Feasibility of Administering Informal Sector Taxation: Approaches and Hurdles. A Case of the Informal Sector in Bulawayo, Zimbabwe

Favourate Y Sebele-Mpofu
Cheneso Msipa
Faculty of Commerce, National University of Science and Technology, Zimbabwe

Abstract:- Many African countries have experienced an expansion of the informal economy and Zimbabwe is amongst the highest affected. The growth of the informal sector (IS) has largely been viewed in two contexts. Firstly as a survival net for the poor and secondly as an escape from regulation and deliberate intention to avoid paying taxes and these views have been generalised to the detriment of realistic tax policy formulation. Countries in the region have devised various strategies to tax the IS, with the intention to broaden the tax base. Zimbabwe adopted a presumptive tax system for various IS categories, to generate the desperately needed revenue for the fiscus. The minimal tax revenue contribution by this sector which is incommensurate with its alarming growth and weighty contribution to GDP informs this research. The meagre attention associated with studies concentrating on taxation, its administration as well as revenue mobilisation capabilities in general and IS taxation in particular in the African continent also motivates this study. This study was carried out in Bulawayo to evaluate the strategies and challenges to IS taxation in Zimbabwe. The perspective of IS players from the different categories and those of the Zimbabwe Revenue Authority (ZIMRA) through its officers were sought by means of a sequential mixed method approach using questionnaires and interviews. The major findings were that: the key motives towards the IS taxation were not clearly outlined and there was inadequate appreciation of the drivers of the growth of the IS. However a precursory understanding of the magnitude of the IS, its genesis and continued swelling remains crucial in the crafting of a legitimate, logical and practical IS tax framework. It was also evident that ZIMRA was not adequately equipped to tackle the large IS which is inherently hard to pinpoint, trace and adequately tax. The IS was ignorant of the presumptive taxes in place and the few who were privy could not comply because of the purportedly high tax rates. The conclusion reached was that the ZIMRA was not ready to enforce any tax laws on the IS. Preliminary studies and IS inclusion in the crafting of IS tax policy were critical for understanding the nature of informal activities in Zimbabwe and all this hinged on the government commitment to support the endeavour as well clarity of intentions and objectives with regards to IS taxation.

Keywords:- Informal Sector, Taxation, Presumptive Tax, Tax Policy, Simplified Tax System.

I. INTRODUCTION

Taxation remains one of the fundamental tools of revenue mobilisation available to governments the world over (tax revenue in Zimbabwe is estimated to be more than 80% of total revenue), yet Von Soest (2009) laments the scanty attention given to taxation studies in developing countries and the African continent in particular. According to Von Soest (2009), the focus on studies concentrating on taxation, its administration as well as revenue mobilisation capacities and capabilities in the African continent is barely sufficient. Citing Moore and Rakner (2002), Von Soest (2009) states that "taxation has been largely absent from development studies" or has simply been neglected and has not featured as a key aspect in public debates of African nations. Affirming these observations, Sikwila, Karedza and Mugadza (2016) posit that there has been minimal research conducted anchoring on informal sector (IS here after) taxation in Sub Saharan Africa (SSA) and in Zimbabwe. The researchers further emphasise that their observations reveal that literature regarding feasibility in taxing the IS and the sector's ability to comply with tax obligations remains paltry. The notable dearth in taxation studies ordinarily and IS taxation specifically, motivates this study.

The shrinking of the formal sector and the growth of the IS in the Zimbabwean economy has had negative impact on the government's tax revenue collections. Chidoko, Makuyana, Matungamire, Bemani and Joseph (2011) note that Zimbabwe's fast growing IS was the country's largest employer as the economy was failing to absorb many job seekers into formal employment. Government of Zimbabwe (2005); Utaumire, Mazhindu and Mashiri (2013) and Dube and Casale (2016) purport that, this large and growing IS was a result of the political and economic crisis in Zimbabwe and the reduction in government revenue was undeniably related to the closure of firms in the country. Medina and Schneider (2018), show that Zimbabwe, with an IS making up 60.6% of Gross Domestic Product (GDP), came second to Bolivia which topped out of 158 countries at 62.3%. This position seems to justify the IS as a good avenue for a budget deficit reprieve for the cash strapped government. According to Udoh (2015), the IS presents an opportunity for the National Treasury to broaden its tax base. In Zimbabwe, presumptive tax was introduced under the Income Tax Act 23.06 in 2005 and further enforced in 2011. However according to Masarirambi (2013) and Dube (2014),

presumptive tax contribution to national revenue in Zimbabwe was very inconsequential, below its potential.

The magnitude of the IS in terms of its extent or proportion of contribution to GDP is not commensurate with the sector's tax contribution to total National revenue (less than 2%). Despite the strategies crafted and used, by the Zimbabwe Revenue Authority to tax this knotty sector, the IS remains highly non-compliant (Blaauw, 2017). In spite of the great range of recommendations from vast constituencies, the OECD (Organisation of Economic Cooperation and Development), the IMF (International Monetary Fund), regional and local researchers, ZIMRA (The Zimbabwe Revenue Authority) among others, the taxability of this sector still remained paradoxical. There is high possibility of incompatibility of available policy approaches implemented by ZIMRA in terms of the strategies themselves and their administration, versus the nature and characteristics of the IS. This research sought to probe on the actual hindrances to the success of the policies (policy gap) targeted at taxing the IS and the practical challenges in their implementation (administrative gap), as the sector continues to elude the tax net and their tax compliance remains problematic. Waris (2009) alludes to the fact that most scholars and researchers have studied the problem of tax evasion in the IS from the perspective of the tax collector and paying minimal, if any focus at all to the taxpayer's perceptions on the taxes and the IS, a gap which this study sought to tackle.

The tax inflow from the IS relative to its size is just a drop in the national coffers. As its main objective, the study sought to evaluate the strategies and challenges in IS taxation in Zimbabwe, furthermore to unearth the reasons for the persistent decrease in tax revenue earned from the informal, regardless of the tax revenue collection system in place. The research sought to examine what the current tax legislation involved, the challenges impeding ZIMRA in effectively taxing the IS and the hindrances to tax compliance in the sector, by focusing on ZIMRA officers in Bulawayo and the IS operators in Bulawayo respectively. This was essential in the anatomisation of the key variables in mapping feasible and effective tax policies targeting the IS including strategies that can be implemented to reduce non-compliance by the sector. The paper is structured into five prominent sections. Having introduced and contextualised the study in the first section, the next section reviews literature on IS taxation in order to situate the problem in the existing body of knowledge, while the third section puts into perspective the methodology employed and its plausibility. Section four is discursive and elucidates on the findings and section five brings the paper to its finality, presenting concluding remarks and recommendations.

II. LITERATURE REVIEW

Van der Molen (2018) highlights that all countries had informal economies to some extent, and that at times exceeded their formal economies. These informal economies are generally invisible to the government, engendering a lack of relevant data to develop appropriate policies, monitor their implementation and to levy tax to finance national budgets. Consequently, good governance and state building is hampered. Nagac (2015) postulates that as countries continually develop strategies for more efficient tax systems and to widen their tax bases, the IS persists as one of the major inconveniences borne by governments, further to tax evasion and tax avoidance challenges. The Table 1.1 below shows the contribution of the IS to Zimbabwe's total revenues over the years 2011 to 2018.

