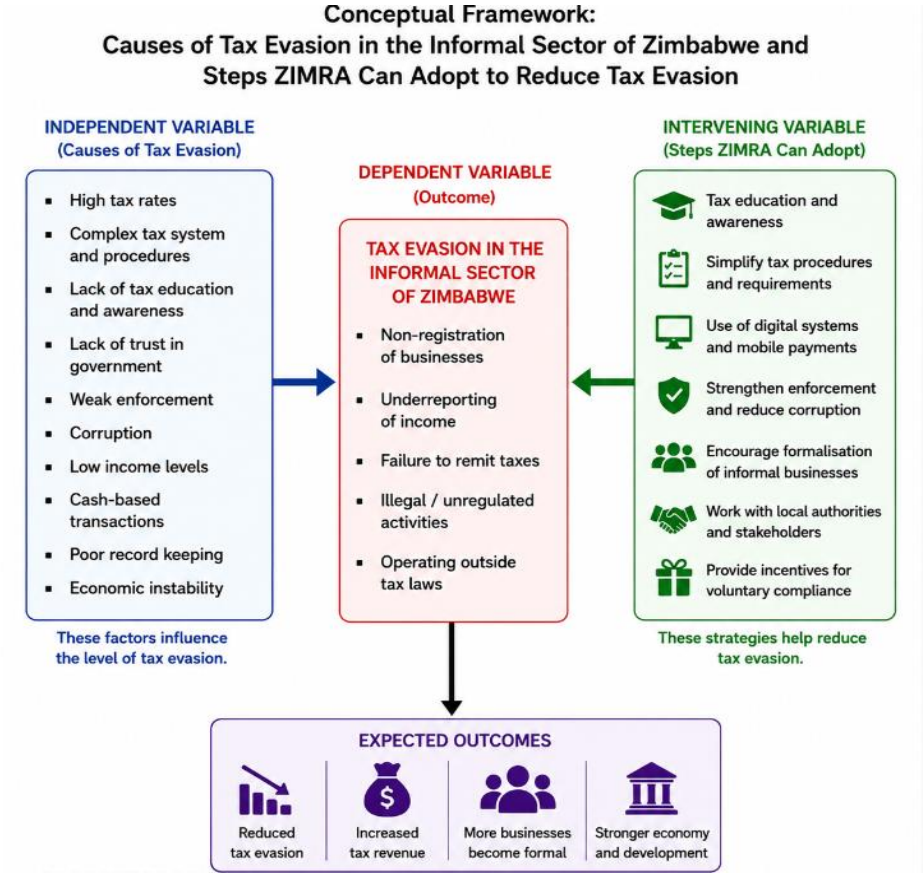
ZIMRA has implemented a mandatory fiscalization program where all VAT registered entities are required to send transaction information in real time to the Fiscalisation Data Management System (FDMS). The tax clearance certificate is tied to full compliance with the fiscalization requirements in the Fiscalisation Technical Management System. There is development of a mobile application for the informal sector, allowing clients to fiscalize transactions via their mobile phone, and where AI and analytics monitor taxpayer behaviour.

On the other hand, empirical research also identifies difficulties with implementation. The Small and Medium Enterprises Association of Zimbabwe (SMEAZ) has warned that overly stringent requirements may inhibit entrepreneurship, considering that most SMEs do not have the capacity to comply fully with the existing regime. As pointed out by Executive Officer of SMEAZ, Farai Mutambanengwe, "Our tax framework is for those organizations which have chartered accountants. In SMEs, there is one individual who might not even be knowledgeable"

2.3 Conceptual Framework

Figure 1

Conceptual framework gives an organized view of all the critical variables involved in tax evasion in Zimbabwe's informal sector together with the connections between them. The framework shows how individual, organizational, and economic variables affect the act of tax compliance and also the ways that ZIMRA can use to minimize tax evasion.



2.3.1 Independent Variables (Drivers of Tax Evasion)

2. 3.1 Excessive Tax Rate and Penalty Mechanism

High rates of taxes are continually cited as major reasons for tax evasion by informal sector players in Zimbabwe. Chirisa & Mhaka (2017) discovered that high rates of tax affecting the viability of a business lead to underreporting. Intermediated Money Transfer Tax, referred to popularly as the two-percent tax, affects all electronic transactions, and this is considered as a form of double taxation for SMEs because it eats into small profits margins, hence making traders resort to cash-based businesses which are not monitored by ZIMRA (Dlamini, 2025). Monetary problems also make the problem of tax evasion worse. Changes in currency from bond notes, RTGS balances to now Zimbabwe Gold (ZiG) pose a challenge when it comes to recording income (Dlamini, 2025).

2.3.2 Low Tax Morale and Distrust of Government Institutions

The tax morale is exceptionally low in the informal sector in Zimbabwe. According to Chirisa & Mhaka (2020), there is a majority of informal traders who have very little trust in ZIMRA due to their belief that the taxes will never be used for any public benefit, but rather will be stolen. This can be justified with the behavioral theory, which states that people start to use rationalization of their behavior based on the idea of unfairness when they believe that the government fails to fulfill its duties under the social contract (Coleman & Freeman, 2016).

2.3.3 Lack of Tax Knowledge and Complexity of the Tax System

Tax administration-related corruption serves as a structural facilitator of tax evasion. Where informal payments become routine rather than exceptional in relation to official transactions, the motivation for going through the proper channels is seriously undermined (Nyamwanza et al., 2020). According to Pellegrini and Gerlagh (2015), institutionalized corruption transforms the cost-benefit logic of tax evasion in such a way that the whole deterrent rationale falls apart where the likelihood of being punished for the evasion becomes nullified through bribery. The Corruption Perceptions Index (2024) from Transparency International ranks Zimbabwe as one of the less well-performing African states in terms of governance.

2.3.4 Corruption and Weak Institutional Integrity

Tax administration system corruption can be considered a structural facilitator of tax evasion. Once corrupt transactions with tax officers are established as a substitute for formal compliance, the motivation for using the formal route becomes significantly reduced (Nyamwanza et al., 2020). As explained by Pellegrini and Gerlagh (2015), the presence of institutionalized corruption completely changes the cost-benefit analysis associated with evasion. Bribery removes the threat of punishment from the equation, which makes the deterrence model nonfunctional altogether. Transparency International (2024) Corruption Perceptions Index classified Zimbabwe as one of the worst-rated African countries.

2.3.5 Weak Enforcement Capacity and Limited Tax Administration Resources

The structural reason for tax evasion in the informal sector of Zimbabwe is that there is a disconnect between the size of the informal sector and the ability of ZIMRA to administer the sector. This problem is complicated by the nature of the sector itself. According to Mwanza (2019), individuals in the informal sector do not keep any

financial records; they can move around quickly and their transactions are mostly done in cash making it very hard to track their earnings. Research findings as discussed in Chapter Two of the original paper found that flea market vendors lack a business location making it difficult for ZIMRA to assess them.

2.3.6 Cash Dominance and Absence of Financial Records

The fact that the informal economy in Zimbabwe is largely cash-based is both one of the reasons behind tax evasion and a means of facilitating it. The ZIMRA Commissioner General, Regina Chinamasa, disclosed in June 2025 that more than 70 percent of Zimbabwe's economy transacts through cash rather than through banks (ZIMRA, 2025). This makes much of the economic activities not trackable since there will be no digital evidence for tracking incomes.

Informal businesses do not keep proper records in the form of books or other documentation, which makes assessing their incomes impossible (Mwanza, 2019). Therefore, in case of presumptive taxes, the process of estimating income levels can prove to be arbitrary and controversial. According to Musakwa et al. (2024), the presumption that some informal operators made about ZIMRA's assessments regarding the presumptive taxes was arbitrary, leading to non-compliance of such operators.

2.3.7 Dependent Variables

2.3.7.1Tax Revenue Loss.

AfDB puts it that there is a loss of revenues of between $7.5 billion and $8 billion annually. Size of the Informal Sector. The informal sector accounts for 64% to 76% of GDP and has over 80% of the labor force. This has been attributed to absence of accounting and transparency of finances due to cash transaction not being recorded.

2.3.7 .2Compliance Rate.

Low compliance rates of SMEs are shown through the low rate of registration, as well as some informing the traders that they do not understand the registration process and Tarms platform. Low rate of record-keeping as there are no records since it is a cash-based industry.

2.4 ZIMRA's Strategies to Counter Tax Evasion in the Informal Sector

ZIMRA has adopted a multi-pronged approach to countering tax evasion in the informal sector. By 2025-2026, this strategy has evolved considerably from traditional manual audits toward a digital-first, data-driven, and internationally coordinated framework. The following subsections critically examine these strategies, drawing on current Zimbabwean evidence.

2.4.1 Digitalization and Technological Innovation

ZIMRA's most significant recent strategic shift has been the prioritisation of digital infrastructure to close the loopholes that previously allowed for manual manipulation and under-reporting.

The Tax and Revenue Management System (TaRMS), launched in late 2023/early 2024, is a centralised digital platform that automates taxpayer registration, return filing, and payment processing (ZIMRA, 2024). By reducing human interface and creating auditable digital trails, TaRMS addresses the corruption and manual manipulation risks that previously undermined enforcement. However, SMEAZ has raised concerns that TaRMS's complexity disadvantages small informal operators who lack technical capacity, potentially creating a compliance barrier rather than an enabler (Mutambanengwe, as cited in ZIMRA, 2025).

The Fiscalisation Data Management System (FDMS) requires VAT-registered businesses to link their point-of-sale (POS) devices directly to ZIMRA's servers, enabling real-time monitoring of sales transactions and automated VAT calculation at the point of sale (ZIMRA, 2024). Tax clearance certificates are now strictly linked to full FDMS compliance under the Fiscalisation Technical Management System. ZIMRA is additionally developing a mobile fiscalisation application to enable informal sector operators to fiscalise transactions via their smartphones an important adaptation given mobile phone penetration in Zimbabwe's informal economy.

2.4.2 Block Management System and Tax Base Expansion

The Block Management System (BMS) is one of ZIMRA's most operationally direct strategies for capturing the informal sector. Under this approach, ZIMRA officials physically visit specific geographic business areas including the Harare CBD, Mbare Musika, industrial hubs in Bindura, and high-density market centres to register informal

traders and SMEs on-site, without requiring them to initiate the registration process themselves (ZIMRA, 2024).

The BMS directly addresses the registration and detection gaps identified in the Fischer Model and is consistent with the AESH's prescription that registering informal firms has positive spillover effects on formal sector compliance. By making registration visible and proactive, the BMS signals to the broader business community that informal non-compliance is not undetected. Musakwa et al. (2024) recommended precisely this kind of proactive, on-the-ground registration strategy as a means of building compliance relationships rather than purely adversarial enforcement.

