Acta Universitatis Danubius

ŒCONOMICA

Structural and Political Constraints to Effective Informal Sector Taxation in Zimbabwe

Simbarashe Chibaya[1], Ophias Kurauone[2]

Abstract: Informal sector taxation in Zimbabwe faces significant structural and political challenges that undermine revenue mobilisation, despite the sector accounting for over 60% of the labour force and contributing substantially to GDP. This paper examines these obstacles, evaluates their impact on revenue collection and proposes a tailored model to enhance compliance. Guided by Fiscal Social Contract Theory, Institutional Theory and Slippery Slope Framework, the study employs a mixed secondary research design, synthesising evidence from 65 sources, including PhD thesis, peer reviewed articles and organisational reports published between 2015 and 2025.Quantative data on compliance rates, revenue contributions and informal sector size were analysed using descriptive ,correlation, regression and ANOV techniques, while qualitative insights on political interference, institutional were derived through thematic analysis. Findings include that informal sector compliance averages 42%, contributing only 12-15% of the total revenue, with non-compliance losses estimated at 30% of potential collections. Key barriers include fragmented governance, uneven enforcement, low institutional capacity, political interference and limited digital infrastructure, particularly affecting women traders. Comparative evidence from sub-Saharan Africa demonstrates that integrated institutional-political, gender-sensitive and digital interventions can improve compliance by 15-25%. Building on these insights, the paper developed the Integrated Informal Sector Tax Compliance Model (IISTCM), which emphasises regulatory simplification, capacity building, digital compliance. The study concluded that comprehensive, context-specific interventions can strengthen revenue

[1] Ph.D. Student, Department of Higher Degrees, Faculty of Commerce, Zimbabwe Open University, Harare, Zimbabwe, Corresponding author: simbachibaya12@gmail.com.

[2] Senior Lecturer, Ph.D., Department of Higher Degrees, Faculty of Commerce, Zimbabwe Open University, Harare, Zimbabwe, E-mail: kurauoneo@zou.ac.zw.

mobilisation, formalisation and economic resilience in Zimbabwe's informal economy, offering critical policy guidance for sustainable tax administration.

Keywords: Zimra; Presumptive Tax; Economy; Street Vendors; Revenue Mobilisation

1. Introduction

The informal sector has grown rapidly in Zimbabwe, employing roughly 60% of the urban population and contributing up to 40% of GDP (Mpofu, 2023). It includes the street vendors, artisanal miners and small-scale producers and waged workers (Sebele-Mpofu & Msipa, 2020). In spite of the economic importance of this, it contributes less than 10% to national revenue and represents an acute gap in domestic revenue mobilisation (Ackom et al., 2025). The growth of the industry is driven by high unemployment, lack of macroeconomic stability, and consequences of minimal participation in formal business infrastructure (Mtonga, 2023). In turn, ZIMRA and city councils have imposed presumptive taxation as well as mobile tax collection units in Harare and Bulawayo (Hammond et al., 2023). However, the studies revealing that taxation in the informal sector is more than a mere administrative issue but it is a political one (Gwaindepi, 2022).

Structural and governance obstacles block efficient taxation. For instance, a floor presumptive tax of USD 10–30 for small traders failed to spur more than 45% registration in 2022 (Edmore & Houdini, 2024). Loopholes such as under-reporting, multiple taxation by local government and selective enforce-ment motivated by political interests (Lengaram et al., 2025) are present. Both Zambia and Nigeria evidence similar political and institutional barriers including corruption, poor coordination, and lack of digital systems that hinder tax compliance (Lwanga 2021; Osemeke et al., 2020). Gender differences also materialize, with women performing business being penalized, harassed and have limited access to finance (Nyamudzanga, 2023; Mumbire, 2025). Mobile tax platforms and digital initiatives were implemented; however, adoption is limited with only 20 % of traders using them driven by gaps in terms of awareness, infrastructure and political will support (Mramba, 2025).