Year	2011	2012	2013	2014	2015	2016	2017	2018
Other Taxes (including presumptive tax)	3%	4%	6%	2%	1%	1.7%	2%	1.37%

Table 1:- Contribution of informal sector to total national tax revenues
Source: ZIMRA Revenue Performance Reports (2011 -2018)

An unmissable oddity in these Revenue Performance figures is the minuscule contribution of "Other Taxes" (including presumptive tax) to the overall taxes in comparison with the over 60% contribution to GDP alluded to by Medina and Schneider (2018). There is no figure specifically attached to presumptive tax (Informal Tax) in the reports, it is lumped under other taxes. This displays its insignificance for the compilers of tax reports to bother showing it separately, a reflection that the revenue head inflows have been inconsequential despite the sector's contribution to GDP. If GDP contribution could be translated into revenue contribution, largely through tax compliance, the government would witness a significant revenue appreciation. This section therefore reviews relevant and related literature.

A. The Informal Sector

➢ *Definition of Informal Sector*

Becker (2004) indicates that the term informal economy is often used to denote informal sector and they can be used interchangeably. The International Monetary Fund (IMF) recognises a variety of terms such as 'hidden economy', 'shadow economy', 'clandestine economy', 'parallel economy', subterranean economy', 'unreported economy', 'cash economy', or 'black economy'(Vuletin, 2008). There are no clear and globally accepted definitions of what the 'informal economy' refers to and Nagac (2015) concurs that the definition usually varies. However the precise definition of informality does matter according to Henley, Arabsheibani and Carneiro (2006) and it cannot be assumed that alternative definitions are broadly consistent. Schneider and Enste (2000) define the informal economy as "all activities that contribute to the officially calculated gross national product but are currently unregistered", the

lack of registration and avoidance of taxes being pertinent facets in their definition. Schneider, Buehn and Montenegro (2010) corroborating the above definition describe it as " all market based legal production of goods and services that are deliberately concealed from public authorities to avoid payment of income, value added and other taxes, to avoid payment of social contributions and obligations to meet certain legal labour standards". The research views the IS as concerning economic legal activities that are not captured by official national accounts and statistics, which are invisible for policy formulation and regulation such as those activities targeted for taxation by ZIMRA under presumptive taxes.

➤ *Characteristics of the Informal Economy*

The key characteristics of the informal economy underpin the quite different conceptions of what policy approaches to take with regard formalisation and taxation. Becker (2004) highlights that, it is predominantly characterised by low entry requirements in terms of capital and professional qualifications, small scale of operations, skills often acquired outside of formal education; and, labour intensive methods of production and adopted technology. In an IS and taxation study, Menyah (2009) found additional characteristics of the IS; reliance on indigenous resources, family ownership of enterprises, labour intensive and use of simple technology. Civil Society Legislative Advocacy Centre (CISLAC) (n.d) identified key features of the IS and the disparate ones; large and diverse businesses, often mobile in operations, poor record keeping, low levels of literacy and inability to afford accountants, no culture of tax compliance as different rules, values and beliefs apply. The implications of IS growth for tax policy have continued to be a fundamental concern for policy makers, attracting considerable theoretical interest and recurring in debates in recent years, with disparate perspectives (Emran and Stiglitz, 2005). Unravelling this puzzle places paramount weight on the need for the design of an optimal tax system for the IS, which is possible after evaluating the effectiveness of current presumptive tax frameworks used to tax this sector and stumbling blocks to the success of the current and prior efforts in taxing the sector.

B. The Informal Sector taxation Framework

Presumptive tax frameworks are an inescapable feature in developing economies' tax systems. This is because the IS tax base is challenging to measure, verify, monitor and tax. In an attempt to broaden their base and increase revenues, a number of countries applied various forms of strategies and Joshi, Prichard and Heady (2013) highlight some presumptive tax systems:-

1. Systems based on turnover/ gross income,
2. Systems using specific indicators to determine the sizes and output of small businesses, such as floor space, number of employees or the business location, or
3. General patents or specific professions irrespective of the size, location and business turnover.

These tax systems have often been critiqued and argued to be controversial (TRA, 2010) especially the implementation dynamics and inherent problems.

➤ *Informal Sector Taxation in Tanzania*

The Integrated Labour Force Survey (ILFS) (2006) as cited in Haji (2015) indicated that the IS was a source of employment for the majority of underprivileged Tanzanians. The low and falling tax revenue/ GDP ratio in Tanzania raised serious concerns (World Bank, 2000) as the tax system failed to capture potential revenues from economic activities due to the size and fast growth of the IS, and this was exacerbated by ineffective tax collection systems. However, during 2003/2004 the government abolished many local government taxes, introducing reforms aimed at increasing transparency and reducing abuse of tax exemptions.

To draw the IS into the tax net and optimise tax collections, Tanzania introduced a Block Management System (BMS) in 2000 aimed at promoting compliance and registering all eligible traders within a particular sector or geographical area. This involved the mapping of trading areas and dividing them into blocks on the basis of geography, administrative boundaries or a few streets. Each block had to operate all tax functions of identification, registration, assessing and accounting for revenue collected, with BMS team allocated staff with relevant skills to perform the mandate (TRA, 2010). Joshi et al. (2013) indicate that of interest to observe in the Tanzanian case, was that part of the urge for this system emanated from the formal firms upset about paying taxes while facing competition from informal businesses. Broadening the tax base was thus a strategic objective for the tax administration to enhance compliance among all tax payers. The BMS heightened the number of businesses registering with the tax administration. In 2006 to 2007, 16% of the eligible informal businesses were registered and in 2007-2008, the number advanced to 43%, and this was maintained in 2008 to 2009 at 41 percent.

Despite the noteworthy benefits of BMS, Terkper (2003) opines that the system is not entirely free of deficiencies. The major detriment pointed to is the centralisation of duties under one block manager, for example registration, tax returns, audits, data processing and enforcement activities. The researcher maintains that this weakens internal controls and leads to unconstrained use if not abuse of power, conflict of interest and sustains corruption. Such irregularities in administration systems hinder IS tax compliance and negate the performance of the presumptive tax system. (Terkper, 2003; TRA, 2010). This suggests the need to continuously revamp institutional capacity, embark on more research on planning and coordination of operations in order to ameliorate the challenges of efficacious implementation of the BMS as a route for administering IS taxation.

➢ *Informal Sector Taxation in Kenya*

The IS in Kenya was estimated at 34.3% of economic activity, accounting for 77% of total employment (Ouma, 2010). Literature on Kenya indicated the existence of a relationship between IS and the inability of the government to collect the requisite taxes (Ndaka, 2017). In a bid to mobilise revenue from the underground economy and reduce the tax gap, the government of Kenya introduced Turnover Tax (TOT) in 2007. The main objective of the system was to simplify tax returns and reduce the tax compliance cost. TOT is indicated to have performed at 31% in the year 2008-2009, but on a declining trend though above average in the following year (Joshi et al. 2013). Maina (2017), pegs presumptive tax revenues at 4% of total tax revenues in Kenya pointing to the failure of the taxes to live up to expectation.

➢ *Informal Sector taxation in Ghana*

From 1987 to 2003 the Ghanaian Internal Revenue Service used Identifiable Grouping Taxation (IGT)/ Association Taxation on the clandestine economy. IGT reduced collection costs to a fixed 2.5%, which was paid to the association for their collection work. The associations bore the burden of identifying members and ensuring their compliance. From the perspective of the associations, becoming complaint granted them legitimacy, and helped protect them from more arbitrary harassment by public officials and the police (Ndaka, 2017).