2.4.3 Presumptive Tax Reform

The presumptive tax system, introduced in 2005 and refined through subsequent Finance Acts, remains the primary revenue collection mechanism for the informal sector. It applies fixed quarterly levies to specific categories of informal business including transport operators, flea market traders, and bars based on estimated income benchmarks rather than declared profits (ZIMRA, 2014).

Musakwa et al. (2024) critically assessed the presumptive tax system and found that its effectiveness is undermined by a lack of transparency in how assessments are calculated, leading many informal traders to view assessments as arbitrary and unfair. The study recommended tailoring tax policies to informal sector characteristics and improving communication around assessment methodology. Dlamini (2025) similarly recommended reducing presumptive tax rates that are perceived as punitive, as excessively high rates actively promote evasion rather than compliance.

2.4.4 Taxpayer Education and Awareness Campaigns

Recognising that a significant portion of non-compliance is involuntary rather than deliberate, ZIMRA has invested in taxpayer education programmes targeting the informal sector. These programmes aim to shift the organisational narrative from punitive enforcement to collaborative compliance facilitation (ZIMRA, 2024). This strategy is strongly supported by both the Information Model (Alm & Torgler, 2016) and Behavioural Theory (Coleman & Freeman, 2016), both of which predict that improved tax knowledge and improved perceptions of ZIMRA's legitimacy will increase voluntary compliance. Dlamini (2025) specifically recommended that massive

education campaigns targeting SMEs be combined with simplified tax procedures to reduce unintentional non-compliance. Palil and Mustapha (2013) established a strong correlation between taxpayer education and compliance improvement findings that are directly applicable to Zimbabwe's informal sector.

2.5 Research Gap

Although there is a growing number of studies on tax evasion in Zimbabwe, there are still gaps. Most of the previous research such as Dlamini (2025), Musakwa et al. (2024), Chirisa & Mhaka (2017, 2020) are mainly concerned with identification of determinants of evasion without assessing the impact of particular ZIMRA interventions. It is evident that the presumptive taxation system is flawed due to its bad implementation and poor consultations with stakeholders; however, there is no comparison of competing approaches used by ZIMRA in different segments of the informal economy.

The hypothesis about the spillover effect of AESH in the formal sector has not been tested empirically. There is no empirical evidence whether the expanded registration of business organizations in BMS led to the expected outcome. In terms of technology, although the contribution of the informal sector in GDP constitutes about 64%, the share of tax revenues is less than 10%; no empirical research has ever assessed the impact of TaRMS or FDMS.

Econometric modelling of the impact of tax rates on evasion is still missing from the literature in Zimbabwe. Though the link between high tax rates and corruption within administration is often used as an explanation for evasion behavior, no study has tried to estimate an optimal threshold of taxes to achieve the balance between maximum revenues and incentives to be formalized. Lastly, most empirical studies in the field remain cross-sectional and capture only static aspects of compliance behavior without following any behavioral changes over time.

2.6 Chapter Summary

The study concentrated on the factors causing tax evasion in informal sector of Zimbabwe. The research findings show that a large number of informal sector participants do not file taxes, which is made worse by the fact that the majority of flea market operators do not have established locations from which to operate. They move around too much, making it challenging for ZIMRA to conduct assessments on the

number of enterprises in the informal economy. According to the research, the presumed tax does not significantly increase overall budget’s revenue. Elevated tax rates, inadequate income due to weak commercial activity, and the government's lack of transparency in how tax money is used by the government are cited in the research as the main drivers of tax cheating.

Chapter iii

Research Methodology

3.0 Introduction

This chapter provides an in-depth overview of the research methodology applied in this study with the aim of investigating causes of tax evasion in the informal sector of Zimbabwe and developing applicable recommendations for the Zimbabwe Revenue Authority (ZIMRA) in the mitigation of such an economic challenge. The informal sector in Zimbabwe has significantly gained momentum, with International Monetary Fund (IMF) in (2023) indicating that informal economy is constituting more than 60 % of total economic activities in Zimbabwe making effective tax administration, of vital concern to the government. The Zimbabwe Revenue Authority (ZIMRA) (2024) confirmed persistent revenue short falls in the collection process mainly caused by high levels of non-compliance by informal traders engaged in the provision of services in the densely populated urban settlements, for example in Mbare Musika, graniteside, glenview area 8, Market in Bindura among other places. The method employed therefore laid out a framework in which all research objectives and research questions would be addressed. The research strategy including research design, research paradigm and research approach, target population, research sampling strategies, methods of data collection, measures for research validity and reliability, methods for research data presentation and analysis and research ethics were all described in detail in this chapter. The structured research methodology guarantees validity, reliability and replicability of findings of this research.

3.1 Research Strategy

This research design is aimed at tackling the research questions in a very effective way and meeting the research objectives of studying the cause of tax evasion in the informal sector of Zimbabwe and finding ways in which ZIMRA can improve tax compliance. Mixed research methodology was opted for to explore both the qualitative and quantitative aspects of the research problem. This is in keeping with the methodology used by Dlamini (2025) in his study of factors affecting tax evasion in SMEs of Zimbabwe.

3.1.1 Research Design

In the current study, an approach that combined the use of quantitative and qualitative research data was adopted. The mixed methods approach can be used appropriately in cases where there is complexity in both the numerical and lived experiences associated with the problem of study, which applies to tax evasion (Creswell & Creswell, 2018; Mushiri, Marume & Chikukwa, 2024).

The quantitative part of the approach involved the collection of data using a survey conducted on the basis of the questionnaire to determine the frequency of tax evasion and associated variables, as well as ranking of different possible interventions. The qualitative part was done through conducting interviews to determine the experience associated with the statistical results. The two data sources were combined during interpretation. Design

3.1.2 Research Philosophy

This study adopts a pragmatist research paradigm, which emphasizes the practical application of research findings to address real-world challenges. Pragmatism considers knowledge as context-dependent, evolving through experience, and evaluated based on its usefulness in solving problems (Manyeruke & Mhlanga, 2021). This paradigm is particularly valuable for research aimed at generating actionable solutions to tax evasion issues in Zimbabwe's informal economy. The pragmatist approach is well-suited for this study as it focuses on developing practical recommendations for ZIMRA to enhance tax compliance among informal sector operators. By integrating quantitative data analysis to assess patterns of evasion with qualitative insights from stakeholders regarding challenges in tax compliance, this approach ensures a comprehensive understanding of the underlying issues.

3.2.3 Research Approach

A deductive research approach is utilized in this study. The research begins with established economic theories specifically the Allingham-Sandmo (1972) model of income tax evasion and the Theory of Planned Behaviour which suggest that evasion is a rational response to low detection probability and high tax burdens (Chidoko & Mutambara, 2022). These theoretical assumptions are then tested against empirical data collected from Zimbabwe's informal sector. This is particularly relevant given the country's hyperinflationary environment, where the rapid depreciation of the Zimbabwe Gold (ZiG) currency since its introduction in 2024 has intensified financial pressure on informal traders, potentially increasing the propensity for tax evasion as a survival strategy (Moyo, 2024). The deductive approach allows the study to systematically evaluate whether the theoretical predictions of the Allingham-Sandmo model hold under the specific economic

3.2 Target Population

A target population is a clearly defined population for the study where it is guaranteed that all study participants will mirror the attributes and interests of the population under study (Casteel & Bridier, 2021). For the present study the target population consists of main stakeholders within Zimbabwe's informal sector, and these stakeholders can be divided into three main groups of informants: informal sector operators, tax policymakers, and ZIMRA representatives.

Informal sector operators such as vendors, small-scale manufacturers, transport operators, artisans are the subjects of study because they are directly impacted by tax policies and tax compliance measures. Informal sector in Zimbabwe is widespread and consists of a variety of members, for example major trading places are Mbare Musika, Machipisa shopping centre in Highfield and Gulf Complex in Harare and cross-border vendors who are often between Zimbabwe, South Africa, and Zambia (Dube, 2014). Their views would clarify practical problems encountered while trying to conform to ZIMRA's presumptive tax regime introduced by section 36C of the Income Tax Act (Chapter 23:06).

Tax policymakers and ZIMRA representatives are important people in making taxation policies; their views would shed light into current strategies and policies to curb tax evasion in the informal sector like ZIMRA's Block Management System (BMS) and Fiscalised Electronic Register (FER) program (ZIMRA, 2024).

3.3 Sampling Strategy

Sampling is the process of selecting participants for a research study from a larger population based on specific criteria relevant to the study’s objectives. Understanding sampling techniques is crucial for ensuring that the selection process enhances the quality and validity of the research (Turner, 2020). Given the heterogeneous nature of Zimbabwe’s informal sector spanning sectors such as cross-border trading, vending, artisanal mining, and transport the sampling strategy must be sufficiently flexible to capture the breadth of compliance experiences.

3.3.1Sampling Frame

Informal sector operators, tax policymakers and representatives from ZIMRA operating in Harare constitute the sampling frame for the study. Harare has been chosen for the study because the largest proportions of informal sector activities are concentrated in Harare; estimated at 40% of total national output from the informal sector

(Makochekanwa, 2011). The selection of informal sector operators would be based on vendors operating at Mbare Musika, small manufacturers operating at Workington Industrial Area and transport operators based at ZINARA-registered commuter transport operators. ZIMRA representatives and policy makers selected from ZIMRA-Large Clients Office and Ministry of Finance and Economic Development, respectively, are representatives of government departments involved with the formulation of policies relating to the informal sector.

3.3.2 Sampling Technique

The study employs purposive sampling for the qualitative component, selecting participants based on their relevance and expertise. This includes ZIMRA officials with direct experience administering presumptive tax and policymakers involved in the drafting of Zimbabwe's Medium Term Revenue Strategy (MTRS) 2020–2024. For the quantitative component, stratified random sampling is utilized to ensure a representative sample across the diverse range of informal sector operators, reflecting the different sub-sectors and geographic locations within Harare.

3.3.3 Sample size

To determine the sample size for this study Yamane (1967) system became used. This formulation is extensively utilized in research for calculating the suitable sample size, from a known fixed populace of 95% confidence level and 5% margin of error are preferred. The calculation is below

Formular

n =n\1 +N (e*2)

where as

n = pattern size

N = population size

e =margin of error

calculations are as follows

Populace(N) = 13000

Margin error (e) =7.02%

n= 13000/ 1 + 13000(0.07016*2)

= 13 000 /1 +64

= 13 00/ 65

= 200

A total sample size of 200 respondent was established. To ensure comprehensive data collection this sample is divided into 175 informal sector operators who will receive questionnaires regarding the precipants of tax evasion and 25 Zimra officials, tax experts and few informal traders for qualitative key informant interviews to address policy steps.