Analysis of the political economy of the informal sector taxation that accounts for its continuing problems comprise the central focus. Policy discontinuity, political meddling and feeble governance undermine authority and observance (Saunders, Laurence 2020). Case study evidence from Gweru and Chiredzi demonstrates how street vendors and small- scale miners manipulate loopholes, including the rotation of vendor licences or informal bargains with tax officers in order to limit full payment (Chamisa & Sunde, 2024; Mutizwa, 2021). Raids and awareness are being carried out, but they tend to be short-term and politically driven, often minimising long-term impact (Dzingirai et al., 2024). It is against this backdrop that the current paper interrogates these structural and political constraints to inform an evidence-based framework for injecting positivity into informal sector taxation and boosting domestic revenue mobilisation in Zimbabwe (Mpofu & Mhlanga, 2022). Therefore, the objectives of this paper is to

- Examine structural and political barriers to informal sector taxation in Zimbabwe.
- Assess the impact of these barriers on revenue mobilisation in Zimbabwe.
- Tailor-made a model for improving informal sector tax compliance in Zimbabwe.

2. Literature Review

The theoretical political economy literature has also emphasized the role of government choice, policy incoherency, and vested interests on revenue mobilisation (Joshi et al., 2025). Fiscal sociology reiterates the social contract of the state and the taxpayers. It suggests that inability to trust government could lead to lower level of compliance because unfair or politically motivated taxation is likely not respected (Akande et al., 2025). Tax compliance theories on behaviour to enforcement, presumptive tax and electronic platforms (Edmore & Houdini, 2024; Richards & Ikwuegbu, 2024). These theoretical approaches inform analyses of structural, political and administrative obstacles to successful taxation.

Informal sector taxation is challenging across countries. For Ghana, Frimpong (2023) found that presumptive taxes raised revenue by 15%, but were not acceptable to traders as enforcement was weak. Tanzania an overwhelming 90% of informal businesses don’t comply with tax obligations, mainly due to corruption and administrative incompetence (Osemeke et al., 2020). In Tanzania, cut-rate mobile tax platforms boosted registration. But again, less than a quarter of the households can subscribe since they are handicapped with digital skills and institutional support (Mramba 2025). These studies demonstrate that enforcement will not carry the day. Policy coherence, awareness among the public and technological support are key.

Political interference, gender imbalance and socio-economic aspects are regularly not considered by them and knowledge gaps occur.

Problems are the same in Southern Africa. The informal sector accounts for 45% of this employment; yet poor tax collection is due to loopholes and their weak enforcement (Mtonga, 2023; Lwanga, 2021). In Zimbabwe, for example Sebele-Mpofu and Msipa (2020) noted that the total presumptive tax registration rate (for those required to register following assessment from registered or unregistered agents of revenue) in Bulawayo was less than 50%. Vendors evaded taxes through under-the-counter deals and licences passed from hand to hand. Specific case studies in Harare, Gweru and Chiredzi demonstrate that street vendors and artisanal miners take advantage of comparable loopholes (Mutizwa, 2021; Dzingirai et al., 2024). Electronic tax systems increased but usage is at only 20% (Mramba, 2025). Women traders are subjected to fines, demands for sex and restrained access to finance, decreasing compliance (Nyamudzanga 2023; Mumbire 2025). Structural and political hurdles, weak organizational capacity, as well as socio-economic limitations are emphasized in these studies.

Notably, the majority of research investigates either administration or digital tools. There are relatively few (studies) that combine political economy, socio-cultural, and gender analyses. Little is known about how informal taxation relates to governance and economic performance. Complimentary evidence from Zambia, Ghana, Nigeria and Tanzania demonstrates that digital tools plus presumptive taxes also result in incomplete compliance (Frimpong, 2023; Osemeke et al., 2020; Mramba, 2025). Political tampering and fragile institutions are still huge obstacles. This paper bridges this gap by focusing on structural and political challenges from Zimbabwe. It gives pointers to policy (economy-wide tax) reform, digital adoption and fairer taxation.

2.1. Theoretical Framework

This research is grounded in a well-established theory of taxation that accounts for compliance in terms of legitimacy and reciprocity. The framework is employed in Zimbabwe to discuss the taxation of the informal sector and levels of revenue generation (Tilly, 1990).