The system inculcated a culture of taxpaying within the IS. In light of the problems of the IGT system, the government shifted to a presumptive tax system, known as the Tax Stamp and Vehicle Income tax. These new regimes required the IS and private transport operators to purchase tax compliance stickers from the tax authorities on a quarterly basis and visibly display them at all times. This provided a comparatively simpler method of tax compliance and did not have significant resistance as many firms welcomed the shift from the unpopular and increasingly problematic IGT system (Prichard, 2011).

➢ *Informal Sector Taxation In Zimbabwe*

In an attempt to broaden the tax base and increase revenues in Zimbabwe, presumptive taxation was introduced in 2005 with the objective to capture income that frequently escapes conventional taxation, by presuming receipts of certain level of income. Fiscal highlights for Zimbabwe reflect insignificant collections from the IS in spite of the presumptive tax legislation introduced. The introduction of presumptive tax in 2005, was informed by research carried out by the Zimbabwe Revenue Authority (ZIMRA) on informal urban transport operators, Dube and Casale (2016) however indicate that subsequently, no research was done by ZIMRA on the profitability of the subsequent other subsectors that were added to the presumptive tax. Hairdressing Salons and cross-border traders were added in 2008, and cottage industry and bottle-store operators in 2009. The Zimbabwean system presumed a fixed amount of tax depending on the industry http://www.zimra.co.zw. The Ministry of Finance set the presumptive tax rates at levels many in the IS felt were not sustainable (Dube, 2014).

Operators of:	Description	Presumptive Tax (US$/ Quarter for each vehicle)	Presumptive Tax (US$/months from 1/1/2017)
Omnibuses	8 to 14 passengers	150	40
	15 to 24 passengers	175	45
	25 to 36 passengers	300	70
	37 passengers and above	450	100
Taxi-Cabs	All	100	25
Driving Schools	Class 4 vehicles	500	100
	Class 1 and 2 vehicles	600	130
Goods Vehicles	More than 10 tonnes but less than 20 tonnes	1000	200
	More than 20 tonnes	2500	500
	10 tonnes or less but with combination of truck and trailers of more than 15 but less than 20 tonnes	2500	500

Table 2:- Transport Operators Presumptive Tax Rates
Source: http://www.zimra.co.zw/index.php?option=com_content&view=article&id=33&Itemid=31

Category	Presumptive Tax
Hair dressing Salon Operators	US$10.00 per chair per month
Informal Traders	10% of rental
Cross Border Traders	10% of the value for duty purposes (VID)
Operators of Restaurants or Bottle-Stores	US$70 per month
Cottage Industry Operators	US$70 per month

Table 3:- Other Presumptive Taxes

C. Challenges faced in Taxing the informal Economy

Utaumire, Mashiri and Mazhindu (2013) revealed that contrary to the general perception, not all informal businesses avoided paying taxes. Cited in Rusvingo (2014), economist John Robertson (2011), noted that the cumbersome requirements by government for starting a formal tax-paying company encouraged the increase of informal traders. He argued that the challenge of collecting revenues in the form of taxes from the IS was that most of them were scattered, with no business address, which made it easy for them to duck authorities and avoid paying taxes. Former Zimbabwe National Chamber of Commerce (ZNCC) president , Oswald Binha, pointed that IS participants were free riders of the economy, once the environment became too stringent, they could move away from trades just like birds move around as weather changed(Zimbabwe Independent, April 2014). It was reported that the $3.3 billion circulating informally was therefore not recorded by central bank as the country's formal economy continued to shrink, (RBZ, 2015). Records of such funds would be vital in shaping economic and fiscal policy. The lack of IS transaction records thus makes it intricate for the taxing authorities to tax the sector, (ZIMRA revenue Report, 2014). Adak (2019) and Simiyu (2010) advance that presumptive taxes are marred by corruption and collusion among tax officers rendering them ineffective. More challenges from literature are explored below.

➤ *Political Interference*

To achieve effective tax administration it is crucial to have clear respect for the tax system at high political levels backed by the willingness to support good administrative practices. However this remains an obstacle in most developing countries. Frantic efforts by revenue authorities to round up defaulters are usually constrained by lack of resources and consistent long term political support (Bird & Zolt, 2008). This is affirmed by Von Soest (2009), who predicates that the minimal levels of revenue authority capability can be comparatively explicated as " the outcome of political dynamics within Africa" and political interference for developing countries predominantly. In relation to Zimbabwe, the former Commissioner General highlighted that taxation of the IS had not been effective and players have displayed concerted unwillingness to pay tax and always found ways not to pay tax. He argued that, worse still, policies on the ground were not appropriate as the IS paid "taxes" to political party warlords who controlled the informal economy (ZIMRA Report, 2014). Fiscal and administrative changes accompanied by political commitment are key to designing viable tax collection strategies.

➤ *Lack of Resources*

Any lack of resources for facilitating and sustaining the performance of tax authorities (human resources and physical resources), become a constraint on tax administration efforts for enforcing compliance with tax laws (Mashiri, 2018). According to Tanzi and Zee (2000), many tax officials may have deficient understanding of the tax laws they are administering, and of concepts of accounting that are essential to analysing returns due to financial constraints and inadequate training and opportunities for continuous professional development. Bird (2010) further contends that most training undertaken in developing countries is too general to match the reform strategies being undertaken. Kagaya (2007) posits that most tax authorities in Africa did not use modern technology but highly ineffective systems in recording and managing tax information which is an impediment to effective tax administration. Zimbabwe for example was indicated to be struggling with computer server capacity and network connectivity in their bid for modernisation through automation.

➤ *High collection costs, heterogeneous nature and difficulty in identification*

The total costs of administration and collection of some presumptive taxes are perceived to exceed the actual revenue collected (Joshi et al., 2014), also the low tax burden under the presumptive tax tends to provide incentive for larger businesses to structure their operations in such a way as to benefit from the presumptive tax regime. Were (2011) added that, many enterprises in the small but "modern" business sector were unable or unwilling to keep proper accounting records which hindered proper assessments. In concurrence, the ZIMRA Commissioner General's sentiments as published in the Financial Gazette of 22-28 March 2018 " New ZIMRA boss vows to fight corruption", asked what the current handicaps were in the IS contributing more to the tax basket, she highlighted the main challenge as, the IS participants not being easy to identify and data on their business transactions not being easily available, also that some small businesses do not keep proper books and records which made it difficult for them to comply. She highlighted that new strategies for harnessing the IS had been embarked on in 2017 through joint workshops with the Ministry of Small to Medium Enterprises. Other strategies included using third party data sources to identify some underground, briefcase or cell-phone traders. She further indicated that the mission of the Authority was that as the IS businesses grew, their contribution to the fiscus would proportionately increase. Notwithstanding the frantic efforts that the taxing authority has been making in trying to tax the informal businesses the compliance levels in the sector remained subdued.

