# Factors influencing tax evasion among Small and Medium Enterprises in Zimbabwe

**Abstract:** Small and medium-scale enterprises (SMEs) are recognised globally for being the backbone of the economy through economic advancement, innovation, wealth generation, and further growth. SMEs have a high tax non-compliance rate, which hinders the development they bring to many economies. This paper aims to establish the major determinants of tax non-compliance among SMEs in the Zimbabwean economy. The survey research design was used, and the SMEs operating in Bulawayo province were considered the sample of the study. The stratified random sampling technique was adopted for eliciting information, and questionnaires were administered to collect data from the respondents. 187 questionnaires were issued, and 150 were returned. Regression analysis was used to establish the relationship that exists between tax non-compliance and the predictive variables, using SPSS version 22. The study revealed poor follow-up strategy, lack of a tax audit, high tax rates, financial constraints, abuse of public funds by authorities, and tax education as the major determinants. SME operators should apply modern business survival strategies so as to counter financial constraints. ZIMRA should maintain a database for SMEs for tax audit purposes, intensify follow-up strategies, increase tax audits, and increase tax support services for SMEs. The government should consider reducing tax rates, which are perceived to be too high, as they promote tax evasion and failure among SMEs.

**Keywords:** *Tax compliance, tax evasion, Small and Medium Enterprises, economic development and Zimbabwe*



# 1. Introduction

Globally, tax compliance among Small and Medium Enterprises (SMEs) is poor and a major problem, as many countries fail to come up with ways to cut non-compliance. Small and medium enterprises (SMEs) are now the major employers, and they play a very vital role in the development and growth of the Zimbabwean economy, but their contribution to the national budget is affected by tax non-compliance exercised by the operators. A study carried out by the Finmark Trust revealed that Zimbabwe has 3.5 million small to medium enterprises, with only 2% of all these paying taxes to the Zimbabwe Revenue Authority (ZIMRA; Masarirambi, 2013; CZI, 2015). Several ways and strategies to cut tax evasion have been devised by ZIMRA, the government revenue collection board, to cut non-compliance among SMEs. To broaden the tax base, the Micro, Small, and Medium Enterprises (MSMEs) office was established in 2021, and the number of new registrants increased by 30,565 because of this (ZIMRA, 2022). In 2022, the Authority was able to obtain from MSMEs ZWL4.73 billion and USD $11.05 million, and several workshops on taxpayer education were held to accomplish this (ZIMRA, 2022). There are initiatives underway to broaden the tax base and provide a more straightforward tax structure for this industry. SMEs are subject to tax incentives if they are registered with ZIMRA. They are eligible to enjoy 100% Special Initial Allowance (SIA) on qualifying capital assets, which is allowed over a four-year period at a rate of 25% per year (www.zimra.co.zw). The Special Initial Allowance is a capital allowance ranked as a deduction, which reduces the tax due from the business since it has the benefit of reducing the taxable amount. The incentive enables re-investment, which empowers growth through more of its earnings that have been retained for business. Workshops are conducted by ZIMRA on tax education. Are these methods conducted by ZIMRA real incentives for tax compliance? ZIMRA introduced a penalty of 100% of the amount due plus 10% interest per year to taxpayers who fail to file their tax returns in the stipulated time (Tapera, 2013). Heavy penalties have been charged to SMEs that fail to comply with the regulations on tax remittances. ZIMRA seems to be applying both persuasion and coercion strategies for tax compliance, relying more heavily on semi-military operations that give results in the short run but prove to be difficult to sustain in the prevention of tax evasion. SMEs contribute a small amount of tax as compared to larger companies; they still need to be carefully considered due to the contribution they bring to economic growth. The question then is: why do other SMEs comply while the majority have not remitted their taxes? What are the major determinants of the failure to comply with the regulations of the tax authority?