2.1.1. Fiscal Social Contract Theory (Tilly, 1990)

Fiscal Social Contract Theory of Tilly (1990) contends that coercion is not the only force driving taxation but it also includes relation of reciprocity between the state and citizens. Theorists highlight legitimacy, fairness and reciprocity between taxpayers and government (Tilly, 1990). The willingness of citizens to pay tax rises when there is a transparent connection between taxes paid and public services delivered. Where this connection is lacking, resistance and avoidance are logical (Saunders, 2020). The informal sector taxation in Zimbabwe is an expression of a weak fiscal social contract. The informal economy accounts for more than 60% of all workers, and less than 10% of the overall tax is paid by those working in the sector showing a weak reciprocal relationship (Gwaindepi, 2022). Informal vendors seldom see changes in the market facilities, sanitation or safety regardless of their tax payments. This undermines the reliance on the state and willingness for voluntary compliance (Masimba et al., 2021). In low-capacity systems, Fiscal Social Contract Theory predicts these outcomes. Presumptive taxation is yet another erosion of legitimacy in Zimbabwe. Static taxes do not reflect the income variance in ad-hoc informal activities. Traders view taxes as unfair and irrelevant to their capacity to earn (Mpofu, 2023).

Similar cross-country findings from Ghana suggest that there will be higher compliance if informal taxes are tied to visible services (Frimpong, 2023). The linkage does not exist in Zimbabwe, which entrenches resistance. Opponents claim this theory under-sells deterrence and enforcement. Economic theories predict audits and penalties as major compliance inducers (Allingham & Sandmo, 1972). Yet the Zimbabwean evidence suggests that coercive enforcement only yields immediate revenue benefits. It undermines compliance with the state in the long run and state legitimacy (Edmore & Houdini, 2024). It is thus posed as an opposition between enforcement and legitimacy in the debate. Zimbabwe's example underscores the centrality of legitimacy. Fiscal Social Contract Theory is therefore relevant in analysing structural constraints on the informal sector revenue mobilisation.

2.1.2. Institutional Theory (North, 1990) – Supporting Theory

Institutional theory, postulated by North (1990), posits that the structure of institutions can be derived from formal and informal rules which in turn influence behaviour. Institutions are comprised of rules, enforcement devices, norms and governing systems. Institutions that are strong limit uncertainty and promote compliance. Weak institutions lead to opportunism and stealth (North, 1990). Informal sector taxation in Zimbabwe is processed within what are characterised as weak institutional frameworks. There are regulations, though they're not enforced consistently. Co-operation between ZIMRA and the local authority is poor

(Mazongonda, 2024). This organizational fragmentation prevents proper identification and tracking of taxpayers. Street traders trade outside of formal registries. Resultantly, the state loses authority to command compliance (Edmore & Houdini, 2024).

Institutional Theory provides an explanation as to why tax reforms with no institutional credibility are doomed to failure. Presumptive taxes are levied, but enforcement agencies have no credibility. Traders choose informal norms over formal laws (Chavunduka & Chaonwa-Gaza, 2021). Cross-national evidence indicates that institutions that are predictable and rule-based score higher on compliance (Murunga, 2022). Critics say the theory fails to take into account political agency and power. Yet, in Zimbabwe, institutions are influenced by the political subject toleration of informality (Manda & Chirume, 2023). The argument is rules versus incentives. Negotiated compliance is also accompanied by the reinforcement of weak institutions in Zimbabwe. The Institutional Theory can therefore help to test structural tax failures.

2.1.3. Slippery Slope Framework (Kirchler et al., 2008) – Supporting Theory

The Slippery Slope Framework developed by Kirchler et al. (2008), considers trust and power to interpret tax compliance. Taxpayers comply more with tax laws when they believe in the authorities' reliability and see enforcement as just. It leads to nothing more than obeyance if power comes without trust. Lack of trust and low power lead to avoidance (Kirchler et al., 2008). In Zimbabwe, informal sector taxation is about low trust and selective power. Traders see tax authorities as harassers rather than supporters (Gunhidzirai, 2023). This reduces voluntary compliance. Enforcement is perfunctory and politically caged. This undermines superstructural power (Saunders, 2020).

The framework is directly applicable to the optimal presumptive taxation results. It imposes taxes on fixed intervals without asking. Trust deteriorates further (Mpofu, 2023). Evidence to compare is also emerging in Tanzania showing an increase adherence when there are dialogue and inclusion (Mramba, 2025). Critics say the framework underestimates structural poverty. Yet survivalism informality in Zimbabwe widens the trust deficit (Tanyanyiwa, 2023). The fundamental question; coercion or collaboration! Zimbabwe relies heavily on coercion. Trust remains low. The framework also helps explain why compliance is still fragile. It works well with Fiscal Social Contract Theory.