➤ *Predominance of Cash Transactions with no trails*

According to Rai Pramod (2014), cash transactions arise in three situations; firstly people having unaccounted money prefer to have cash transactions; secondly, people desirous of evading taxes and thus in the process generate unaccounted money. Cash transactions of these two categories are interlinked and dominate the Zimbabwean economy. The third category is of people who do not trust the Banking and Financial sector. These formed a significant lot in Zimbabwe following the crisis in the banking sector since early 2000, which saw banks such as Century, Intermarket and Trust crushing, leaving depositors stranded, rendering Zimbabwean banks less credible. Therefore, in such an economy it is highly complicated to

assess the income or expenditure of individuals, and of the corporate sector as there is no reliable permanent record to trace their transactions. It is also very complex to determine the extent of these cash transactions.

➤ *Failure to Adhere to the Principles of Taxation in Setting Tax Policies*

The common principles or qualities that a good tax system should possess include, equity, certainty, convenience and the principle of economy (Kabinga, 2016; Kaplow, 2008; Hogg, Magee & Jinyan Li, 2007; Wilkinson, 1992). A research in Pakistan by Memon (2013) analysed their presumptive tax regime, for its adequacy in controlling an informal economy and concluded that in the Pakistan presumptive tax did not adhere well with the efficiency and equity principles as it did not secure neutral tax treatment for all business sectors. Pashev (2006) conducted a study in Bulgaria on the relationship between the equity and efficiency aspects while focusing on presumptive tax and concluded that presumptive tax should aim at enhancing collection of tax and therefore should reduce the cost of voluntary compliance. Thus presumptive tax policies had to be aligned to the basic tenets of taxation.

➤ *Corruption*

In SSA this predicament is already publicly acknowledged in society if not by legislation or governance efforts. For example in Sierra Leone it is well known that many elites pay much less than their fair share of tax, due to corruption and politically motivated privileges (Prichard, 2011). It is also the case that official public sector corruption deters tax compliance. The Chartered Institute of Taxation in Nigeria revealed that governments in Nigeria are perceived as s corrupt and selfish lot, to whom money should never be voluntarily given. Taxes paid there are expected to end up in private pockets, not in public utilities (Odusola, 2006). Similarly in Zimbabwe, a tax study by the African Forum and Network for Debt and Development (AFRODAD) (2011) established that because of rampant corruption in the government, many people did not feel compelled to pay taxes as they viewed this as just enriching corrupt government officials. Corruption within tax authorities themselves can also hinder collection as the rich can avoid tax through bribery or other forms of patronage while tax officials and tax authorities may extort funds through threats of punitive measures. Adak (2019) points to ill-defined roles and functions in tax administration as responsible for opening crevices for "unwarranted high discretion", which produces room for abuse and exploitation of the system by tax officials.

D. *Reasons for Non- Compliance in the Informal Sector*

Other disincentives for tax compliance gathered from literature are not distinct from the determinants for participating in the IS. Kuehn (2007) cites the characteristics of the IS as the major challenge hindering the majority of the IS players from turning formal, hence the situation where more resources remained outside the formal financial system and ultimately subdued tax remittances from the sector.

➤ *Ignorance*

Were (2011) in a study of Nakawa Division in Uganda revealed that smallest business enterprises were ignorant of the taxes they were obliged to pay and on the computation of the taxes. This ignorance was attributed to inadequate awareness programs by tax administrators. In addition, the IS operators were affected by intrinsic constraints such as lack of managerial and accounting abilities and skills, poor record keeping, lack of technical abilities to study markets and business plans for purposes of securing formal loans. Most informal business operators lacked the necessary skills in operating their businesses, at times relying on memory for the purposes of business records, which has the biggest drawback of forgetting (Chidoko, Mutembwa & Bemani, 2011:43). Without records the traders could not compute their profitability, the taxes due and ultimately provide statistics on their operations.

➤ *The Compliance Burden*

Were (2011), found out that the presumptive income tax system had negative effects on the profitability of small business enterprises. One of the main reasons for designing a presumptive tax system for small businesses was to reduce the compliance burden on the segment yet, in some countries cumbersome registration requirements created a serious compliance burden for small businesses and reduced the incentive to formalise business activities. Mbaye (2015) reiterated that policies promoted should assist small informal firms improve productivity and raise incomes while enforcing fiscal and regulatory obligations. However in addition to presumptive taxes, there were numerous non-budget funds to which entrepreneurs were strongly 'encouraged' to contribute, that could act exactly like tax and whose effect was somewhat punitive.

➤ *Lack of satisfaction in the way taxes are spent*

Non-compliance by informal trades may result from lack of satisfaction in the way tax revenues are spent, exclusion from participating in the decision thereof, or feeling that government is unresponsive to their plight. Greater individual participation in the decision process could foster an increased level of compliance, in part as participation implies some commitment to the institution (Joshi et al., 2013). Compliance seems likely to be higher when the use of tax revenues is decided by majority rule than when imposed on the group; further, knowing the outcome of the vote reveals information to each taxpayer about the level of group support for the collective decision, and this information may be useful to individuals in projecting the group behaviour. Imposed government decisions are unlikely to generate such feelings of participation or to provide such information. Mbaye (2015) and Adak (2019) state that consequently, if taxpayers feel that they have a voice in the way their taxes will be spent, then they are likely to feel more inclined to pay their taxes. Inevitably, the implication is that the invisibility of evidence on the benefits of taxes in the IS discourages the sector from complying with taxes. If the perception becomes widespread that the government is not willing to detect and penalise evaders, then such a perception also legitimises tax evasion.

➤ *Lack of proper trading infrastructure*

Instead of considering tax revenue as a necessity for satisfactory provision of public goods, easy access and reasonable quality of the same could be an encouragement to pay tax. Insufficient infrastructure, for example unreliable power supply, has proved to be a strong limitation to productivity as, only a minority of IS production units benefit from electricity and/or water supply. Most of the IS players operate in pathetic places and conditions, have neither access to social security nor to credit and this leads to non- compliance with taxes. Dhemba (2009) observed that informal operators ultimately operated without licenses and on undesignated sites, since in most cases they failed to fulfil the required regulations and register their businesses or get licensed. Operating in undesignated places was partly the fault of the city authority that failed to provide spaces for the entrepreneurs and not exclusively the operators attempting to avoid paying license fees. If infrastructure and services such as electric supply and water pipes were improved and extended, they could increase productivity and output. This is a source of growth that in turn could enhance the incentives to stop avoiding tax payments (Kuehn, 2007).

➤ *Tax administration failure to provide incentives*

Small businesses operating in the underground economy did not have sufficient incentives to legalise their businesses and the operation of a presumptive tax system did not provide sufficiently strong incentives for businesses to register (International Finance Corporation, 2002). The introduction of the presumptive system had to be combined with administrative improvements, in particular improvements in tax enforcement and the development of a compliance management strategy. Revenue awareness needs to be intensified as well as follow up on tax evasion, and the formalisation process simplified (Dube, 2014).

➤ *Lack of Informal Sector Inclusion in tax policy formulation*

This suggests that failure to show tangible evidence on the use of taxes to benefit the IS dissuades them complying with taxes. Policy makers overlook the need to convince taxpayers that tax collection is done on behalf of the citizens, and the accruing benefits of redistributing the revenue to citizens and this is a discouragement to taxpayers (Waris, 2009). Therefore "taxes imposed without adequately representing the interests of the people being taxed are unlikely to be collected easily" as stated by Bird (2010:3). Adak (2019), indicates that the government has not only been sluggish in dealing with the social and economic challenges faced by those operating in the IS, but has also not considered the views of the IS in formulation of the current policy affecting business regulations and taxation laws directed towards this sector. In response, many IS players have negative perceptions towards presumptive tax hence high levels of non-tax compliance even where tax rates are fairly low.