The government uses tax revenue as the major source for capital and infrastructural development projects that will be of benefit even to SMEs. The findings and recommendations of the study will help ZIMRA in the formulation of policies on tax collection among SMEs. Tax revenue contributes more than 60% of the national budget (Ministry of Finance, 2013 and 2014). Reducing non-tax compliance among SMEs will create an environment that eases the running of their businesses in the long run through infrastructural development and economic growth. The study is significant because taxation is the pivot to economic, political, and social development. The strong tax system plays three major roles in economic development: it stimulates good governance (Odd-Helge & Rakner, 2009), lessens inequality (Cobham, 2005), and generates revenue (Keen, 2012). There is little evidence of research knowledge on SMEs and tax noncompliance in Zimbabwe; previous studies focused on tax compliance challenges in fulfilling tax obligations among SMEs in Zimbabwe (Zivanai, Chari, Nyakurimwa, 2016). Utaumire, Mashiri, and Mazhindu (2013) conducted a study on the effectiveness of the presumptive tax system in Zimbabwe using ZIMRA as a case study; they did not consider the factors that cause tax evasion by SMEs. The study will also provide invaluable insights to the Government of Zimbabwe in the formulation of future tax policies and address the major contributing factors to tax noncompliance among SMEs. The government must know and attend to the reasons why SMEs are invading taxes, as they form the core of most of the country’s economy. This paper is organised as follows: It gives the aims of the study, briefly defines SMEs in the context of Zimbabwe, and reviews theoretical and empirical literature from earlier studies. Then the method based on the data collected in the study will be analysed to show the factors that cause tax evasion among SMEs in Zimbabwe. The conclusion will be made based on the findings of the study and the recommendations of the major determinants of tax noncompliance among small and medium enterprises in Zimbabwe.

# Objectives of the study

* To identify the major causes of tax non-compliance among SMEs in Zimbabwe.
* To recommend possible ways of reducing tax non-compliance among SMEs in Zimbabwe.

# 2. Literature Review

**Definition of SMEs:** There are many definitions that have been brought forth by different authors, boards, and countries; the study will consider the definition applied in Zimbabwe.  According to the Small and Medium Enterprises Act, Chapter 24:11, an SME is a corporation or an unincorporated business entity that is managed by a person or jointly by more persons, and it should either be a micro-enterprise, a small enterprise, or a medium-sized enterprise. The SME Association of Zimbabwe defines it in different categories as follows: a business with a turnover of less than US$240 000 or assets less than US$100 000 should be formally registered as a small business, and a business with assets and turnover above the thresholds stipulated for small enterprises but less than US$1 million each should be registered as a medium enterprise (www.smeaz.org.zw). ZIMRA defines SMEs as follows: a business with six (6) to forty (40) employees, an annual turnover of US$50 000 to US$500 000, and assets valued between US$50 000 and US$1 million is treated as a small company; a business with forty-one (41) to seventy-five (75) employees, an annual turnover, and assets between $1 million and US$2 million should be registered as a medium-sized company. A microenterprise is a business that operates below the threshold of a small enterprise (www.zimra.co.zw). All business entities in Zimbabwe are expected to remit taxes according to their tax liabilities, and SMEs also have a tax obligation.

**Tax Obligations**: Tax obligations are the amount of tax due according to the current tax law. The Zimbabwe Revenue Authority (ZIMRA), as a body responsible for collecting revenue for the country through taxes, gets its commission from the Revenue Authority Act [Chapter 23:11], which was passed by the parliament of Zimbabwe in 2002, and other related legislation. There are a number of taxes that operating SMEs in Zimbabwe are expected to remit; they may be obligated to pay any or all of the following: Income Tax, Value Added Tax (VAT), Presumptive Tax, Capital Gains Tax, Pay As You Earn (PAYE), Estate Duty Tax, Withholding Tax (WHT), and Investment Income Tax, among others (www.zimra.co.zw). Small traders who are not qualifying for income tax remittance should pay a tax referred to as a presumed tax. Those that register for income tax purposes with ZIMRA are expected to submit returns and payments of taxes according to the statutory requirements. The rate of tax on taxable income is 25% plus 3% Aids Levy (Tapera, 2013). Utaumire et al. (2013) stated that SMEs are willing to pay their tax obligations, which was contrary to the findings of a study conducted by Devos (2014), who said taxpayers try to evade taxes; the tax authority should come up with strategies to counteract tax evasion.