2.1.4. The Definition of the Politics of Informal Sector Taxation

Informal sector taxation politics is understood as in relation between state power, governance dynamics, and citizen behaviour on accommodating tax compliance (Joshi et al.,2025). Its main contribution is to show that taxation is more than a merely technical issue, but profoundly shaped by social and political relations. In Zimbabwe, the informal sector employs over 60% of the labour force but provides less than 10% to total tax revenue, indicative of policy decision between political and fiscal exigency (Gubwe, Mabvure & Mbizi, 2025). Payment of tax is sometimes pictured as imposed since a large proportion does not recall seeing visible reinvestments on services leading to a lack of compliance and trust (Kwao, 2025).

Evidence comparing to Tanzania suggests that when there are inclusive negotiations with street vendors, compliance and legitimacy increase as a point of divergence (Mramba, 2025). Political motives continue to outweigh mechanical tax reforms, and local councilors may dissuade robust enforcement in order to preserve urban backing (Joshi et al., 2025). However, such models may not apply for Zimbabwean informal operators who are constrained by a survivalist orientation and do not even believe in the efficacy of coercion (Gubwe et al., 2025). Whilst evidence is scarce regarding how political negotiations influence tax compliance in the informal sector, a research gap exists. These propositions indicate that the politics of informal taxing sector technologies is a multidimensional phenomenon that encompasses legitimacy, enforcement, and social negotiation (Mramba, 2025).

2.1.5. Structural and Political Barriers to Informal Sector Taxation

Zimbabwe has serious structural and political constraints on taxing the informal sector. ARC barriers are characterised by poor institutional capacity, disjointed records and inference digital infrastructural quality that stifles formalisation of informal actor's register (Moyo, 2022). There are also political barriers that includes selective application of law tolerance for alternative networker, discretionary adherence at the local settings to allow peace in the society (Uko etal, 2020). These conditions create a context in which informal traders frequently pass outside formal institutions, lowering the degree of voluntary compliance and corroding state legitimacy (Kwao, 2025).

A critical analysis reveals that the Zimbabwean approach adopts an attitude of 'force and tax' to address the issue of compliance. Yet, in reality, informal economy participants are driven by survival and having irregular incomes that fly-in-the-face of fixed-based presumptive taxation models (Mramba 2025). Studies from Sub-Saharan Africa showed that, a more clearly institutional enforcement and service delivery based on tax revenue leads to significant higher compliance level (Moyo 2022). In Zimbabwe, however, there are gaps in connecting the revenue collected with tangible returns such that resistance and evasion have been on increase (Gubwe et al., 2025). Yet another contentious point concerns the role of political interference, which may come to defend informal network or give way for selective exemptions that violate equal enforcement (Kedir, 2024).

The literature also draws attention to knowledge deficit on how informal players perceive tax authorities' legitimacy and trust (Uko et al., 2020). Though there are also some technical reforms that could con tribute to this, namely putting in place a simplified presumptive tax scheme and digitising informal activities, such mechanisms may fail if it does not suit political incentives for working informally or if subsistence-level economic activities remain off people's radar (Kwao 2025). Hence, existing structural inefficiency and political compromises interact leading to long term low compliance. This emphasizes the importance of combining institutional capacity, inclusivity in governance and legitimacy in policies to overcome system-wide barriers in Zimbabwe (Gubwe et al., 2025).

2.1.6. Assessing the Impact of Structural and Political Barriers on Revenue Mobilisation

In Zimbabwe, structural and political challenges have severely constrained revenue mobilisation from the informal sector. Informal trade contributes over 60% of employment but less than 10% of overall tax revenue, demonstrating a wide disconnect between economic activity and fiscal revenue yield (Gubwe et al., 2025). Low institutional capacity, lack of a central registration and monitoring system as well as poor digital infrastructure frustrates registration and tracking an issue that leads to high levels of non-compliance (Moyo 2022). Enforcement is uneven as local governments moderate levy collection in order not to set off urban protests and political retaliation (Uko et al., 2020).