Table 1: Sample Distribution by Group
Table 1

Group	Number	Data Collection Method
Informal traders / SMEs	175	Structured questionnaires
Informal traders	7	Semi-structured interviews
ZIMRA Officials	10	Semi-structured interviews
Tax Experts / Consultants	8	In-depth interviews
Total	200	

3.4 Research Instruments

This study utilizes two primary research instruments: structured questionnaires for quantitative data collection and semi-structured interview guides for qualitative data collection. Primary data refers to information gathered directly for the first time, making it original and unprocessed (Mazhar et al., 2021). These instruments are tailored to the Zimbabwean informal sector context, drawing on validated instruments used in prior local studies. For instance, the questionnaire design is informed by the instrument developed by Maseko (2014) in his study of SME tax compliance in Harare, adapted to incorporate questions on the impact of Zimbabwe's multi-currency regime and the ZiG currency transition on tax reporting behaviour.

3.4.1 Structured questionnaire

A structured questionnaire is constructed to capture quantitative information from the 175 operators of the informal business. It includes closed-ended and multiple-choice questions structured into various sections based on the research objectives. Section 1 collects background information about the informal business operators, namely, age, gender, type of informal business and length of time operating informal business. Subsequent sections discuss attitudes toward compliance and perception of the effects

of the presumptive tax on business profitability and obstacles encountered to meet the tax obligations imposed by ZIMRA. The structure of the questionnaire is adapted from research already conducted in Zimbabwe, such as Nyamwanza et al. (2020) who noted that traders in Kuwadzana and Glen Norah, informal suburbs of Harare, consistently mentioned that ZIMRA quarterly presumptive tax tables do not fit with their irregular income patterns. A five-point Likert scale was used for the operators to indicate their attitude toward tax compliance in order to numerically evaluate the willingness of operators to comply with the tax obligations.

Table 2: The Likert Scale

Table 2

Response	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Points	1	2	3	4	5

3.4.2 Semi-Structured Interview Guide

For the qualitative component, semi-structured interviews will be conducted with representatives from ZIMRA, policymakers, and selected informal sector operators. The interview guide will consist of open-ended questions aimed at exploring the causes of tax evasion and potential strategies for enhancing compliance. Key themes in the interview guide will include perceptions of the tax system, barriers to compliance, and recommendations for ZIMRA. The semi-structured format will enable interviewers to probe further into areas of particular interest, ensuring flexibility while maintaining alignment with research objectives.

3.5 Data Collection Procedures

Data will be collected during the course of this study through a methodical process of gathering qualitative and quantitative data to help answer the questions stated in the aims and objectives of this research. Data will be collected through the following methods:

3.5.1 Quantitative Data Collection (Surveys)

In terms of the data collection method, structured questionnaires will be used to collect the quantitative data from the informal sector actors. The survey will be expected to be carried out within four weeks; however, the subjects will be given a certain period to

fill out the questionnaire. The data collection will be done using google forms, and the respondents' responses will be electronically captured to increase data accuracy. It will be ensured that the confidentiality and security of the subjects will not be compromised during the process of data collection. Pre-testing of the questionnaire will also be carried out before the survey commences.

3.5.2 Qualitative Data Collection (Interviews)

Data will be gathered from interviews which will be scheduled according to the availability of the respondents. The interviews will be conducted either face-to-face or virtually according to their convenience. Interview will be done for a period of 30 to 45 minutes which will help in gaining deeper insights into the experiences and perceptions of the respondents on the issue of tax compliance. The transcriptions of the interviews are then coded thematically. Thematic analysis will be used in order to find the themes and issues from the answers of the respondents.

3.6 Data Validity and Reliability

3.6.1 Data Validity

The term validity implies the extent to which a research tool measures what it is intended to measure. (Ahmed & Ishtiaq, 2021). Validity of the instruments used to gather data is an important consideration in this study aimed at investigating the factors contributing to tax evasion among informal sector workers and ways through which ZIMRA can reduce tax evasion. In order to achieve content validity, the research tools such as survey questionnaires and interview guides are designed in a way that addresses all aspects of the research goals.

3.6.2 Data Reliability

Reliability is defined as the degree to which a research tool measures the same concept over time or between observers. Or simply said, data free from random error (reliable data always produce same results under similar conditions (Ahmed & Ishtiaq, 2021)). Thus reliability must be established in this study to ensure that findings about the causes of tax evasion in the informal sector and potential remedies thereof, are sound.

Reliability tests in order to achieve quantitative reliable data collected via the structured question have been done through statistical analyses of the collected data on the SPSS and Excel, where SPSS is the application software that allows a researcher to establish validity, reliability and authenticity of both qualitative and quantitative data (Bhandari,

2022). The reliability tests will allow for instance, examination of the internal consistency of items in the questionnaire measuring the same construct, meaning they should produce stable and consistent data results. The tests instruments were pilot tested, data collected from pilot tested instruments analyzed on SPSS to confirm if there are inconsistencies/confusions with the questions. Qualitative reliability, is assured through consistent and standard procedure during interview and using similar semi-structured interview question guide. All interviewers are trained on standard procedures such as methods of questions, how to probe and record responses to avoid variation in interview settings between various respondents and interviewers, additionally the collected qualitative data was analyzed systematically to reveal various recurring themes.

The results were then cross checked to reinforce findings of data collected on both quantitative and qualitative measures. Using this combination helps to establish validity, reliability, and accuracy of data gathered as one method validates the results obtained from the other (data triangulation). An example, quantitative data on the factors for the informal sector to evade tax was coupled with qualitative findings regarding the current strategy being used by Zimra and a possible strategy to reduce tax evasion.

3.7 Data Analysis and Presentation

The use of descriptive statistics and inferential statistics will be employed for analyzing the quantitative data. Descriptive statistics is utilized to describe characteristics of sample and provide general description of the data that can include percent and means, for example the mean of perception of respondents about credit access will be generated and demographics (e.g., age, income, residence) will be presented in order to describe the samples and the data. Inferential statistics is employed to generalize findings of sample to overall population since the researcher used a representative sample of 200 individuals. The use of inferential statistics enabled the researcher to make possible generalization to the population. Tests such as regression analysis are used to identify what factors are causes of tax evasion and possible solutions in order to eliminate those causes. The qualitative data is analyzed using thematic analysis, looking for the common patterns or problems encountered by tax evasion in informal sectors. Through integration of both qualitative and quantitative data using triangulation method a complete view of the problem will be formed. Overall, visual presentation methods,

descriptive and inferential statistics, regression analysis makes data presentation complete and useful. Through those statistical methods a clearer analysis about what are causes of tax evasion and solutions of it will be formed. The analysis of those statistical results will have practical implications for government and financial institutions that will help them to have a practical guideline of making a possible solution for the causes of tax evasion.

3.8 Ethical Considerations .

Ethics are vital in ensuring that the research is conducted in a respectable manner. Consent will be obtained from all the participants informing them of the objectives of the research and the fact that they can withdraw from participation at any time without facing any sanctions. Given the nature of the subject being discussed in the study, it is essential that the participants are aware of their rights especially since there could be fears among some informal traders about punishment from ZIMRA on grounds of non-compliance (Chirisa & Mhaka, 2017). Confidentiality will be maintained throughout the course of the research by ensuring that the information given by the participants is anonymous and stored safely in such a way that no individual response will be passed onto the ZIMRA officials. The permission to conduct the research will be sought from the Harare City Council as well as the market committees.

3.9 Summary

The methods that were used in carrying out this study have been explained in this chapter. These methods are used in identifying the factors causing tax evasion in the informal sector of Zimbabwe and developing possible solutions for Zimra. A mixed method research design was applied to help the researcher understand the research problem comprehensively by use of both quantitative and qualitative methods. This method provided a framework of how data would be collected and analyzed hence increasing the reliability and validity of the research finding.

CHAPTER IV
DATA PRESENTATION , ANALYSIS AND DISCUSSION

4.0 Introduction

This chapter presents the empirical results of the study of factors affecting tax evasion in the Zimbabwean informal sector and how ZIMRA can best improve tax compliance. The chapter follows the following order of presenting information: first an evaluation of the reliability of the data and background information about survey participants; then descriptive analysis of Likert-scaled survey data; finally inferential tests and reflexive thematic analysis of interview and focus group data. This section of data is combined across each of the above to produce a full, multi-method description of informal sector tax non-compliance in Zimbabwe. As such, as indicated by Creswell & Creswell (2018), these two mixed-methods designs produce better explanatory evidence since the statistical trends are supported and explained through the narrative descriptions.

4.1 Response Rate

Table 3: Response rate for questionnaires

Table 4.1: Questionnaire Response rate

Table 3

Category	Distributed	Returned	Response Rate
Questionnaires	175	148	85%

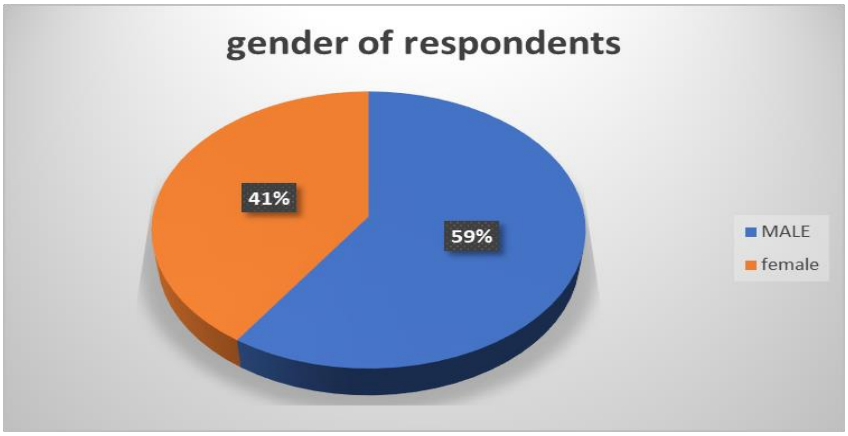
Source: Primary data (2026).