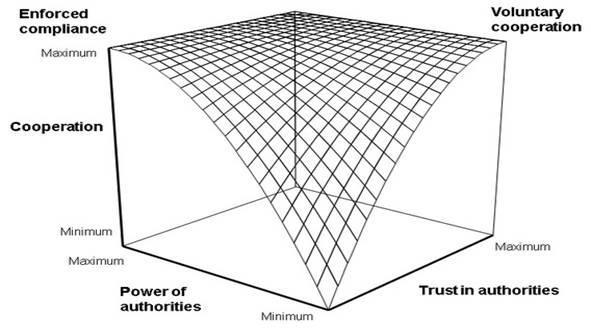
**Strategies to counteract tax evasion**: ZIMRA introduced tax audits to reduce tax non-compliance and a penalty as a control aimed at reducing or discouraging taxpayers from evading tax. A penalty of 100% of the amount due and a 10% interest rate are also used by ZIMRA (ICAZ, 2013). ZIMRA educates taxpayers through forums, workshops, and seminars educating the public on how to improve tax compliance (www.zimra.co.zw; ICAZ, 2013). There is a toll-free line for taxpayers to seek clarity on tax issues at any time (www.zimra.co.zw). Reduction in the loss of revenue using electronic devices in VAT collection, and these devices are not to be tampered with. Small and medium businesses are encouraged to adopt generally accepted accounting practices (GAAP) in accounting to cut incidences of cheating on transactions. Whistleblowing, road patrols on the ZIMRA website, and the dismissal of corrupt employees are other measures in place (AFRODAD, 2011). According to Mello (2008), different strategies to cut tax noncompliance have been introduced in different countries, such as tax audits, tax education workshops, tax farming, the general anti-avoidance rule, and many others. Amnesty for taxpayers who have defaulted was granted by South Africa to bring them back into the tax net. It was not successful with small and medium-sized businesses, but a success with larger taxpayers (www.afrodad.org). Zimbabwe granted tax amnesties in October 2014 to March 2015 and 1 January 2018 to 30 June 2018, so as to aid taxpayers in regularising their business affairs, but very few businesses came up front to apply for the amnesty. To come up with good strategies for tax evasion, tax compliance models have been developed by various scholars.

**Tax compliance models**

**The A-S model:** The A-S model is a formal economic analysis of tax evasion, also known as the deterrence model or classical approach; it was pioneered by Allingham and Sandro (1972), taxpayers who are assumed to be rational and moral and making reasonable economic real decisions. Evading tax is grounded on perceived gains or losses (Gahramanov, 2009); if the gain expected by evading taxes is higher than the cost involved, they evade taxes (Fischer et al., 1992; Devos, 2014). The taxpayers are assumed to have real knowledge of tax, penalty, and detection rates as utility maximizers (Devos, 2014). The model states that now, when computing tax returns, the taxpayer is inclined to evade tax to maximise profits (Zivanai et al. 2016). The questions they have are: how much income should I report, and how much tax should I evade? If the tax authority has a sound system, the likelihood of being caught is high, and the penalties are inevitable, a rational economic decision-maker will correctly remit taxes (Bătrâncea, 2012). When there are no tax audits performed and poor collection systems, taxpayers can remit less tax than is expected. This implies that few taxpayers will evade taxes if detection is certain, and penalties are severe (Ali et al. 2013). The model has been subject to harsh criticism as it assumes that taxpayers are fully rational utility maximizers; empirical studies show that many people are honest taxpayers and other taxpayers have never evaded taxes (Gordon, 1989; Erard & Feinstein, 1994; Andreoni, Erard & Feinstein, 1998). Yitzhaki (1974) suggested solutions to the shortcomings of the A-S model of tax evasion by setting a penalty on the amount of tax evaded and not on the undeclared income (Bătrâncea et al., 2012), suggesting the use of the slippery slope model.