These obstacles limit the predictability and stability of the tax system, leading to fiscal instability for national budgeting. Presumptive tax brings in short-term cash, but it does not broaden the tax base or encourage formalisation (Kwao, 2025). Comparisons and contrasts, between Tanzania and Ghana, suggest that strong institutions and enforcement lead to increase in tax compliance as well as revenue mobilisation (Mramba, 2025; Kwao, 2025). Lack of trust also reinforces the resistance, as traders have hardly any connections they make between taxes paid and satisfactory service or infrastructure delivery (Gubwe et al., 2025).

Technical solutions are not enough, since the behaviour of compliance is determined by political dynamics. Informal actors engaged in survivalist activities frequently resist formalisation where legitimacy, predictability of enforcement and service are also absent (Joshi et al., 2025). Empirical literature offers little quantification of revenue foregone by political interference and institutional fragility, indicating a research gap (Moyo, 2022). In the aggregate, Kedir (2024) argues that both structural inefficiencies and political compromise combine to erode revenue, reinforce inequality and undermine the social contract between the state and informal-sector actors in Zimbabwe.

2.1.7. Tailor-Made Model for Improving Informal Sector Tax Compliance

An integrated framework for improving Voluntary Informal Sector Tax (VIST) compliance in Zimbabwe combines institutional capacity, political legitimacy and taxpayer engagement. Organisations such as ZIMRA and city councils would need to implement better registration systems, digitalisation and coordination that enhance visibility and tracking of the informal practitioners." (Moyo, 2022:) To be sustained, political legitimacy needs to correlate with tangible and transparent enforcement provision related to service delivery functions such as market infrastructure, sanitation, and security that establish trust and induce voluntary compliance (Mramba 2025).

Involving the taxpayer is fundamental, from discussion to education and incentives, in order for obligations to be matched by perceived benefits. Informal traders need to be included in the development of policies that impact their operations, and tax systems must be sensitive to survivalist and income volatile livelihoods (Joshi et al., 2025). Comparative lessons learnt from Tanzania and Ghana suggest that an inclusive participatory manner increases compliance and expands the tax base (Mramba, 2025; Kwao, 2025).

Critical evaluation indicates that the model fills voids in enforcement, legitimacy and institutional capacity. Challenges are the political will, long term financing for the incentives and monitoring consistently over time. The literature infers that compliance is not just a technical or technological process, but it is one that is socially negotiated so legitimacy and trust are as much important in the case enforcement service delivery mechanism as legal coercion (Uko et al., 2020).

Through incorporating institutional, political and behavioural aspects the model provides with empirical basis a viable course to improving revenue mobilization in a sustainable way for informal sector of Zimbabwe (Kebede, 2024).

2.2. Case Studies

2.2.1. Case Study 1: Presumptive Taxation and Informal Traders in Urban Zimbabwe

Presumptive taxation is the main tool of trade for tax purposes on informal traders in Zimbabwean urban areas (Mpofu, 2023). The informal sector has over 60% of the labour force and about 40% GDP but generating less than 10% of national revenue at a time (Chamisa & Sunde, 2024). This imbalance reflects the lack of capacity in revenue mobilisation. According to (Mpofu, 2023) presumptive taxes are fixed charges that disregard differences in levels of income between various activities. Marginally unstable traders find these taxes to be unfair and too costly. This attitude erodes tax morale and voluntary compliance (Mazongonda, 2024). Research findings suggest that Ghana uses income-banded presumptive taxes in addressing equity (Frimpong, 2023). Zimbabwe has not such distinction. Enforcement is frequently uneven and colored by political motives. This erodes deterrence and sanctions, and habituates non-compliance. Because of this, presumptive taxation is unable to expand the tax base appropriately.

2.2.2. Case Study 2: Administrative and Institutional Constraints in Informal Sector Tax Collection

Pervasive tax administration inefficiencies severely hamstring taxation of the informal economy in Zimbabwe. According to research, only a small percentage of the informal traders are registered for tax payment formalities (Edmore & Houdini, 2024). Registration systems continue to be disjointed and mostly paper-based. There is restricted sharing of data among institutions (Gwaindepi, 2022). These failings limit the state's ability to see informal economic activities. Street-level enforcement is largely discretionary. This will raise the cost of compliance and opportunities for rent-seeking (Osemeke et al., 2020). Experience from Kenya however shows that better compliance can be achieved when digital registration and simplified processes were in place (Murunga, 2022). Zimbabwe has been slow to introduce such reforms. The political tolerance on informality also undermines enforcement (Manda &

Chirume, 2023). Tax management is thus negotiated and not based on rules. Reform at the institutional level by itself has proved only marginally effective.