As presented in Table 4.1, a total of 175 questionnaires were administered to informal sector operators via an on-line approach. Out of these, 148 questionnaires were completed and returned, giving a response rate of 85%. This response rate is above the acceptable 70% for surveys in sub-Saharan Africa often cited by Mugenda and Mugenda (2003), and also above the 80% cited by Holtom et al (2022) as a reasonable response rate where it indicates good subject cooperation and minimizes bias arising from non-response. The response rate of 85% also compares favorably with other on-line research surveys focusing on informal sector taxation in Africa such as 74% by Ogunleye and Adeyemi (2023) on tax perception among informal traders in Kano

metropolis and 79% by Mwanga and Murithi (2024) among traders in the Gikomba market in Nairobi. The high response rate in this survey is attributed in part to researcher's reliance on tried and tested online survey instruments as well as liaison officers appointed by traders' associations within the informal sector that facilitated access and follow-ups.

4.2 Demographic Analysis

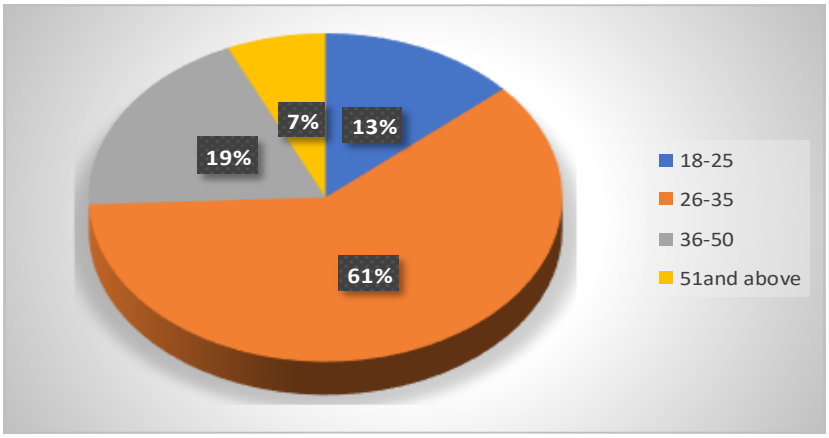
4.2.1 Gender Distribution



The gender distribution of survey respondents reveals a predominance of male operators, who constitute 59% of the sample, with female respondents comprising the remaining 41%. This distribution reflects documented structural patterns in Zimbabwe's informal economy, where men dominate capital-intensive subsectors such as transport, artisan mining, small-scale farming, and wholesale market trading (Moyo & Dube, 2024). Female representation, while minority, is nonetheless substantial and consistent with evidence of high female participation in food retail, street vending, and clothing trade sectors requiring lower start-up capital and permitting flexible working hours compatible with domestic responsibilities (Chikwanha, 2023). Given that there is an equal gender representation in the sample group, it allows for an appropriate analysis to be done on the difference in evasion behavior and compliance between the two genders. This is important because of the finding by Ncube (2025) that the female informal traders had higher levels of voluntary compliance as compared to the male informal traders due to low risk-taking, high community accountability and use of social capital.

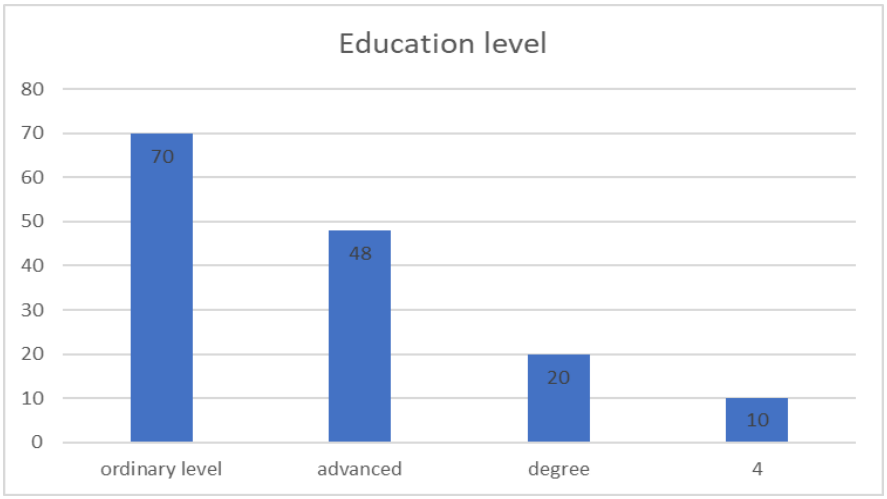
4.2.2 Age distribution

Figure 2



The age distribution of the respondents shows that the young adults in the age bracket 18-25 years make up 13% of the sample, the 26-35 years age bracket constitutes the majority of 61%, while those aged 36-50 years make up 19% of the sample and the respondents aged 51 years and above make up 7% of the sample. The skewness towards the age group 26-35 years is because the informal sector of Zimbabwe comprises largely of young adults who have been displaced from formal employment by the process of de-industrialization (Maseko & Chikozho, 2023). There are significant consequences of the age distribution of the sample for analysis. According to Maseko and Chikozho (2023), younger operators below the age of 35 prefer using mobile money services and digital payment systems to conduct their transactions and hence generate digital footprints of their transactions that could be accessed by the revenue authority. Older operators above 45 years prefer conducting most of their transactions using cash and thus evading detection by the ZIMRA and consequently evade paying taxes.

4.2.3 EDUCATIONAL LEVEL

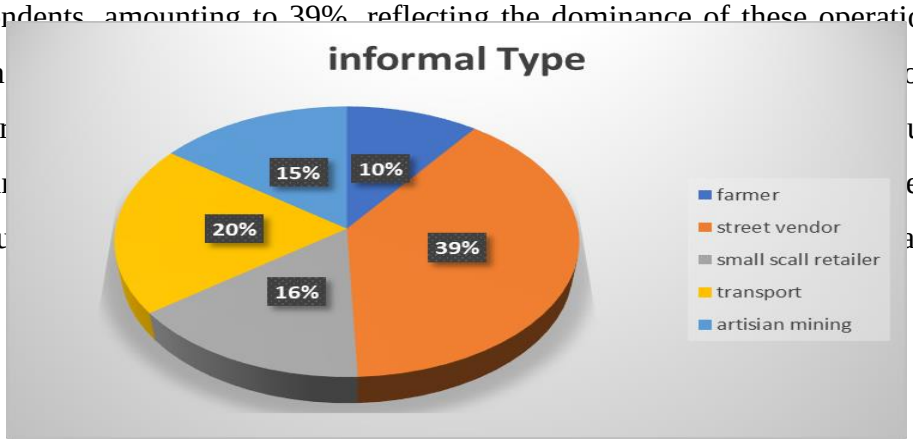


As shown by the education profile of the respondents, a significant number of traders have secondary level qualifications; for instance, 52% have Ordinary Level qualifications. Additionally, 28% were reported to have Advanced Level qualifications, while 11% have tertiary diplomas/degrees, and 9% of the traders have primary level qualifications as their highest education levels. The results confirm the assertion by Chirau and Makuyana (2023), who define the labor force in the informal sector of Zimbabwe as educated, compared to other countries in the region, due to higher secondary enrolment rates in Zimbabwe. However, it is important to note that education on formal taxes is not included in the curriculum of secondary and tertiary education institutions in Zimbabwe. According to Dube and Chirisa (2022), education on tax matters is often not taught in vocational education, which means that slightly educated traders may lack the procedural knowledge to operate the ZIMRA taxation systems.

4.2.4 Sector of operation

Figure 3

Street vending and retailing together contribute to the largest percentage of survey respondents, amounting to 39%, reflecting the dominance of these operations in the urban ommercial center uction and artisa e up 16%; agricu arbers and



mobile phone technicians make up 9%. The dominance of street vending and retailing in the sample has analytical relevance since these sub-sectors exhibit high levels of cash transactions, absence of fixed base and mobility as characteristics which render traditional tax enforcement strategies inefficient (Kembo & Chirisa, 2024). Methods of tax enforcement through physical inspections of businesses' operations, for example, are inherently ineffective for a group of vendors that can move several times within one day.

4.2.4 Years of trading in informal sector

Figure 4

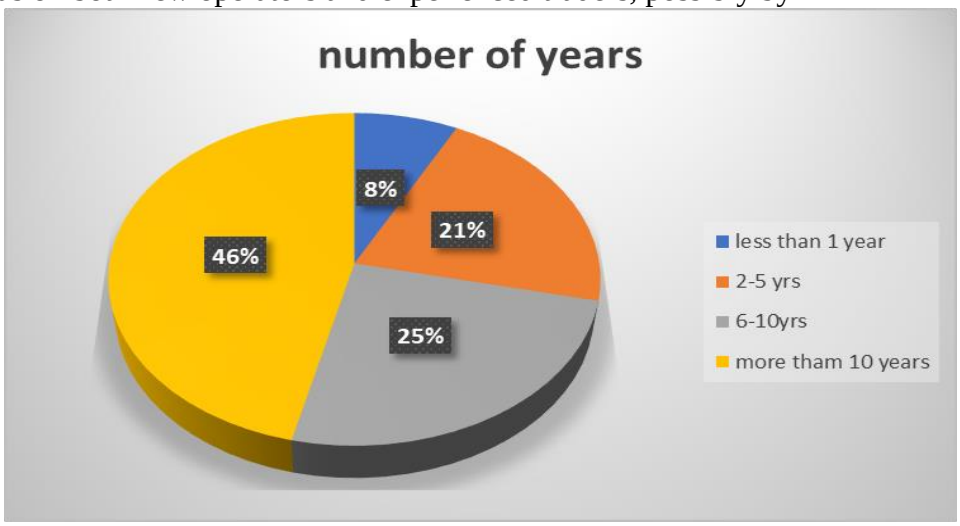
number of years

Table 4

Time		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	less than 1 year	11	7.0	7.4	7.4
	2-5 yrs	31	19.6	20.9	28.4
	6-10yrs	37	23.4	25.0	53.4
	more than 10 years	68	43.0	45.9	99.3
	Total	148	93.7	100.0	100.0

From Table 4.2 below, it is evident that the bulk of the interviewees have operated as informal sector businesses. The largest group, accounting for 45.9% of total valid responses (n = 68), indicated an operation period of over ten years. An additional 25% had been operating between six to ten years, while 20.9% were operating between two to five years, while only 7.4% were relatively new with less than one year of operating in the market. It is important to note that the predominance of veteran operators poses significant meaning for the results of the research regarding tax evasion. According to Cobham & Jansky (2020) in their cross-country comparison of informal sector compliance, informal operators with a longer time horizon in unregulated economies tend to adopt increasingly sophisticated forms of tax evasion tactics making them less responsive to incentives for compliance. Besides, veteran operators tend to be associated with more social ties where non-compliance practices can be passed down from one to another, hence forming collective compliance culture

as per Levi (2017). The above findings indicate that the efforts by ZIMRA should focus on both new operators and experienced traders, possibly by



4.3Reliability of Data

Reliability can be defined as the extent to which a research tool provides consistent and stable measures of the desired theoretical concept on repeated uses (Ahmed & Ishtiaq, 2021). In survey research involving multiple-item scales on Likert scales, internal consistency reliability, which refers to the extent to which items in a scale measure the same theoretical construct, is measured through Cronbach's Alpha (Tavakol & Dennick, 2011). For the current research, Cronbach's Alpha was used to measure the internal consistency of the three measures that corresponded to the theoretical constructs used in the research, namely perceived causes of tax evasion in the informal sector (high tax, government mistrust, and administration complexity); effectiveness of current ZIMRA measures; and alternative preference.