**Slippery slope model:** The slippery slope approach assumes two major views on tax compliance: a hindrance to tax evasion by the performance of tax audits and severe fines, and on the other hand, cultivating a trusting relationship between the taxpayers and tax authorities (Kirchler, 2007; Kirchler, Hoelzl, and Wahl, 2008)**.** The model suggests that trust in the tax authorities and the power of the tax authorities are both key dimensions of tax compliance, both enforced and voluntary. Power is related strongly to antagonistic climate and trust relates strongly to synergistic climate. Power is characterised by a view where taxpayers are perceived as “robbers” looking for an opportunity to evade tax. This is the scenario in the informal sector in Zimbabwe (Zivanai et al., 2014). Trust causes voluntary tax compliance as taxpayers willingly return their taxes as they perceive the authorities as philanthropists in society (Kirchler, 2007; Kirchler et al., 2008)*.* According to the framework, the maximum level of tax compliance is achieved in conditions of high power and/or high trust, though the derived compliance and quality will differ, while distrust and resistance are a result of a ‘cops and robbers’ climate that breeds cheating behaviour (Bătrâncea et al. 2012). According to Tayler (2006), Kirchleret et*al. (2008),* and Fauvelle-Aymar (1999), the extent of trust the citizens have in their government influences their tax compliance; if they do not trust the government, they will evade taxes.

# Figure 1: The Slippery Slope Framework (Kirchler et al., 2008)



**Fiscal and Social Psychology Models:** The model blends economic deterrence aspects with social and psychological aspects. Social psychology models focus on variables such as moral values and the perception of the fairness of the tax system and the tax authorities. The behaviour and attitude of taxpayers towards compliance are affected by social groups, norms, and interactions, like any other form of behaviour (Snavely 1990). The model also assumes that taxpayers are motivated to comply by the presence of government expenditure; if the government increases the provision of public goods and services, providing efficient and more accessible commodities that are preferred by citizens, then tax compliance will increase (Levi 1988; Tilly 1992; Alm et al. 1992; Moore 2004). Tax paid and the goods and services provided by the government are correlated, taxpayers are concerned about what they will get and benefit in the form of public goods and services from the government after making their tax payments (Fjeldstad and Semboja 2001; Moore 2004). If taxpayers in their circles view the government as not willing to return to the public, they influence each other not to comply, and people comply, believing that their peers are also complying, while those who cheat understand that there are many of their peers who do the same.

# 3. Methodology

The survey research design was used with the research aims in mind. Data was collected from primary sources, and the SMEs operating in Bulawayo province were considered as the sample of the study. A pretest was conducted to collect feedback about the research instruments. Both questionnaires and interviews were used to collect data. A pilot test was conducted using 10 questionnaires on SMEs in the city of Bulawayo. A postal questionnaire with closed-ended questions using an eight-point Likert scale was sent to 185 entities. Out of the 185 questionnaires issued, 150 were returned. The stratified random sampling technique was adopted to elicit information from SMEs operating in the province. This approach was also used by Dlamini (2023) in his study on the use of management accounting practices as a remedy or delusion for SMEs in Zimbabwe. Ten key informant interviews with accountants were conducted to collect qualitative data (with open-ended questions) from those who had responded to the questionnaires. The aim of the interviews was to gain more insights into the survey results and check the reliability of the quantitative data obtained through postal questionnaires. A model was developed to find the relationship between tax compliance and the determinants of tax compliance (financial constraints, tax audit, tax education, public funds abuse, and tax rate), and the model was tested using regression analysis on SPSS version 22. An analysis of variance was used to check the strength of the relationship between dependents and independent variables. Tables were used for data presentation. Data collected from the interview was analysed through summative content analysis, and the quantitative data from questionnaires was analysed using SPSS version 22. The hypotheses were collapsed into two main categories:

**H0.** There is no relationship between tax compliance and any of the determinants (financial constraints, tax audit, tax education, public fund abuse, and tax rate).

**H1**. There is a relationship between tax compliance and at least one of the determinants (financial constraints, tax audit, tax education, public funds abuse, and tax rate).