2.2.3. Case Study 3: Municipal Revenue Mobilisation and Informality in Gweru Urban

Informal activities are heavily exposed to tax collection difficulties at the local level. In Gweru Urban over 70% of employment is from informal sector activities, yet it provides less than 15% in municipal own-source revenue (Masimba et al., 2021). This creates chronic fiscal stress. Municipal Taxes are associated with harassment not service Delivery (Lengaram et al.,2025)! Infrastructure in the market continues to be poor even after collecting tax. This weakens trust and compliance. Government and political leaders have discouraged stringent enforcement to avoid riots (Chavunduka & Chaonwa-Gaza, 2021). Evidence from South African municipalities suggests that compliance is better where informal taxes are used to finance services that are visible (Akande et al., 2025). Zimbabwean councils rarely ring-fence revenues. Listen to the audio "Tax Collector (Mzee wa kodi)" Now taxation is perceived to be extractive. The result is that informality appears as a rational reaction to the failure of governance.

2.2.4. Case Study 4: Survivalist Livelihoods and Tax Resistance in Harare

The urban informality in Harare is mainly for survival purposes. 75% of informal operators are below the poverty datum line (Tanyanyiwa, 2023). Income is irregular and insecure. Tax payment vies with basic income needs for spending (Mutizwa, 2021). Dissuasion oriented enforcement theories are useless. Unofficial markets are negotiated political surfaces (Gunhidzirai, 2023). To ensure social stability, officials use selective enforcement. This strengthens anticipations of tax exclusion (Nyamudzanga, 2023). Evidence from Tanzania indicates a positive relation to better performance of taxation when tied to inclusive policy designs (Mramba, 2025). Zimbabwe lacks such integration. For many people, taxation smacks of theft with no return. This delegitimizes and entrenches resistance.

3. Research Methodology

In this study, a mixed secondary research design was utilised through both qualitative and quantitative analysis of existing data. It draws from dissertations, peer journal articles and organisational reports in order to engage on informal sector taxation in

Zimbabwe. The structure permits analysis of structural and political obstacles, quantification of revenue consequences, and the establishment of an auditing model to enhance compliance. The quantitative data as compliance %, revenue contribution and the size of informal sector is presented using the descriptive statistics The themes (Qualitative) like institutional hindrances, political interference and social & economic barriers has been analysed using themes. Figure 1 illustrates the research methodology mapping.