E. Conceptual Framework

The arguments from literature review can be conceptualised as shown diagrammatically, implying that tax compliance and achievability of IS taxation is influenced by the strength of tax administration in the country, the structure of the taxation framework, the economic and political environment in the country as well the nature of informality in the country (moderating variables) and these in turn inform the challenges, drivers of informality, challenges and benefits of IS taxation as shown below.
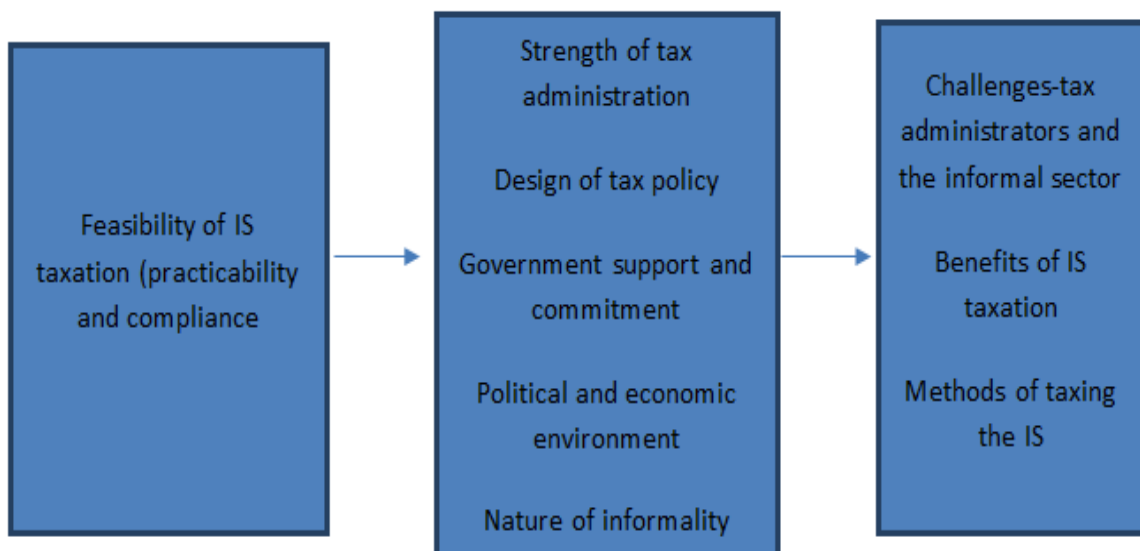

Fig 1:- Conceptual Framework
Source: Authors' compilation

III. RESEARCH METHODOLOGY

Government expenditure needs funding whether taxpayers are formal or informal and strategies to tax successfully and efficiently have to be sought. A deductive approach had to be employed in the research to establish feasible and effective tax policy from the current flows experienced against the perspective of the respondents. The research did not aim to create any hypothesis; but worked with available theories and models. The researcher used questionnaires, observations and interviews. For the purpose of formulating responses from survey questionnaire, a combination of Ordinal and Numerical Scale was used as some questions included the rating of opinions and others required the respondent to arrange the responses given in the order of their preference.

A survey research approach was used as it is ideal for studying real life cases context through observing aspects of behaviour, setting interviews and records searching (Malhotra, 2002). Geographically the survey was limited to informal traders in Bulawayo and ZIMRA administrators stationed in Bulawayo. Given the complexity of the IS, the study made three boundary demarcations. First, focus was on informal businesses and their owners in selected categories covered by the Zimbabwean Presumptive tax legislation. The second boundary was among three distinct varieties of informality which potentially have very different policy implications; subsistence enterprises which would normally not be liable for taxes; informal small enterprises which could be the under specific IS tax laws; and small and medium-sized firms, which are without a

doubt large enough to be in the standard tax net, concentration was on the last two. The preliminary survey conducted showed that the, Operators of Waterborne Vessels category were not found in the areas selected for study and were thus excluded. The third boundary choice was to focus on the legal IS activities which are the target of tax authorities as governments would want to completely eradicate illegal activities instead of taxing them.

Owing to the lack of statistical data on the size and participants in the IS, the population of interest could not be quantified. Non-probability sampling was used in the selection of the sample. This method included quota sampling and convenience sampling methods. Through judgemental sampling which entails selecting members who conform to some criterion the researcher actively selected the most productive sample to answer the research question. This is considered a more intellectual strategy than the simple demographic stratification. As indicated by Lillian Trager, (1987) cited in Ofori (2009) "No one doubts that IS is heterogeneous, all the data indicate a wide variety of activities among IS enterprises and entrepreneurs". According to Saunders et al (2000), "by dividing the population into a series of relevant strata the sample would more likely be representative, as each of the strata can be represented proportionally within the sample". The sample size for this study was 100 IS entrepreneurs/operators and ZIMRA tax officials who all completed Questionnaires and 30 of them participated in interviews. The questionnaire was used as the main research instrument in collecting primary data.

➤ *Questionnaire Response Rate*

Target	Category	Respondants		Response Rate (%)
		Target	Actual	
1. ZIMRA Officials		15	15	100%
2. Informal Sector	**1. Transport Operators:**	**40**	**32**	**80%**
	• Omnibuses	10	9	
	• Taxi Cabs	10	10	
	• Driving Schools	10	8	
	• Goods Vehicles	10	5	
	2. Hairdressing and Salon Operators	15	10	67%
	3. Operators of restaurants or Bottle stores	10	8	80%
	4. Cross Border Traders and Informal Traders	10	9	90%
	5. Cottage Industries	10	7	70%
Total/ Overall		**100**	**81**	**81%**

Table 4
Source: Research Primary Data

> *Interview Response Rate*

Target		Category		Interviews Scheduled	Interviews Conducted	Response Rate (%)
a)	ZIMRA Officials			6	6	100%
b)	Informal Sector	**A.**	**Transport Operators**	**8**	**7**	**87.5%**
		•	Omnibuses	2	2	
		•	Taxi Cabs	2	2	
		•	Driving Schools	2	2	
		•	Goods Vehicles	2	1	
		B.	Hairdressing and Salon Operators	4	3	75%
		C.	Operators of restaurants or Bottle stores	4	3	75%
		D.	Cross Border Traders and Informal Traders	4	3	75%
		E.	Cottage Industries	4	3	75%
Total				**30**	**25**	**83%**

Table 5
Source: Research Primary Data

Interviews were conducted as a counter instrument to collect data as a verification measure from the respondents. A total of thirty (30) interviews were scheduled to be undertaken. Table 4.2 illustrates the response rate 25 (83%) obtained from interviews. Each data gathering instrument had its own weaknesses, however, results were achieved through using a number of instruments (Questionnaires and Interviews) that supplemented each other and were administered to both Tax Administrators and Taxpayers to counteract bias.