# Table 1: Tax Compliance and non-compliance Studies Reviewed

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Author(s)** | **Year** | **Method** | **Sample Size** | **Country** | **Findings of the study** |
| Mukhlis,  Utomo &  Soesetyo | 2014 | Descriptive Method | 61 respondents | Indonesia | Taxpayers comply when there is fairness and benefits that can be received from complying. |
| Damayanti  et.al., | 2015 | Descriptive Method regression analysis | 323 individual taxpayers in the Central  Java | Indonesia | Tax compliance behaviour is influenced by the intention to comply, while the intention to comply is influenced by subjective norms and by the perception of the government. |
| Appah &  Wosowei | 2016 | Relevant  diagnostics  tests and  multiple regression models. | 785 individual taxpayers | Nigeria | The findings of the study showed that the behaviour of taxpayers is based on their financial condition, risk preference, and the nature of society in terms of the level of governance. |
| Alasfour  et.al., | 2016 | Descriptive & multivariate  tests | 375 respondents | Jordan | The study revealed that the extent of governmental corruption and government expenditure influences tax compliance. High tax rates and the taxation system’s being perceived as unjust cause non-tax compliance, while an increase in tax audits and heavy penalty rates reduce tax evasion. |
| Riahi-  Belkaoui | 2004 | Multiple regression | 30 countries | Worldwide | The findings showed that tax compliance is positively related to the level of economic freedom, and the effectiveness of laws and negatively related to the rate of crime as a proxy for moral norms |
| Frey &  Feld | 2002 | Descriptive statistics and regression analysis | 23111 individual taxpayers | Switzerlan  d | Tax morale of the taxpayers is raised when the tax (authority) officials treat them with respect. |
| Zivanai  et.al, | 2016 | Survey | 30 SMEs | Zimbabwe (Bindura) | Findings revealed that, lack of trust in the tax authority and the fact that fellow informal traders are evading taxes encourages other taxpayers do not comply. |
| Maseko | 2014 | Descriptive statistics and correlation | 163 respondents | Zimbabwe  (Harare, Chitungwi  za and  Bindura) | The results indicated that high tax rates, the perceptions of SME operators about tax fairness, tax service quality and government spending priorities greatly affect their tax compliance decisions. |

**4. Results and Discussion**

The regression equation was established as follows:

# Table 2: Descriptive results N Mean Std. Deviation



**Statistic Statistic Std. Error Statistic**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Compliance | 150 | | 3.36 | .152 | 1.862 |
| Financial Constraints | 150 | | 3.86 | .131 | 1.610 |
| Tax Audit | 150 | | 3.57 | .154 | 1.884 |
| tax education | 150 | | 3.17 | .102 | 1.252 |
| public funds abuse | 150 | | 2.51 | .109 | 1.340 |
| Tax Rate | 150 | | 3.61 | .089 | 1.092 |
| **Table 3: Regression stati** | **stics** | |  |  |  |
| **Model R R Square** | | **Adjusted R Square** | | | **Std. Error of the Estimate** |
| 1 0.900a 0.809 | | 0.802 | | | 0.827 |

# Table 4: ANOVA a

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Model** | **Sum of Squares** | **df** | **Mean Square** | **F** | **Sig.** |
| 1 Regression | 417.961 | 5 | 83.592 | 122.084 | .000b |
| Residual | 98.599 | 144 | 0.685 |  |  |
| Total | 519.56 | 149 |  |  |  |

# Table 5: Coefficients a



**Model Unstandardized Standardized t Sig.**

# Coefficients Coefficients B Std. Error Beta



|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| (Constant)  Financial Constraints  Tax Audit  Tax Education  Public Funds Abuse  Tax Rate | 2.277  -0.24  0.754  0.081  -0.121  -0.176 | 0.475 0.052 0.045 0.059  0.057  0.67 | -0.208  0.762  0.055  -0.087  -0.103 | 4.796  -4.63  16.636  1.382  -2.122  -2.631 | .000  .000  .000  0.169 0.036  0.009 |



# Table 6: Correlations

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Compliance** | | **Financial Constraints** | **Tax Audit** | **Tax**  **Education** | **Public Funds Abuse** | **Tax Rate** |
| Pearson Correlation 1 Compliance | | -0.621 | 0.876 | 0.249 | 0.021 | 0.001 |
| Financial Constraints | -0.621 | 1 | -0.558 | -0.028 | -0.197 | 0.037 |
| Tax Audit | 0.876 | -0.558 | 1 | 0.239 | 0.060 | 0.094 |
| Tax Education | 0.249 | -0.028 | 0.239 | 1 | -0.281 | 0.173 |
| Public Funds Abuse | 0.021 | -0.197 | 0.06 | -0.281 | 1 | -0.354 |
| Tax Rate | 0.001 | 0.037 | 0.094 | 0.173 | -0.354 | 1 |