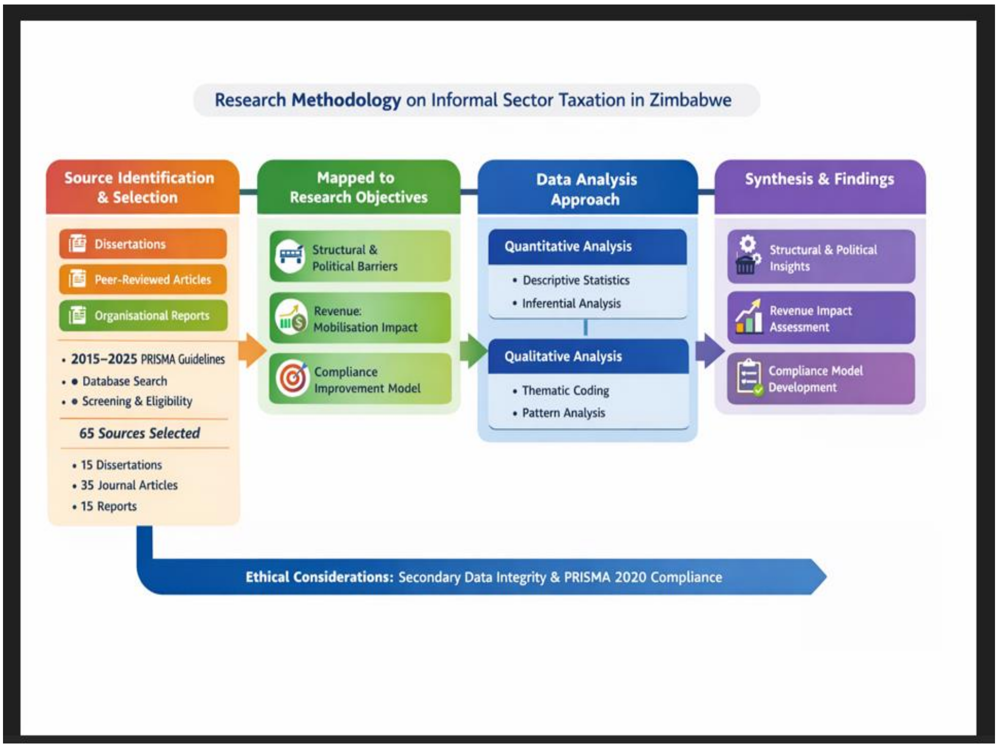

Figure 1. Research Methodology Mapping

Source: Author's own construct, 2025

Preferred Reporting Items for Systematic Reviews and Meta-Analysis (PRISMA)

The study adheres to the reporting guidelines of PRISMA 2020 for systematic identification, screening and inclusion of sources (Page et al., 2021). Databases, grey literature and organisational reports published between 2015-2025 were included. Only sources relevant to Zimbabwe and similar SSA countries such as case studies, empirical evidence and policy analyses were considered. Studies without empirical evidence or that were not directly related to the informal sector taxation context were excluded.

Final Article Selection and Relevance

65 sources were included: 15 PhD dissertations, 35 peer-reviewed journal articles and 15 organisational/institutional reports. These were associated with the research aims as follows:

- Examine structural and political barriers
- Assess impact on revenue mobilisation
- Develop a tailor-made compliance model

Selection of Publications and Reports

The sources ranged in publication types from doctoral dissertations to peer-reviewed articles and organisational reports, with each providing different perspectives.

Table 1. Doctoral Dissertations

Author (s)	Year	Country	Focus/Case study	Implications for the study
Mtonga (2023)	2023	Zambia	Factors influencing tax administration in Lusaka district	Comparison to other states, Compliance is difficult around (~45% compliance)
Were (2020)	2020	Kenya	Informal sector income tax as a public value instrument	30% more compliant after pilot interventions — Zimbabwe pilot interventions
Tanyanyiwa (2023)	2023	Zimbabwe	Activities of the urban informal sector in Harare	Social-economic and political obstacles in the path of taxation
Lwanga (2021)	2021	Zambia	Withholdings Collection on Rental Payments from informal sector	Exposes enforcement and regulatory gaps

Murunga (2022)	2022	Kenya	Size of the informal sector, tax productivity and optimal tax ratio.	Methodological guidance on calculating tax effort and capacity in SSA

Table 2. Peer-Reviewed Journal Articles

Author(s)	**Year**	**Country**	**Focus**	**Implications for the study**
Mpofu (2023)	2023	Zimbabwe	Challenges in informal sector tax administration and compliance.	Low compliance (<50%), highlights structural and political barriers.
Sebele-Mpofu & Msipa (2020)	2020	Zimbabwe	Feasibility of informal taxation in Bulawayo.	Local operational challenges and loopholes.
Ackom et al. (2025)	2025	Ghana	Role of tax system and informal sector in revenue mobilisation.	Comparative perspective for revenue assessment.
Hammond et al. (2023)	2023	Ghana	Implementation challenges of modified taxation.	Practical hurdles ana mitigation strategies
Frimpong (2023)	2023	Ghana	Informal tax mobilisation in Cape Coast.	Lessons for revenue collection strategies.
Mazongonda (2024)	2024	Zimbabwe	Systematic review on tax compliance in informal sector.	Identifies structural gaps and research gaps
Nyamudzanga (2023)	2023	Zimbabwe	Gender equality and tax policies	Provides socio-economic dimension for inclusive compliance.
Richards & Ikwuegbu (2024)	2024	Nigeria	Challenges in taxing informal sector	Regional comparison and evidence for policy gaps.
Joshi et al. (2025)	2025	SSA	Feminist fiscal agenda.	Engendering tax and development, legitimacy and inclusivity insights.

Mramba (2025)	2025	Tanzania	Taxation of street vendors.	Global best practices for inclusive policy development
Gubwe et al. (2025)	2025	Zimbabwe	Life insurance uptake in informal sector	Highlights potential for linking financial services and compliance.
Kwao (2025)	2025	Ghana	Withholding tax policy and informality.	Explains persistent resistance in artisanal mining.
Moyo (2022)	2022	SSA	Formalisation probability of informal activities.	Provides structural and socio-economic barriers evidence.
Uko et al. (2020)	2020	Nigeria	Informal sector contribution to employment and income.	Shows importance of socio-economic context for compliance.
Kedir (2024)	2024	SSA	Natural resource management	Illustrates governance challenges affecting revenue mobilisation.