The selected sample was considered optimal to enable valid inferences to be made about the population. The lack of specific rules when determining an appropriate sample size in qualitative research was a barrier. The researcher therefore used practical selection methods to carry out the study as suggested by Patton, (1990) on http://www.statisticssolutions.com/qualitative-sample-size/Patton. The other strength of the study was based on the Participant Demographic characteristics which consisted of a diverse range of respondents in terms of IS category as well as participants from ZIMRA. Participants were purposely sampled to represent a wide range of stakeholders to reflect the possible diversity of opinions. However the challenge of lack of cooperation by respondents was experienced. Researchers have established the fact that IS entrepreneurs are especially averse to talking to 'unknown persons' on their tax payments as most of the IS operators fail to discharge their tax obligations. Informal operators, therefore, do not willingly and easily divulge information about their activities and tax obligations for fear of being discovered and made to face the penalties for non-compliance with the income tax laws (Ferman et al., 1987).

IV. FINDINGS

Analysis of ZIMRA officers' views on the challenges faced in enforcement (Figure 1) show cases of concurrence with those of the IS on the factors discouraging tax compliance (Figure 3) and in other cases contradictions, which was consistent with the regulator and taxpayer angles respectively. For example the view by ZIMRA officials that the tax compliance culture in Zimbabwe being low and IS as tax evaders is disputable as 80% of the tax payers understood the importance of paying taxes but suggested that they were hindered by the high taxes and compliance requirements. According to revelations by the majority of tax officers, lack of Government support was the main driver of non-compliance. The government had to create an environment allowing the full implementation of presumptive taxes. The second factor was the lack of stringent controls by ZIMRA to enforce controls, followed by low probability of detection of defaulters. The state of the economy also contributed to the reasons for non-compliance; however corruption of tax officials was not considered a factor discouraging compliance.

> *Informal Sector Participants*

Analysis into the literacy level of the sector players, with the aim to validate the claim by Berker (2004) and Mpapale (2014), that the sector was characterised by players with no educational or professional qualifications while Kristoffersen (2011) in dispute argued that in Zimbabwe the sector was in essence a mixed bag. Findings reflect that indeed most players were in the employable qualifications class as 42% had qualifications above the graduate level , the other 42% with the minimum qualification of O' and A' Level. Only 6 percent would then normally be expected to be in the IS based on Becker (2004)'s view as they would be unemployable without educational and trade qualifications, but mostly qualified persons were in the sector. On the age groups of participants just 9% of the engaged were above 45 years,

who would have been mature enough to start their own seasoned businesses or have no educational qualifications to be formally employed. 7% of the players who normally would be in the university / tertiary education level were in the informal sector possibly because of lack of access to education and opportunities. The majority 84% were between 26 and 45 years, the most productive age groups. The qualification levels were very vital to this study to enhance the reliability of findings as these people are educated and knowledge as opposed to the general depiction of them as "vulnerable" and highly illiterate.

❖ *Challenges in taxing the informal Sector*

While literature offers a range of challenges faced implementing presumptive taxes. ZIMRA officials added that the other factors were lack of cooperation from stakeholders, and the lack of legal framework between ZIMRA and its agents, (ZINARA and local authorities) to enable full implementation of the taxes. It was indicated that ZIMRA did not have the capacity to police defaulters or apprehend them but just to penalise those caught, it remains with other sectors to execute the policing function yet they were not controlled by ZIMRA. This is an indication that the Authority did not have the full functional capacity to enforce compliance.

➤ *High presumptive taxes in Zimbabwe-*

Most of the Tax administrators (73%) viewed the presumptive tax rates as justified for their purpose of being exorbitant to force formalisation of trading activities by the IS players who would be compelled to register for Income Tax and then declare their losses transparently. However on the ground IS players were neither paying the presumptive taxes nor registering for Income Tax in response to the punitive presumptive tax rates. The level of compliance was viewed to be largely below 20% by the ZIMRA Officials. The informal traders viewed the tax rates as too high while the ZIMRA officials justified them, which reflects the possibility of a knowledge gap between ZIMRA and the public. The public did not understand the objectives of the Presumptive tax law which required it to be pegged so high. Informal sector players indicated that the presumptive tax rates were just too high for one to attempt to pay as they would not have anything left to survive after paying the taxes. The option to then register for income tax (to formalise) was then not spelt out for them as an alternative. The presumptive tax rates were indicated to be unfair on the informal traders (100%)

including those who were registers due to the high rates. Registration was very low among the informal traders engaged in the study at 27% (18/66). The presumptive tax did not achieve its aim to draw traders into formalising their business activities despite the punitive nature of the rates applied. Onwe (2015) stressed that a good tax system should be able to change the taxpayers' perception of the tax system as burdensome or their opinion of tax rates being too high.

➤ *Lack of prioritisation of Informal Sector Taxation efforts*

Results indicate that the authority though viewing the IS as a possible reprieve for the cash strapped government had not really set first priority in ensuring the presumptive tax tool actually worked in capturing the IS. This could be the reason for the continued failure to successfully tax the sector. It was established that no office had been set up specifically for the administration of Presumptive taxes but the mandate fell under the Small Clients office which dealt with the likes of small scale miners and SMEs. This explains why there lacked full devotion on the IS issues. With regards the equity principle, there was no clarity or justification for targeting only the particular sectors covered by the presumptive tax legislation; if they were the only ones operating informally or there were other sectors as well that had not yet been identified to be drawn into the tax net. Tax officials indicated that presumptive tax management measures were not well established. These findings are a reflection that there was no robust system in place towards the taxation of the IS. While the findings show the existence of a clear reporting structure and the function of review meetings, Audits and control reports were not dominant in the implementation and management of Presumptive taxes.

Figure 1 depicts responses concerning the reasons constraining ZIMRA to fully implement IS taxation. The other factors that prevailed were Resource constraints, lack of government commitment 100% (15/15) as corruption and political interference hindered implementation as some traders were untouchable (politically protected) as well as lack of parliamentary support of the policies. The lack of audit framework to track down IS activities (93%) was further worsened by the frail capacity in detecting and prosecuting tax violators as supported by 66% of the participants.

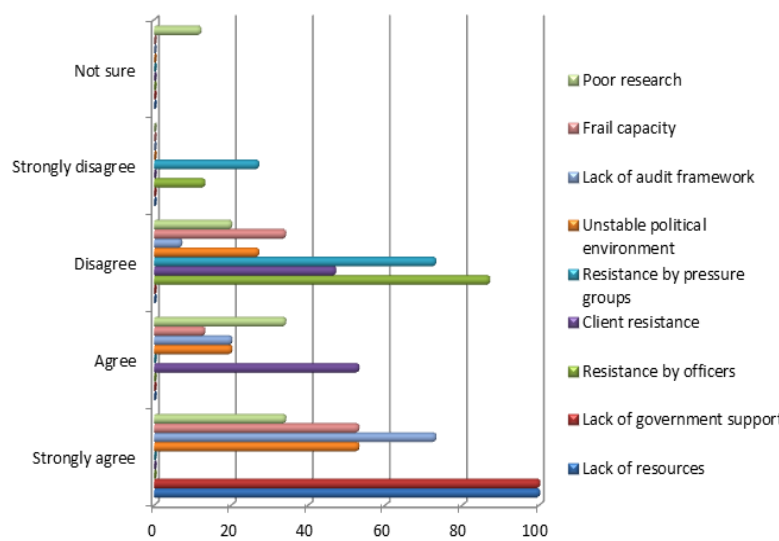➢ *The reasons for failure to fully implement presumptive taxation*

Fig 2:- Reasons for Failure to Enforce Presumptive Taxes
Source: Research Primary Data

➢ *Insufficient research*

Poor research about the sector's ability to generate more revenue formed part of the main reasons for implementation failure scoring 68%. It was indicated that some form of research on just the earning capacity of Transport operators had been done before establishing the tax rates in place. However for the rest of the targeted sectors there was no rationale for the tax rates imposed. The claim, for inaccessibility of IS players as a challenge in taxing the sector could have been curtailed by some research to understand the operations of the IS. Resistance by the citizens to comply with tax regulation also could have been reduced if realistic policies had been established through adequate research before applying the presumptive tax rates.