The average compliance rating was 3.36, the average education rating was 3.17, and the average public funds abuse rating was 2.51, as shown in Table 2. The results of the regression analysis shown in Table 3 above were used to test the relationship between tax compliance and financial constraints, tax audits, tax education, public funds abuse, and tax rates among small to medium enterprises in Zimbabwe. The analysis shows that the adjusted R squared is 0.802; 80% of changes in tax compliance are explained by financial constraints, tax audits, tax education, public fund abuse, and the tax rate. The correlation among predictor variables appears to be low and acceptable, as shown in Table 6 above. The model was run at a 5% level of significance, and the following results were obtained: The ANOVA summarised in Table 4 reveals a p-value of 0.00, which is less than 0.05, demonstrating a significant and valid model. The model reveals that tax compliance is inversely related to financial constraints; if financial constraints increase non-compliance, it will increase, as shown by a coefficient of 0.24, and the results are like the findings by Appah & Wosowei (2016). Tax audit has a strong positive relationship with tax compliance; with more tax audits, there is an increase in tax compliance. These results are the same as the findings of Riahi-Belkaoui (2004) and Alasfour et al.  (2016), and tax audits have the highest influence on compliance, as shown by a coefficient of 0.754. The A-S model also supports the results of the study; it states that if tax audits and follow-up strategies are poor, taxpayers will evade taxes, and if penalties ar, 2013evere, non-compliance will be high (Bătrâncea, 2012; Devos, 2014; Ali et al., 2013; Zivanai et al., 2016). These findings agree with the results by Utaumire et al. (2013) and Zivanai et al. (2014), who noted that ZIMRA has weak follow-up and insufficient awareness campaigns.

Tax education has a positive but insignificant relationship with tax compliance (coefficient = 0.081); among all the variables, it has the lowest influence. Public funds abuse has a negative relationship with tax compliance, as shown by a coefficient of -0.121 and a tax rate of -.0176. If public funds are abused, there is an increase in noncompliance. The results are consistent with results by Fjeldstad and Semboja (2001); Frey & Feld (2002); Moore (2004); Riahi-Belkaoui (2004); Maseko (2014); Mukhlis, Utomo & Soesetyo (2014); Dube (2014); Damayanti et al. (2015), who stated that tax compliance is correlated with government expenditure on public goods and services, and there is a strong negative relationship between the two. The tax rate is negatively related to tax compliance (coefficient = -.0176); an increase in tax rate will reduce tax compliance. The results are correlative to the findings of Ojeka and Ojochogwu (2012) and Alasfour et al. (2016), who agreed that high tax rates promote tax evasion among SMEs.

# 5. Conclusion

The study examined the predictors of tax non-compliance among SMEs in Zimbabwe. Three main models of tax compliance were reviewed in the literature, and strong evidence of tax compliance determinants was provided. The study concluded that the major factors leading to tax non-compliance among taxpayers are a lack of tax audits and poor follow-up strategies by the tax authority, high tax rates, financial constraints, public fund abuse by the government, and tax education. Taxpayers are aware of their tax obligations, and the possibility of being detected by the tax authority is low, though the penalties are heavy. ZIMRA should improve the tax administration system, reinforce tax collection strategies, and follow up with SMEs. Tax incentives like lowering tax rates and tax reform will increase the revenue collected from taxes. Massive campaigns against evasion and avoidance of tax and intensive tax education should be embarked on. ZIMRA employees should also be well equipped for easy detection of tax evasion. Governments can consider developing a new tax system that suits SMEs, which will lower compliance costs. Tax rates are perceived to be too high. The government should consider revising the tax policy or reducing tax rates as they promote tax evasion and failure among SMEs and businesses. More support and increased tax incentives through tax support services should be offered to SMEs to cut their failure rate, as they are the engine of economic growth.

# References

African Forum and Network on Debt and Development (AFRODAD), (2011). What Has Tax Got To Do With Development: A critical look at Zimbabwe’s Tax System.

Ali, M., Fjeldstad,O., HoemSjursen, I., (2013). Factors affecting tax compliant attitude in Africa: Evidence from Kenya, Tanzania, Uganda and South Africa.