Table 4.3: Cronbach's Alpha statistics

Cronbach's Alpha	N of Items
.857	12

Source: SPSS output (2026). N of items = 12.

According to Table 4.3, a high degree of consistency within the twelve items measuring the constructs under investigation is indicated by the Cronbach's Alpha value of 0.857. This figure far exceeds the acceptable level of 0.70 for the social sciences as suggested by Nunnally (1978) and Field (2013), and is above the higher threshold of 0.80 suggested by Cohen (2018) for applied governance and taxation studies. Studies

employing the same instruments and conducted within an African informal economy environment have yielded comparable results: Ogunleye and Adeyemi (2023) found a Cronbach's Alpha of 0.841 in their study of Lagos Street traders, and Mwanga and Murithi (2024) obtained 0.863 in their Kenyan study. The reliability coefficient in this study thus demonstrates the fact that the measurement instruments effectively measured the constructs being investigated, and that the data collected from 148 participants is sufficiently reliable for further analysis.

4.4Descriptive Analysis: Causes of tax evasion

Participants were requested to give ratings for the influence of several factors in their own or other people's tax evasion behavior. The most highly rated factor turned out to be administrative complications. Seventy-eight percent of participants said that this factor had a great deal or very great deal of influence on tax evasion behavior. The high rate of taxes was mentioned by seventy-three percent of participants. Sixty-nine percent of participants indicated low level of institutional trust. Corruption in the tax system was mentioned by sixty-one percent of participants.

Statement (Cause of Tax Evasion)	MEAN	Standard Deviation
High cumulative tax burden (presumptive tax + local levies + informal fees)	4.71	0.54
Low trust in government revenue use	4.68	O.56
ZIMRA enforcement is rare and predictable (low detection risk)	4.55	0.63
Cash-based transactions leave no audit trail	4.62	0.61
Presumptive tax assessed on turnover rather than actual profit (perceived inequity)	4.55	0.64
Poor tax literacy – inability to calculate or file correctly	4.41	0 71
VAT registration threshold too high; no invoice chain incentive	4.32	0.76
Corruption and bribery among revenue officers	4.29	0.73

Source: Primary data (2026). N = 148. Scale: 1 = Strongly Disagree, 5 = Strongly Agree.

4.4.1 High Cumulative Tax Burden

The top-ranked reason for tax evasion is that taxes impose a high cumulative tax burden (mean = 4.71, SD = 0.54), based on unanimous consensus among respondents about the existence of an unbearable cumulative tax burden facing informal operators. Such a tax burden does not apply only to ZIMRA's presumptive tax, which is taxed at a rate of 15% on the imputed turnover, but it also applies to local authorities' trading fees, market stall fees, development levies, and informal 'speed money' collected by council officials and the police (Ncube, 2024). Ncube's (2024) empirical study on Harare's Mbare market found that informal businesses in Mbare can face an effective aggregate tax rate of around 45% of their net profit. The extremely low standard deviation (0.54) suggests that this perception about the excessively high tax burden is highly uniform amongst all sub-groups of respondents irrespective of gender, age, and sub-sector. The results validate deterrence theory's claim that excessively high taxes will result in reduced voluntary compliance by making evasion more rational from a cost-benefit perspective (Allingham & Sandmo, 1972; Kirchler, 2007).

4.4.2 Low Trust in Government Revenue Use

Lack of trust in the utilization of government income forms the second most supported reason (mean = 4.68, SD = 0.56), as a result of the participants' widespread perception that taxes do not lead to appropriate goods and services for the general population. This observation is corroborated by the results of the nation-wide survey carried out by Afrobarometer (2025) for Zimbabwe, showing that 21% of Zimbabweans trust that their government utilizes their tax responsibly, being one of the lowest figures in terms of government spending on tax in sub-Saharan Africa. In this case, the underlying theory of the observation is Slemrod's (2019) concept of 'fiscal exchange relationship,' which states that tax compliance is determined by the citizens' perceptions of whether the state provides reasonable value in return for their financial contributions. Thus, when the fiscal exchange relationship collapses, as it does in the case of Zimbabwe's post-hyperinflation period, characterized by the deterioration of public infrastructure and high-level of corruption, tax evasion becomes a rational act, rather than a criminal behavior. According to Chikwanha and Dube (2024), the non-compliance is rationalized as a response to 'predatory state' in the case of Harare's Glen View furniture market traders.

4.4.3 Cash-Based Transactions and Administrative Complexity

Cash-based operations of informal trading (mean = 4.62, SD = 0.61) were found to be the third most cited cause. The use of cash in transactions within the informal sector greatly weakens ZIMRA's ability to conduct third-party verification and auditing. Formal enterprises have record-keeping procedures through invoices, bank statements, and electronic point-of-sale systems whereas the informal cash traders lack a record of documentation of their business transaction leaving income reporting to rely on estimation methods which tend to be inexact and disputed (Keen & Mansour, 2010). Predictability of ZIMRA's enforcement actions came third at a mean score of 4.55 (SD = 0.63). It was revealed that ZIMRA raid and inspections are not only rare but also predictable; an assertion supported by findings of Pashev (2005) in Bulgaria showing that low and predictable probability of being caught are major factors driving rational avoidance behavior. The compliance cost of formalization (mean = 4.41, SD = 0.71) was also highly supported; findings are in line with the World Bank (2024) Doing Business indicator ranking of Zimbabwe in 140th position from 190 countries for ease of tax compliance.

4.5 Descriptive Analysis: Steps that Zimra can adopt to reduce taxation

Intervention	Mean	Standard deviation
Unified business registration (single TIN for ZIMRA, council, NSSA	4.60	0.57
Mobile money withholding tax (0.5%) creditable against presumptive tax	4.42	0.69
Simplified VAT / turnover tax for small businesses (5-10% on sales)	4.55	0.63
Mobile-based filing and payment (e.g., MyTax app with offline mode)	4.60	0.59
Training for ZIMRA officers in informal sector negotiation	4.35	0.72
Radio / vernacular taxpayer education campaigns	4.25	0.79

Among all the interventions considered, the most promising one would be the decrease in presumptive tax rate currently at 15% based on observable variables (mean -4.64).

Thus, lower taxes like the presumptive tax rate encourage individuals and businesses within the informal sector to register and pay taxes to the government.

This is consistent with the successful reforms implemented in Zambia and Tanzania (kembo & Chirisa, 2024). The small standard deviation indicates that there is consensus on this among traders types.

According to the survey responses, it is found that most participants feel that the improvement in government accountability and transparency can help reduce tax evasion in the informal sector. More than 80% of the participants agreed on this aspect. This indicates that participants understand the importance of enhancing good governance practices and reducing corruption as a measure to reduce tax evasion.

Unified business registration is thus the best solution in terms of efficiency. At the moment, an informal operator registers with the local council to get a stall permit but does not register with ZIMRA and NSSA. A one-off registration that enrolls the taxpayer in all organizations involved would help to cut down the bureaucratic shadow that facilitates tax avoidance.

Mobile filling and payment (mean=4.60) and certification programs (mean=4.8) are both very popular solutions. My Tax application, developed by ZIMRA in 2024, is a good solution; however, the respondents have raised the need for the offline functionality and support of vernacular languages (Ndebele and Shona). Tax Compliant Trader certificate, which gives concrete advantages such as priority customs clearance and government tenders. Mobile money withholding tax (0.5% credited) has received mean=4.42; however, with slightly higher standard deviation = 0.69 due to doubts regarding the potential ability to force more cash transactions. Thus, an important lesson from the IMTT, which is discussed in the document, is that the withholding tax should be extremely low.

Visible, consistent penalties (mean = 4.28) and radio education campaigns (4.25) were rated slightly lower, but still above neutral. This suggests that while deterrence matters, informal operators respond more positively to simplification, incentives, and reduction of administrative burdens than to threats alone.

4.6 Inferential Analysis: Correlation and Pearson

To answer the major research questions that "The causes of tax evasion and effect on the economy in informal sector of Zimbabwe". Regression and multiple analysis using Pearson was performed.

4.6.1 Model Summary

Table4.7: model summary

Table 5

The model summary provides statistical measures that assess the strength and explanatory power of the regression model.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.961[a]	.924	.922	.245

The model provides R value of 0.961 from the regression analysis (shown in Table 4.6), signifying that the set of independent variables is highly positively related to the dependent variable. The most important figure to note from the model summary is R-squared value which is 0.924. This shows that 92.4% of variation in respondents' self reported frequency of tax evasion behavior can be accounted by the four predictor variables collectively. The explanatory power of the model is very high, especially for a behavioral study. To be able to understand the size of this effect: Cohen (1988) classifies R value above 0.26 as representing 'large effect sizes' in behavioral and social science research, therefore the R value in this study of 0.924 is well above this range. The adjusted R-squared of 0.922-the R-squared which compensates for the number of predictors in the regression relative to sample size-is almost identical to R-squared. This suggests that the model is not overfitted and will generalize to the informal trader population (Hair et al., 2010). Finally, the standard error of the estimate of 0.245 indicates that predictions will vary from the observed values by less than a quarter of a point on average, further verifying high accuracy. In social science research, values of R-squared over 0.60 generally represent substantial evidence, especially given the inherently high levels of variability often seen in models that evaluate human perception and/or behavior. An R-squared value this high should not be alarming to researchers because in behavioral research, R values greater than 0.26 are considered large effect sizes according to Cohen (1988). The estimated standard error of 0.245 means that the average prediction of the model differs from the observed response by

less than half of a point on a 5-point scale, which illustrates high precision in the estimates.

4.6.2Anova test

The analysis of variance (ANOVA) test determines whether overall regression model is statistically significant.