The tax officials added that over and above the lack of government support, the lack of transparency and commitment by the government to make the legislation work was a quandary in Zimbabwe. According to CISLAC (n.d) (cislacnigeria.net) transparency and accountability were the two pillars in encouraging tax compliance. The government had to give more up-date and more correct information on how tax money was collected, how much was raised and spent, where and for what purpose and the future plans or budgets. Taxpayers would be more compliant if they see changes in the face of infrastructure and services delivery. (Russel, 2010:4)

➢ *Capacity constraints*

It was found that the Zimbabwe Revenue Authority had insufficient capacity to deal with IS and had to work with other organisations such as currently ZINARA for collection of Presumptive taxes from Transport operators which they were expected to demand as transport operators renewed their licences and not issue fresh licences before compliance to presumptive tax requirements. Capacity was said to be crippled by lack of resources such as technology

and electronic systems to aid data capture and management. More human resources and vehicles would be needed to reach out to the populace as the exercise of Registering Informal Traders would require a door to door exercise. Kwaako et al, (2012) proposed intensive and regular field inspection, easy accessibility of the tax office, provision of relief and incentives to tax officials, recruitment of more staff, intensification of tax education campaigns all over the nation, government to provide more logistics to tax officials, in-service training for tax collection personnel and fair distribution of tax revenue. Fjeldstad and Heggestad (2012) also suggest the training of tax collectors on taxpayers handling through seminars and workshops as way of building a compliance culture and amicable working relationship.

➢ *Lack of accounting/ trading records and inaccessibility of informal traders.*

For the Tax Authority, trading records would enable an assessment of traders' income to facilitate the submission of tax returns. It was established that a fair number (53%) did keep some form of trading records for their budgeting purposes and to track their gains. However they indicated that they did not keep accounting records as the activities were mostly from hand to mouth and the trades were run through sole ownership. Most of the records were simple logging of income as it came in. More meaningful records were mostly from the Transport operators' category, mainly driving school operators and from the operators of Restaurants and of Bottle stores who kept them with the objective of tracking revenues.

The inaccessibility of the Informal traders was proven as a hindrances to effective registration and tax collection as 59% of the traders indicated that they did not operate from fixed locations, some used door to door and virtual marketing strategies and did not have premises of trade.

Some of the traders indicated that they operated from their homes

> *Paucity in awareness of the presumptive tax law in Zimbabwe*

Researchers suggest that non-compliance among informal traders emanated from ignorance of the presumptive tax laws in place. Kristoffersen (2011), recommended that all stakeholders must be involved (formal or informal, big or small) in policy discussions to get their voice. From the evidence that the majority of IS players were not aware about the essence of tax payment and tax related matters. While it was important to establish if the society realised the importance of paying taxes, it was also relevant to establish if they were privy of the existing Presumptive taxes. It was established that from the sample, only 38% were aware of the presumptive tax legislation and these were mostly from the Transport operators, category. 64% of the participants were not aware of the obtaining presumptive taxes in Zimbabwe. Some in the transport sector added that they learnt of the presumptive taxes through ZINARA while registering their vehicles. The question then arises on the listenership and readership of the media choices used by ZIMRA. Just a few people indicated awareness through the internet (34%) and none had attended client workshops.

> *Informal Sector Awareness strategies by ZIMRA*

Udoh (2015) stressed that the government had to strengthen its effort in organizing public education programmes in the media, posters, billboards and other enlightenment channels in all local languages, in addition to employ a rigorous and continued approach to build tax culture within the IS players. The researcher encouraged regular meetings of revenue collectors and taxpayers to discuss tax issues, as a key strategy to tackle the taxation of IS as well as adopting electronic means of communication, awareness and collection.

In Bulawayo, Tax administrators however did not specify the extent of coverage of specifically IS taxation information. All the ZIMRA officials asserted to the availability of clear policy guidelines on information dissemination. Concurrence was just an 'Agreement' and not ranked 'strongly agree' which raises doubts on the confidence of all the officers in their assertions even further the quality of policies available. The participants admitted the availability of vast media platforms used to disseminate information. National Newspapers, client workshops and the internet were indicated as the media platforms used to a greater extent, while the radio and Television were used averagely. The ZIMRA officials added that they held quarterly workshops where the public was invited to attend. They also engaged in, door to door clients' visits and Street Mapping in conjunction with the Ministry Of SMES.

> *Registration status of study participants*

From the IS players that participated in this study, only 27% were registered for tax or were paying presumptive tax. The Factors that hindered registration (compliance) to a larger extent were excessive regulations for operating formally (79%), small scale of operations (79%), excessive regulations for entry into the formal sector (75%) and excessive compliance costs (67%). The IS could be reduced in size through government efforts of reducing regulatory restrictions and engaging taxpayers in policy making. Kristoffersen (2011) recommended, deregulation of the labour markets and fighting corruption and unnecessary expenditure which would reduce the attractiveness of exit from the formal sector into the IS. Low tax moral and inadequacies in tax collections did not seem to have much influence according to the perspective of the informal traders. The Stacked Cylinder presentation on Figure 2 illustrates the factors more elaborately.
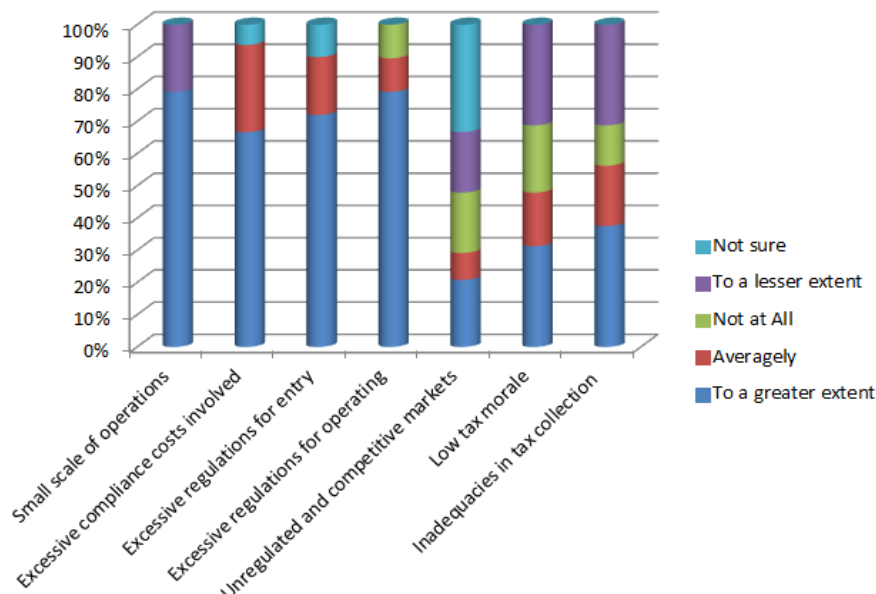

Fig 3:- Reasons for not registering for tax
Source: Research Primary Data

The respondents indicated that most of their activities were not well established to warrant registration and that though some had been trading for a considerable number of years, the intention was not to permanently trade informally, but to possibly gain employment. Registered traders indicated that their aim was to have business integrity and be able to deal with formal corporates and this was an advantage. Some indicated that as registered traders they managed to compete in some tenders. However they

continued to face competition from those that were not registered which presented an unfair trading ground.