Allingham, M.G., Sandmo, A. (1972). *Income Tax Evasion: A Theoretical Analysis*. *Journal of Public Economics* 1, 323-338.

Alm, J., G. H. McClelland & W. D. Schulze (1992). Why do people pay taxes? *Journal of Public Economics,* 48**,** 21‐38.

Andreoni, J., Erard, B., Feinstein, J.S., (1998). Tax Compliance. *Journal of Economic Literature*, 36(2), 818-860.

Appah, E., Wosowei, E. C. (2016) Tax Compliance Intentions and the Behavior of the Individual Taxpayer:

Evidence from Nigeria. Research Journal of Finance and Accounting www.iiste.org ISSN 2222-1697 (Paper) ISSN 2222-2847 (Online) 7(13), 2016 1.

Bătrâncea, L., Nichita, R., Bătrâncea, I., and Moldovan, B.A., (2012). Tax Compliance Models: From Economic To Behavioral Approaches. *Transylvanian Review of Administrative Sciences,* 36, 13-26.

Cobham, A. (2005). *Taxation policy and development.* Oxford: The Oxford Council on Good Governance.

Damayanti, T.H., Sutrisno, T., Subekti, I., & Baridwan, Z. (2015)The Role of Taxpayer’s Perception of the Government and Society to Improve Tax Compliance. *Accounting and Finance Research*, 4(1); ISSN 1927-5986 E-ISSN 1927-5994.

De Mello, L. (2008). Avoiding the Value Added Tax: Theory and Cross-Country Evidence", *OECD Economics Department Working Papers*, No. 604, OECD Publishing, and Paris.

Devos, K. (2014). Factors Influencing Individual Taxpayer Compliance Behavior, Springer Netherlands, eBook ISBN:978-94-007-7476-6  [http://www.springer.com/gp/book/9789400774759.](http://www.springer.com/gp/book/9789400774759)

Dlamini. B. (2023). Use of Management Accounting Practices: A Remedy or Delusion for SMEs in Zimbabwe. EuroEconomica, 2(42): 99-112.

Dube, G. (2014). *Informal sector tax administration in Zimbabwe. University of KwaZulu-Natal, South Africa*.

Gahramanov, E. (2009). The Theoretical Analysis of Income Tax Evasion Revisited. *Economic Issues*, 14(1) 2009, 35.

Erard, B., Feinstein, J. S., (1994). Honesty and Evasion in the Tax Compliance Game. *Rand Journal of Economics*, 25(1), 1-20.

[Alasfour,](http://www.emeraldinsight.com/author/Alasfour%2C+Fadi) F., [Samy,](http://www.emeraldinsight.com/author/Samy%2C+Martin) M., [Bampton, R. (](http://www.emeraldinsight.com/author/Bampton%2C+Roberta)2016). The Determinants of Tax Morale and Tax Compliance: Evidence from Jordan, in John Hasseldine (ed.) *Advances in Taxation*, 23, 125–171.

Fauvelle‐Aymar, C. 1999. The political and tax capacity of government in developing countries. *Kyklos,* 52**,** 391‐413.

Fischer, C.M., Wartick, M. and Mark, M. (1992). Detection Probability and Taxpayer Compliance: A Review of the Literature. *Journal of Accounting Literature*, 11, 1-46.

Fjeldstad, O.‐H. & Semboja, J. (2001). Why people pay taxes: The case of the development levy in Tanzania. *World Development,* 29**,** 2059‐2074.

Frey, B. & Feld, L., (2002). Deterrence and morale in taxation: An empirical analysis. *Working paper,* No. 760.

Gordon, J.P.F. (1989). Individual Morality and Reputation Costs as Deterrence to Tax Evasion. *European Economic Review*, 33(4), 797-805.

[http://www.zimra.co.zw/index.php?option=com\_content&view=article&id=2285:tax-obligations-andconcessions-for-smes-&catid=21:did-you-know&Itemid=91](http://www.zimra.co.zw/index.php?option=com_content&view=article&id=2285:tax-obligations-and-concessions-for-smes-&catid=21:did-you-know&Itemid=91)

[http://www.zimra.co.zw/index.php?option=com\_content&view=article&id=1965:special-initial-allowancefor-small-to-medium-enterprise-smes&catid=21:did-you-know&](http://www.zimra.co.zw/index.php?option=com_content&view=article&id=1965:special-initial-allowance-for-small-to-medium-enterprise-smes&catid=21:did-you-know&)

Keen, M. (2012). *Taxation and Development—Again.* New York: International Monetary Fund, Working Paper /12/220.