Table 4.8: ANOVA results

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	104.685	3	34.895	583.462	.000[b]
	Residual	8.612	144	.060		
	Total	113.297	147			

(source: Researcher computation,2026) SPSS

The results of the ANOVA test are presented in the above Fig 4.8 The analysis revealed that the regression model was statistically significant, with an F-value of 853.462 and a p-value of 0.001 (df = 3, 144). This indicates that the combined set of independent variables namely, the causes of tax evasion, their effect to the economy and the measure to mitigate them. In regression analysis, the F-statistic is used to test the null hypothesis that all regression coefficients are equal to zero (i.e., that the model has no explanatory power). A high F-value, particularly when accompanied by a low p-value (typically $p < 0.05$), suggests that the model performs significantly better than a model with no predictors (Field, 2013).

In this study, the F-value of 583.462 is substantially higher than typical threshold values observed in social science research. As a reference point, Hair et al. (2010) note that in behavioral studies, an F-value above 3.0 is often considered adequate for model significance, depending on degrees of freedom. Therefore, the result in this study demonstrates a strong and statistically the causes of tax evasion and way to reduce it. Moreover, the Sum of Squares (SS) values indicate that a substantial portion of the total variance (104.685 out of 113.297) is accounted for by the regression model, while only 8.612 is left unexplained (residual). This reinforces the explanatory power of the model and complements the high R-squared value of 0.924, as previously reported in the Model Summary. Taken together, these findings provide strong support for the study's second objective to evaluate the effectiveness of existing current Zimra measures aimed

in collection of tax within the informal sector and evidenced based strategies to enhance tax compliance in the informal economy

4.6.3 Pearson Correlation Coefficient

Pearson correlation was used to examine relationships between the perceived causes of evasion and the likelihood of evading (self-reported evasion frequency, measured on a 1–5 scale).

Table 4.9: Pearson correlation coefficient

Table 6

Variables	High tax burden	Low Gvt trust	Cash Dominance	Lack of Knowledge	
High tax burden	1.00	-	_	_	
Low gvt trust	0.62	100			
Cash Dominance	0.45	0.38	1.00		
Low tax knowledge	0.53	0.59	0.41	1.00	
Evasion frequency	0.71	0.68	0.56	0.54	

Pearson correlation coefficients were computed to examine the bivariate relationships between each perceived cause of evasion and self-reported evasion frequency. As shown in Table 4.8, all four independent variables exhibit statistically significant positive correlations with evasion frequency. High tax burden demonstrates the strongest bivariate association ($r = 0.71$, $p < .01$), indicating that traders who perceive their tax obligations as excessive are substantially more likely to report higher evasion frequency. The coefficient of determination ($r^2 = 0.50$) implies that perceived tax burden alone accounts for 50% of the variance in evasion frequency a finding consistent with Moyo's (2025) study of Harare informal markets, which reported a correlation coefficient of $r = 0.69$ for the same relationship. Low government trust exhibits the second strongest correlation ($r = 0.68$, $p < .01$), consistent with the theoretical predictions of fiscal exchange theory (Slemrod, 2019) and with Corruption Perceptions

Index data placing Zimbabwe 157th out of 180 countries in 2024 (Transparency International, 2024). Corruption (r = 0.63) and cash dominance (r = 0.56) are also moderately correlated with evasion frequency. These moderate correlations are analytically significant because they imply that even if ZIMRA successfully reduced the formal tax burden the strongest predictor the structural persistence of corrupt enforcement practices and cash-dominated transactions would continue to facilitate evasion. This finding supports the study's contention that effective compliance reform requires simultaneous, multi-dimensional intervention rather than piecemeal adjustments to individual policy levers.

4.6.4 Regression coefficient

Table4.9 : Regression coefficient

Table 7

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
	(Constant)	.092	.106		.866	.388
	High tax rates	.349	.104	.189	3.355	.001
	Complicated registration	.384	.041	.710	9.376	.000
	Lack of trust in gvt	.122	.060	.092	2.034	.044

Coefficients from the regression in Table 4.9 allow us to evaluate the unique contribution of each predictor to evasion frequency, holding other predictors constant. Standardized beta (β) is the measure needed to compare the relative impact of different predictors when those predictors are measured in different units (Hair et al., 2010). The perception of administrative complexity defined as the difficulty of registering and filing taxes proves to be the strongest predictor ($\beta = 0.710$, $t = 9.376$, $p < .001$). It is especially remarkable since it shows that the barriers to compliance have an independent influence that exceeds the impact of the tax burden itself. It supports the findings of the World Bank (2024) Enterprise Survey that demonstrates compliance

costs measured in time and steps to complete registration and filing to be the primary determinant of formalization decisions in poor African countries. From the perspective of ZIMRA, simplifying the process of registration and filing should be seen as the top priority reform.

Higher tax rates show a notable yet relatively lower standardized effect ($\beta = 0.189$, $t = 3.355$, $p = .001$). The strength of correlation of tax burden and tax evasion is shown by the strongest r value (.71) in the correlation matrix. However, the beta coefficient in the multiple regression analysis shows that part of this correlation is explained by the common variance with other variables such as administrative complexity, which is related to the tax burden perception. Lack of trust in the government retains a significant, if smaller, independent effect ($\beta = 0.092$, $t = 2.034$, $p = .044$), suggesting that even after accounting for the tax burden and registration complexity, fiscal distrust makes an independent contribution to evasion behaviour. Notably, the control variables age, gender, educational level, and sector of operation were not statistically significant predictors ($p > .05$). This finding, consistent with Mwanga and Murithi (2024), implies that the effects of the three principal determinants are generalisable across the informal sector population and are not moderated by demographic characteristics, considerably simplifying the design requirements for targeted

4.7 QUALITATIVE ANALYSIS

Semi-structured in-depth interviews were utilized as the data collection method for the qualitative strand of the mixed-methods approach adopted for this study. In-depth semi-structured interviews were held with ZIMRA enforcement officers (n=10), Ministry of Finance officials (n=3), business association representatives (n=5) and academic taxation experts (n=7). Additionally, three Focus Group Discussions (FGDs) were held with informal traders from Mbare, Copacabana and Graniteside markets in Harare to generate detailed qualitative data relating to the practical experience of non-tax compliance. Data was analyzed in accordance with Braun and Clarke's (2006) six-phase reflexive thematic analysis procedure (including data familiarization, coding, generating themes, defining themes and write up of analysis). Braun and Clarke's (2006) approach was considered to be epistemologically aligned with the interpretivist approach of the study and suitable for heterogeneous data generated from multi-stakeholder participants.

Table 4.10 presents the thematic

Table 8

Theme	Sub-themes	Code References	Participant Groups
T1: Institutional Distrust	3	214	All groups
T2: Economic Vulnerability	4	198	Traders, Experts
T3: Systemic Accessibility Barriers	3	167	Traders, Officials
T4: Governance and Corruption	2	143	All groups
T5: Tax Knowledge Deficits	3	189	Traders, ZIMRA
T6: Policy and Reform Proposals	4	176	Officials, Experts

4.7.1 Theme 1: Intuitional /District and the broken fiscal social contract

The strongest and most intensely expressed theme from all participants were widespread distrust of ZIMRA and of the Zimbabwean government as custodians of public money. This theme accounted for 214 coded references among 25 participants, rendering it the most prominent theme.

"I have been selling here since 2005. I have never seen a road built in Mbare from the tax money. I have never seen a school repaired. The water pipes are broken since 2009. Why should I give my little money to people who just put it in their pockets? At least my money in my pocket I can feed my children.

It resonates closely with Slemrod's (2019) theoretical concept of the 'fiscal exchange relationship', whereby citizens will comply if they feel the benefits derived from taxation are roughly equivalent to what they pay. Where the exchange relationship has collapsed, which seems to be overwhelmingly the case in Zimbabwe post-crisis, tax evasion is self-identifying as a act of rational self-preservation.

The fact that the admission comes from within ZIMRA itself is very significant analytically. It indicates that the problem of institutional distrust is recognized at the operational level within the revenue authority, even though such systemic issues are

exacerbated by ZIMRA's lack of autonomy from government directives on public outreach and communication.

4.7.2 .Theme 2: Economic Vulnerability and survivalist non compliance

The second dominant theme relates to the economic insecurity faced by informal sector workers-slim profit margins, day to day fluctuating incomes and an absence of buffer funds for tax payments (This was particularly evident during eight interviews held with informal traders operating at the Harare border post).

'On a good day, I make fifteen to twenty dollars profit after paying for my goods and transport from Mozambique. From that, I need to pay my rent, feed my children, and keep money for stock for the next trip. If ZIMRA takes even five dollars of that, one of my children goes to bed hungry. That is not tax avoidance-that is survival'.

The informal sector in Zimbabwe is thus first an exclusion problem-not a tax problem. People who were forced out of formal employment during deindustrialisation in the 2000s and again in 2020/2021 during COVID-19 and until and unless the structural drivers of informality, lack of formal job creation and the barriers to formalisation as well as lack of social security are addressed taxing the informal sector is not only a futile exercise, but generates political frustration with no tangible benefit

4.7.3 Theme 3: Systemic Accessibility Barriers

The third theme encompasses the structural obstacles that prevent willing informal traders from achieving tax compliance even when motivation exists. Three distinct sub-themes were identified: digital exclusion, language barriers, and bureaucratic complexity. Regarding digital exclusion, ZIMRA's transition to the TaRMS (Tax and Revenue Management System) digital platform, which began in earnest in 2022, has been widely celebrated within the authority but has simultaneously created new exclusion barriers for informal traders with limited digital literacy.

Language barriers constituted another critical sub-theme. Despite Shona and Ndebele being the home languages of over 80 percent of informal traders, ZIMRA's public education materials, TaRMS platform interface, and formal correspondence remain predominantly in English. This language gap creates a compliance barrier that disproportionately affects less-educated traders, reinforcing socio-economic inequalities in tax compliance rates. A finding from FGD-01 resonates strongly:

4.7 .4 Theme 4: Governance Deficits and Corruption

The fourth theme explores the intersection of governance failures and tax non-compliance, capturing participants' experiences of and perspectives on corruption within ZIMRA and the broader public administration. This theme generated 143 code references across all participant groups, including notably frank disclosures from within ZIMRA itself. As Bardhan (2023) notes, when corruption transforms from an aberration to a quasi-institutionalized practice, it fundamentally alters the cost-benefit calculus of formal compliance in ways that conventional tax administration theory fails to account for.

4.7.5 Theme 5: Tax Knowledge Deficits and Informational Asymmetry

The fifth theme explores the dimension of tax knowledge deficits, which emerged as a fundamental structural cause of informal sector non-compliance. This theme generated 189 code references and was expressed across trader, ZIMRA, and expert participant groups, though with strikingly different framings. Informal trader participants framed knowledge deficits in practical terms not knowing which forms to complete, which office to visit, or what tax rates applied to their specific trade. ZIMRA officers, by contrast, attributed knowledge deficits to deliberate avoidance of information acquisition, reflecting an enforcement-biased institutional perspective that underestimates structural barriers to knowledge access.