➢ *Lack of appreciation of the importance of paying taxes*
Some ZIMRA officials indicated that they viewed the negligence to comply to be due to scanty tax knowledge on the importance of paying taxes among citizens. On the contrary IS participants highlighted a high degree of knowledge on the importance and use of taxes and cited the exorbitant tax rates as the key impeller for non-compliance.
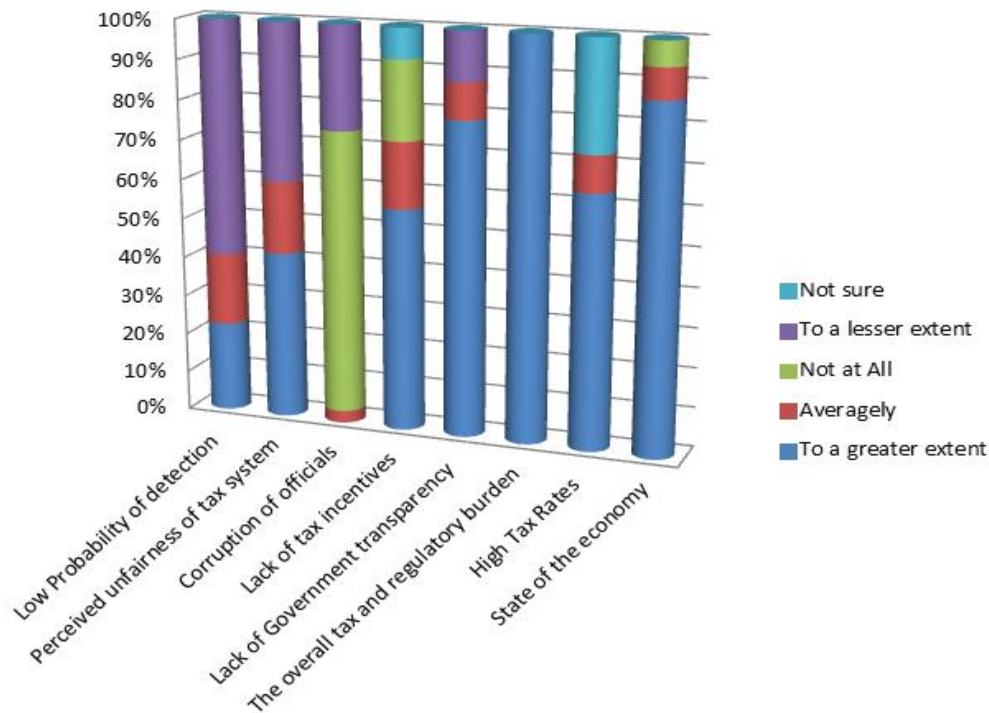

Fig 4:- Factors that discourage compliance to Presumptive Taxes
Source: Research Primary Data

Ignorance of the tax policies in place by citizens was emphasised as well by the tax administrators. Emphasis was also on the allusion that the population was not motivated to pay tax as they did not see commitment the government to transparency and against corruption. Corruption and lack of transparency was confirmed by IS operators as some of the hindrances discouraging compliance. Low probability of detection and the perceived unfairness of the tax systems were viewed by IS as the least significant in dampening compliance yet tax officials ranked low probability of detection as the third most dominant factor which was said to be because of the nature of the traders who were invisible and the shortage of enforcement resources.

❖ *Strategies for enforcing Tax compliance in the informal sector*
Kristoffersen (2011), propositioned that all stakeholders needed to be involved (formal or informal, big or small) in policy discussions to get their voice. Currently the strategies that were in place were:-

- Use of Agencies; partnering with government agencies ZINARA and Local Authorities, Ministry of Transport and related entities to collect presumptive tax from the IS when they acquire operating licences
- Conducting of joint awareness workshops with the Ministry of SMEs
- Follow ups on those already registered with ZIMRA
- ZIMRA has a Toll free facility which presented a platform for the society to report tax evaders including those in the IS

V. CONCLUSIONS

The existing Presumptive tax legislation is not informed hence its failure. The presumptive tax rates are too high and fixed. They do not meet the equity and compatibility principle as the level of income is not considered in each category. The IS is inaccessible hence the incompatibility of the presumptive tax system with the nature of the players and their trades. ZIMRA is not ready to effectively implement IS taxation. The strategies in place are an indication of lack of proper project planning hence the challenges faced in the sector. Some ground work is

required to establish and implement realistic policy. The challenges faced in taxing the sector are a symptom of unpreparedness resulting from omissions in the project management cycle. It does not seem that adequate feasibility studies were performed prior to planning and the planning process itself was flawed hence the inadequate resource provision and incompatibility of the tax policies. Williams (2008) in outlining principles of project management emphasised the catastrophic results that are obtained if the project initiation phase in a project life cycle is neglected, hence its importance. The Authority's efforts do not seem to be complemented by government through commitment to resource provision and policy support. The IS is ignorant of the existing presumptive taxes which is a reflection of lack of education and inclusion of the citizen in policy formulation and compliance. The tax rates were exorbitant for the level of trade of most informal traders. The dissatisfaction over the lack of transparency of the government on the spending of tax revenue and the general state of the economy further compounds the problem.

VI. RECOMMENDATIONS

1) Feasibility studies needed to be carried out to gain an appreciation of the activities of each sector of the IS and the homogeneity within each one of them to avoid assumptions that resulted in inappropriate policy approaches.
2) The principles of taxation needed to be upheld in taxing the IS for the legitimacy of the policies.
3) Establishing the root cause of the IS and an appreciation of factors constraining their compliance through their inclusion in policy discussion and formulation so that they also contribute their perspectives.
4) A clear outline of objectives on tackling the IS as well as Stakeholder education and inclusion needed to be emphasised for policy appreciation and realistic management approaches
5) Strengthening tax administration through adequate resource provisions and policing powers to enforce compliance.
6) Transparency and commitment by the government.
7) The Authority has to seek an understanding of the IS and not rely on assumptions in setting up its strategies as the IS was heterogeneous in all aspects and umbrella treatment would not work

➤ *Limitations and Areas of further research*
- Literature on IS tax administration, particularly on the issues to do with non-compliance in the IS in Zimbabwe is scanty. While there is considerable literature on IS taxation in general, very little has been researched on the Zimbabwean case in particular. This was a significant limitation during the research however mitigated by the utilisation of the available literature from other developing countries
- Another major limitation on this study was the fact that people are generally apprehensive of anyone talking on tax issues; hence some of the participants in the IS, most of whose activities are invisible were very reluctant to voluntarily disclose information on their

business activities and their tax status. This could in some way have skewed the study findings.
- The research focused on a single city (Bulawayo) in Zimbabwe, further research could focus on a wider scale for example the country as a whole to evaluate the IS taxation framework.
- The research's target population was the IS operators and Revenue Authority which are the taxpayer and the enforcer/regulator respectively whose views might be biased and not independent hence the need for further research to incorporate perceptions of other stakeholders such as the tax experts, Ministry of SMEs officials and of Finance

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