Kirchler, E. (2007). The Economic Psychology of Tax Behavior. Cambridge University Press, Cambridge.

Kirchler, E, Hoelzl, E & Wahl, I. (2008). *Enforced Versus Voluntary tax compliance: The ‘slippery slope’ framework*. *Journal of Economic Psychology* .01/2008.

Levi, M. (1988). *Of rule and revenue,* Berkeley: University of California Press.

Maseko, N. (2014). Determinants of Tax Compliance by Small and Medium Enterprises in Zimbabwe. *Journal of Economics and International Business Research* (JEIBR), 2(3), 48-57.

Moore, M. (2004). Revenues, state formation, and the quality of governance in developing countries. *International Political Science Review,* 25**,** 297‐319.

Mukhlis, I., Utomo, S.H., Soesety, Y. (2014). Increasing Tax Compliance Through Strengthening Capacity Of

Education Sector For Export Oriented SMEs Handicraft Field In East Java Indonesia. *European Scientific Journal*, 10(7) ISSN: 1857 – 7881 (Print) e - ISSN 1857- 7431, 170

Musarirambi, C. (2013). An investigation into factors associated with tax evasion in the Zimbabwe informal sector: A survey of MbareMagaba informal traders.

Odd-Helge, F., & Rakner, L. (2009). *The importance of taxes for development.* Bergen, Norway: Chr. Michelsen Institute.

Ojeka, A. & Ojochugwu W, A. (2012). Factors that affect tax compliance among SMEs in North Central Nigeria*. International Journal of Business and Management,* 7, 12*.*

Riahi-Belkaoui, A. (2004). Relationship between Tax Compliance Internationally and Selected Determinants of Tax Morale. Available at SSRN: https://ssrn.com/abstract=484022 or [http://dx.doi.org/10.2139/ssrn.484022.](http://dx.doi.org/10.2139/ssrn.484022)

Snavely, K. (1990). Governmental policies to reduce tax evasion: coerced behavior versus services and values development. *Policy Sciences,* 23,57‐72.

Tapera, M. (2010). *Tax kit for business and economics*, 7th edition, Harare.

Tapera, M. (2013). Taxation principles in Zimbabwe. (ISBN 9780797462953).

Tayler, T. R. (2006). Psychological perspectives on legitimacy and legitimation. *Annual Review of Psychology,* 57**,** 375‐400.

Tilly, C. (1992). *Coercion, capital and European states: AD 990‐1992,* Malden, Massachusetts: Blackwell Publishers Inc.

Utaumire, B., Mashiri, E., & Mazhindu, K. (2013). Effectiveness of presumptive tax system in Zimbabwe: Case of ZIMRA Region one. *Research Journal of Finance and Accounting*, *4*(7), 114–120.

Woro, D., Sutrisno T, Imam, S., & Zaki B. (2015). The Role of Taxpayer’s Perception of the Government and Society to Improve Tax Compliance. *Accounting and Finance Research*, 4(1), 180-184.

Yitzhaki, S. (1974). Income Tax Evasion: A Theoretical Analysis. *Journal of Public Economics*, 3(2), 201-202.

Zivanai, O., Chari F., Nyakurimwa, C., (2016). Tax Compliance Challenges in Fulfilling Tax Obligations among SMEs in Zimbabwe: A Survey of SMEs in Bindura.

Zivanai, O., Manyani, O., Hove, N., Chiriseri, L., Mudzura, M. (2014). The Effectiveness of Presumptive Tax and Its Impact on Profitability of SMEs in Zimbabwe. Case Of Commuter Transport Operators In Bindura.

ZIMRA, 2022. Zimbabwe Revenue Authority 2022 Annual report. https://www.zimra.co.zw/vacancies/category/2-annual-reports?download=3233:zimra-annual-report-2022