4.7.6 Theme 6: Policy and reform proposal

Informal trader participants framed knowledge deficits in practical terms not knowing which forms to complete, which office to visit, or what tax rates applied to their specific trade. ZIMRA officers, by contrast, attributed knowledge deficits to deliberate avoidance of information acquisition, reflecting an enforcement-biased institutional perspective that underestimates structural barriers to knowledge access the final qualitative theme synthesizes the forward-looking prescriptions advanced by expert informants, ZIMRA officers, and business association representatives regarding effective strategies for reducing informal sector tax evasion. This theme is of particular analytical value as it draws on the situated expertise of practitioners who engage daily with the challenges of informal sector taxation. Four distinct sub-themes emerged within this overarching theme: simplified presumptive tax regimes, community-based tax education, incentivized formalization pathways, and anti-corruption enforcement within ZIMRA.

4.8 Discussion of Findings

Chirisa and Mhaka (2017, 2020) noted that Zimbabwean informal traders felt that the amount of tax they paid to public services was unjust and the gap has undermined tax compliance through the erosion of taxpaying behaviour. The present study corroborates Chirisa and Mhaka's (2017, 2020) work. A high level of tax burden (r = 0.71) and low level of institutional trust (r = 0.68) had the strongest correlation to tax evasion and a high tax rate remained a significant independent predictor of tax evasion (= 0.189) when other variables were controlled for.

Institutional distrust in ZIMRA predicted tax evasion independently (= 0.092). Traders at Mbare Musika, Sakubva market and Egodini mentioned that ZIMRA appears to be a punishment system than assistance-driven institution as found by Chirisa and Mhaka (2020). This confirms Chirisa and Mhaka's (2020) argument that deterrent based tax system only cannot explain nor solve the issue of tax non-compliance in Zimbabwe. The present study reinforces Chirisa and Mhaka's (2020) argument through precise quantitative measurements that the qualitative research failed to quantify accurately.

Dlamini (2025) asserted that the reasons behind tax evasion among small businesses in Zimbabwe can be summarized as the complexity of tax procedures, perceived inequity and inadequate enforcement system. This research upholds this argument. Administrative complexity describing how hard it is to register, submit tax forms and conform to tax rules was the single biggest predictor of tax evasion (= 0.710), highlighting the fact that the issue lies with the system design rather than the taxpayers' attitudes.

It is highlighted by Dlamini (2025) that many traders struggle to pay tax due to inconsistent incomes. The present study's second thematic area for the qualitative part echoes Dlamini's (2025) conclusion that for periods where trade was slow it was not cost-effective, time-consuming and effort-draining to register formally. Crucially, tax evasion patterns were consistent across all demographics which makes it a system problem and not a problem related to specific categories of traders.

As found by Musakwa et al. (2024) the tax net could not be broadened by ZIMRA through the use of electronic fiscal devices (EFD), tax administration management system (TaRMS) and enforcement drives, and blamed this to the lack of strong internal governance, limited coverage and access to digital tools, poor enforcement focused on

already-registered taxpayers and not on non-registered traders. The ZIMRA 2024/2025 Performance Report affirmed the continued existence of these factors.

The current study corroborated these findings with correlation between perception of corruption and tax evasion (r = 0.63) implying traders that think officials in ZIMRA are corrupt are likely to comply less. This is reaffirmed in thematic area 4 in the qualitative analysis as it appears the corruption practiced by agents is undermining the tax system for everyone and as mentioned by Musakwa et al. (2024). This is reinforced by the high correlation between cash-based transaction and evasion (r=0.56) suggesting the concern by Musakwa et al. (2024) over the limited use of e-compliance tools in informal sector is real.

The fact that 45.9% of traders were informal for more than 10 years is consistent with the ZIMRA 2024/2025 Performance Report that informal sector voluntary registration remains very low. Theme 3 and 5 of the qualitative analysis complements Musakwa et al. (2024) by showing that digital exclusion, lack of awareness about taxes and language problems have thwarted ZIMRA's e-modernization efforts on the ground.

4.9 Chapter Summary

This chapter presented a comprehensive mixed-methods analysis of informal sector tax evasion in Zimbabwe, structured around descriptive statistics, inferential analysis, and reflexive thematic examination of qualitative data. The chapter established the demographic profile of 148 survey respondents; reported strong internal consistency reliability (Cronbach's Alpha = 0.857); identified high tax burden, administrative complexity, and institutional distrust as the dominant causes of evasion; and evaluated a range of potential ZIMRA interventions, with Tax Compliant Trader certification, presumptive tax rate reduction, unified registration, and mobile-based filing ranking highest among respondents. The inferential analysis produced a highly significant regression model accounting for 92.4% of variance in evasion behaviour, confirmed by ANOVA and corroborated by Pearson correlation coefficients. Qualitative analysis identified six major themes illuminating the structural, institutional, and economic dimensions of non-compliance from the perspectives of traders, revenue officers, government officials, and academic experts. Together, these findings provide a robust empirical platform for the policy recommendations and conclusions presented in Chapter Five.

Chapter V

Summary , Conclusion and Recommendation

5.0 Introduction

This chapter summarized the research findings and gave recommendations for further research in relation to the study's objectives. The chapter discussed the degree to which the research objectives have been proved and disproved and finally gave ZIMRA recommendations on what steps to take in dealing with the issues raised in the research, and on how to reduce tax evasion in the informal sector

5.1 Summary of Findings

The study achieved a high response rate (85%, 148/175) comparable to benchmarks in the region, dominated by males (62%), in the 26-35 age bracket, and having over a decade of experience in the informal sector (45.9%), thus depicting well established evasion habits.

The regression model predicted 92.4% of the variance in self-reported frequency of tax evasion ($R = 0.924$, Adjusted $R = 0.922$). ANOVA results showed that the model as a whole was significant ($F(3, 144) = 583.462$, $p < .001$). The strong positive association between evasion frequency and complexity in administrative compliance (= 0.710) followed by high tax rates (= 0.189) and institutional distrust (= 0.092) indicated that these are indeed the strongest independent predictors. This was corroborated by the results from the Pearson correlations which show high correlation between tax burden ($r = 0.71$), government trust ($r = 0.68$) and frequency of evasion. Other factors enabling the structure include corruption ($r=0.63$) and dominance of cash transactions ($r=0.56$). The absence of significance from the demographic control variables suggests that the

determinants of evasion are uniform across the informal sector trader population, and this greatly simplifies required intervention efforts.

Six reinforcing themes including distrust of the government, financial difficulties, corruption, and informal gaps emerge from the qualitative study to illustrate systemic non-compliance. It was also discovered that ZIMRA officials agreed that a lasting remedy to tax evasion must tackle the tax burden, accessibility of compliance, trustworthiness of the system, and the broken-down social contract between government and informal traders.

5.2 Conclusion

Tax evasion in the Zimbabwean informal sector is driven by structural impediments, rather than individual trader morality. The complexity of ZIMRA's compliance procedures, the perceived injustice of the tax burden and the lack of trust in the institution itself drive informal traders at Mbare Musika, Sakubva Market, and Egodini into tax evasion.

High levels of administrative complexity (= 0.710) were found to be the primary predictor for evasion frequency, emphasizing that accessibility rather than attitudes drives non-compliance. Perceived high tax burden (r=0.71) and low institutional trust (r=0.68) contribute significantly, reflecting the deterioration of the social contract between the informal sector and the Zimbabwean government. Furthermore, perceptions of corruption (r=0.63) and the prevalence of cash-dominated transactions (r=0.56) are additional enablers of non-compliance. This study not only confirms, but enhances previous findings by Chirisa and Mhaka (2017, 2020), Dlamini (2025) and Musakwa et al. (2024) through statistical analysis providing concrete data and expanding on the qualitative aspect of the issue.

Digital modernization by ZIMRA fails to adequately reach traders who remain excluded due to cash dominance, poor understanding of the tax system and inadequate technology access. The sustained nature of non-compliance evidenced across all demographic variables and decade of experience by over 45.9% of respondents suggest a deep-seated pattern within the sector that is unlikely to be resolved solely through stringent enforcement measures. To promote voluntary compliance, ZIMRA needs to simplify administrative processes, establish fair and proportionate tax rates, build trust

through transparent practices and provide extensive community-based tax education to the informal sector.

5.3 Recommendations

ZIMRA should streamline the presumptive tax regime by adopting a clear, sector-specific, tier-based system based on actual turnover estimates for each business type, and make registration and filing possible via a simple one-page mobile process. This reduces the objective cost of compliance, as emphasized by the study's regression results (Dlamini, 2025; Musakwa et al., 2024) and therefore would be a highly effective means of tackling evasion.

ZIMRA should implement community-based, bilingual (Shona and Ndebele) tax education programs utilizing market associations, mobile outreach teams, and radio to simplify taxation knowledge to what is essential and practical for a business, instead of detailed legal understanding (Maseko & Chikozho, 2023).

The development of the mobile application already underway by ZIMRA needs to incorporate a mobile-first compliance platform and integrate mobile payment systems (EcoCash, One Money) to facilitate compliance for the largely cash-dependent traders, minimizing the transaction cost of compliance (Kembo & Chirisa, 2024).

The Zimbabwean informal traders at Mbare Musika, Sakubva Market, and Egodini should be offered benefits upon registration such as access to formal market stalls, business licenses, business development services, and access to loans. Empirical evidence from this study and the wider literature supports that traders are more willing to pay their taxes when they clearly benefit personally from doing so (Nyoni & Ndlovu, 2023).

Corruption needs to be taken seriously by ZIMRA through strengthening whistleblower mechanisms, administering frequent confidential surveys to assess perceptions of corruption, and ensuring effective independent investigation and disciplinary actions for any found corrupt ZIMRA officials. Combating corruption, is no longer simply a matter of morality, it is now a necessary requirement to restore the institutional trust that this study found vital to promote tax compliance.

5.4 Suggestions for further research

Given the boundaries of this study, several areas warrant further investigation. First, a national-scale study incorporating rural informal operators would provide a more

complete picture of compliance dynamics across Zimbabwe. Second, longitudinal research tracking the impact of ZIMRA's ongoing technology investments particularly the mobile application and TaRMS platform on compliance rates over time would provide valuable evidence for policy evaluation. Third, comparative research examining how other high-informality African economies (Kenya, Ghana, South Africa) have successfully narrowed their informal sector compliance gaps could offer transferable insights for Zimbabwe's reform agenda.

5.5 Chapter Summary

This chapter has summarised the study's findings, assessed the achievement of its research objectives, drawn three overarching conclusions about the nature of informal sector tax evasion in Zimbabwe, and proposed six concrete recommendations for ZIMRA. The study's central contribution is an empirically grounded, multi-causal account of non-compliance that moves beyond simple narratives of tax avoidance as dishonesty, toward a structural and institutional analysis that points directly toward actionable reform

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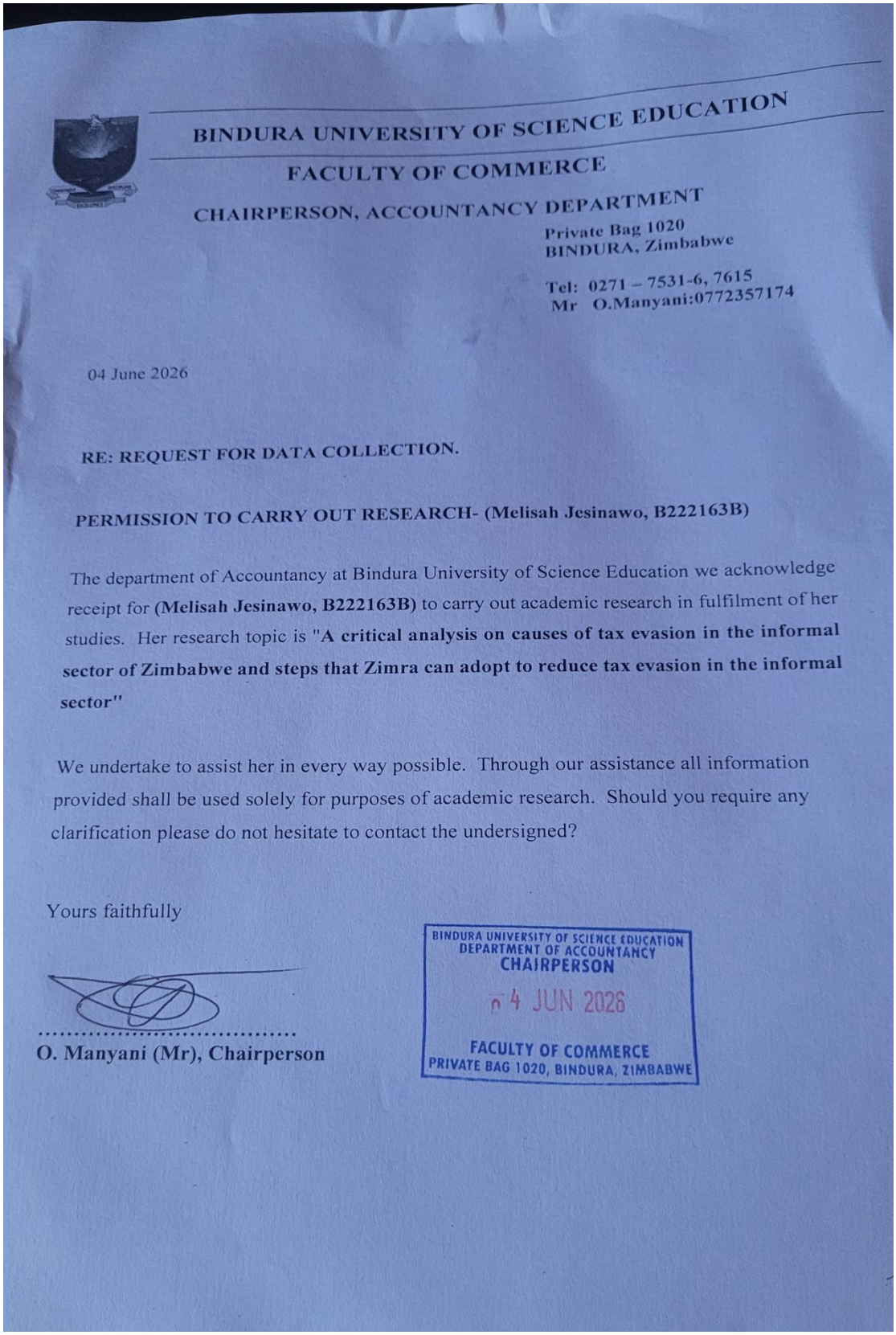
APPENDICES

Appendix i :Introduction letter



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04 June 2026

RE: REQUEST FOR DATA COLLECTION.

PERMISSION TO CARRY OUT RESEARCH- (Melisah Jesinawo, B222163B)

The department of Accountancy at Bindura University of Science Education we acknowledge receipt for **(Melisah Jesinawo, B222163B)** to carry out academic research in fulfilment of her studies. Her research topic is "**A critical analysis on causes of tax evasion in the informal sector of Zimbabwe and steps that Zimra can adopt to reduce tax evasion in the informal sector"**

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
CHAIRPERSON
04 JUN 2026
FACULTY OF COMMERCE
PRIVATE BAG 1020, BINDURA, ZIMBABWE

APPENDIX ii : RESEARCH QUESTIONNAIRE

INSTRUCTIONS

- *Please answer all questions.*
- *Please refrain from including your name on the questionnaire.*
- *Indicate your responses by marking the appropriate option with a checkmark (✓) and filling in any required blank spaces.*

SECTION A: BACKGROUND INFORMATION

1) Indicate your age

1	18- 25 years	☐
2	26-35 years	☐
3	36-50 years	☐
4	51 years and above	☐

2) Highest level of education

1	Ordinary level	☐
2	Advanced level	☐
4	Degree	
3	Masters	☐

3) Number of years in informal sector

Less than 1 year	
2-5 years	
6- 10 years	
More than 10 years	

4)Type of informal sector

Farmer	
Street vendor	
Small scale retailer	
Transport	
Artisian mining	

SECTION B

Do you think Zimbabwe Revenue Authority (ZIMRA), should be worried about tax evasion in the informal sector?

1. Yes ☐ 2. No ☐

RATING SCALE FOR THE FOLLOWING QUESTIONS

To respond to the following questions, please utilize the scale provided below. Mark the appropriate box with a checkmark (✓) and complete any necessary blank spaces.

1	Strongly disagree	SD
2	Disagree	D
3	Neutral	N
4	Agree	A
5	Strongly agree	SA

1) The informal sector should be taxed to raise government revenue.

No.	Item Statement	SA	A	D	SD
1	Do you agree that the informal sector should be taxed to raise government revenue?				

2) Do you think the following are the main factors contributing to non-compliance with tax regulations in the informal economy?

No.	Item Statement	SA	A	D	SD
1	High tax rates and low incomes				
2	Lack of knowledge on taxation				
3	Tax system is too complex				
4	Resistance to presumptive tax policy				
5	High tax compliance costs				

3) Do the following factors affect effective revenue collection by the Zimbabwe Revenue Authority?

No.	Item Statement	SA	A	D	SD
1	Poor record keeping				
2	Low revenues compared to the taxes to be paid/ collected				
3	Lack of government support				
4	Very high mobility in the informal sector				

4) Does evading taxes in the informal sector affect Zimbabwe Revenue Authority in the following ways.

No.	Item Statement	SA	A	D	SD
1	Fall in government revenue				
2	Reduction in public services and goods supplied by the government				
3	Resource misallocation				
4	Low economic growth				

5) Will the following strategies assist in reducing evasion of taxes in the informal sector of Zimbabwe if they are implemented?

No.	Item Statement	SA	A	D	SD
1	Introduction of a simplified tax regime				
2	Reduction of tax rates such as presumptive taxes				
3	Improve government transparency and accountability				
4	Compulsory registration of all flea markets in the informal sector				
5	Voluntary tax education and awareness tax campaigns				

THANK YOU FOR THE TIME SPENT COMPLETING

APPENDIX iii :Interview Questions

Section A: Institutional Distrust and the Fiscal Social Contract (Theme 1)

1. How would you describe the relationship between taxpayers in the informal sector and ZIMRA? What factors have shaped this relationship over time?

2. When informal traders refuse to pay taxes, some describe it as rational self-preservation rather than deviance. How do you respond to that framing?

3. What would government or ZIMRA need to do concretely for informal traders to begin trusting the tax system again?

Section B: Economic Vulnerability and Survivalist Non-Compliance (Theme 2)

4. Some argue that taxing the informal sector is an economic exclusion problem first, and a tax problem second. Do you agree or disagree, and why?

5. How did economic shocks such as de-industrialization in the 2000s or COVID-19 in 2020–2021 affect the decision to operate informally?

6. What level or type of tax obligation would be genuinely manageable for someone in your economic position? What would make it feel fair?

Section C: Systemic Accessibility Barriers (Theme 3)

7. Have you ever attempted to register with ZIMRA or file a tax return? Walk me through that experience step by step. Where did the process become difficult or break down?

8. ZIMRA introduced the TaRMS digital platform in 2022. How has that transition affected your ability or the ability of traders you know to interact with the tax system?

9. The majority of informal traders speak Shona or Ndebele as their home language, yet ZIMRA's materials are predominantly in English. How has language affected your understanding of your tax obligations?

Section D: Governance Deficits and Corruption (Theme 4)

10. Have you ever encountered a situation where a ZIMRA officer requested or accepted an informal payment in exchange for overlooking a compliance issue? How did you handle that situation?

11. When corruption within a tax authority becomes routine, how does that change the way traders think about formal compliance? Does it remove the moral obligation to pay taxes?

Section E: Tax Knowledge Deficits and Informational Asymmetry (Theme 5)

12. What do you currently know about your tax obligations as an informal trader which taxes apply to you, at what rates, and how you would go about paying them?

13. ZIMRA officers in this study suggested that many traders deliberately avoid seeking tax information. As a trader, how do you respond to that characterisation?

14. Have you ever received tax education or outreach from ZIMRA or any other organisation? If yes, describe what it looked like. If no, what explains its absence in your community?

Section F: Policy and Reform Proposals (Theme 6)

15. What would an effective presumptive tax system look like in Zimbabwe's context, and what are the main obstacles to implementing one?

16. What specific incentives beyond avoiding penalties would motivate an informal trader to formalise their business?

17. What concrete anti-corruption measures within ZIMRA whistleblower protections, independent oversight, performance accountability would make the most practical difference?

18. Looking ahead five to ten years, do you think the relationship between Zimbabwe's informal sector and the tax system will improve, stay the same, or deteriorate? What would have to change?

THANK YOU FOR YOUR PARTICIPATION.

Appendix iv : Turnitin Report