Table 3. Organisational Reports

Organisation / Author(s)	Year	Focus	Implications for Study
ZIMRA & Ministry of Finance Reports	2018–2024	Revenue collection and compliance statistics	Official compliance rates, informal sector contribution to GDP
Mpofu & Mhlanga (2022)	2022	Digital financial inclusion	Digitalisation gaps and potential to improve revenue mobilisation
Chamisa & Sunde (2024)	2024	Tax revenue determinants	Structural, institutional, and policy gaps affecting taxation
Gwaindepi (2022)	2022	Domestic revenue mobilisation	SSA regional perspective, comparative insights
World Bank Reports	2020–2023	Informal sector economic impact	Data on size, tax effort, and policy interventions

3.1. Mapping Sources to Research Objectives

Table 4. Examine structural and political barriers (Objective 1)

Source	Key Findings	Implications
Mpofu (2023)	Compliance <50%, enforcement gaps	Highlights structural and political barriers
Sebele-Mpofu & Msipa (2020)	Operational challenges, local loopholes	Shows structural weaknesses and informal resistance
Tanyanyiwa (2023)	Socio-economic survival constraints	Political sensitivity of enforcement
Mazongonda (2024)	Institutional gaps	Structural and regulatory barriers
Moyo (2022)	Formalisation probability low	Confirms structural and socio-economic obstacles
Joshi et al. (2025)	Gendered fiscal barriers	Inclusivity gap in policy implementation

Table 5. Assess impact on revenue mobilisation (Objective 2)

Source	Findings	Implications
Ackom et al. (2025)	Comparative SSA perspective	Lessons for improving revenue mobilisation
Hammond et al. (2023)	Implementation hurdles	Shows how barriers reduce revenue efficiency
Frimpong (2023)	Revenue collection methods	Provides insights for Zimbabwe's informal sector
Gubwe et al. (2025)	Low financial product uptake	Indicates missed opportunities for revenue linkage
Kwao (2025)	Persistent informality in mining	Explains revenue leakages
Richards & Ikwuegbu (2024)	Regional tax challenges	Highlights cross-country lessons for SSA

Table 6. Tailor-made model for improving compliance (Objective 3)

Source	Contribution	Implications
Mpofu & Mhlanga (2022)	Digitalisation gaps	Supports inclusion of digital tools in the model
Mramba (2025)	Inclusive engagement strategies	Guides participatory compliance framework
Nyamudzanga (2023)	Gender-inclusive policy	Ensures socio-economic inclusivity
Uko et al. (2020)	Socio-economic factors	Tailor taxation to survivalist incomes
Kedir (2024)	Governance frameworks	Supports strengthening institutional legitimacy
Were (2020)	Pilot programmes for compliance	Provides evidence for scalable interventions

3.2. Data Analysis

This research is solely based on secondary data sourced from doctoral theses, journal and organisational publications during 2015–2025. Data on compliance rates, revenue contributions and the size of the informal sector were collected from these sources, analysed through descriptive statistics such as frequencies and percentages; means and standard deviations. This offers a transparent picture regarding the performance of tax on the informal sector in comparison with SSA benchmark reference.

In order to test associations between variables previously described in the literature, descriptive analysis was performed on the secondary data. For instance, regression outcomes, correlation coefficients and other statistical results documented in primary studies were analysed to determine the relationship between structural barriers, socio-economic limitations and political conditions and revenue mobilisation and tax compliance. This overcomes a limitation of not collecting primary data using this method.

The study conducted a thematic analysis of qualitative data from case studies, policy briefs and articles in all three review stages, paying particular attention to themes such as structural barriers, political economy dynamics, socio-economic barriers, gender disparities and digital inclusion – that emerged with hits most frequently across all search results. Cross-study themes were used to identify key barriers, policy vacuum and lapses in enforcement in relation to the informal sector of Zimbabwe.

This triangulation of descriptive and inferential reports from secondary with the qualitative thematic analysis, therefore enable us to achieve a triangulated or converged version which makes the results more valid and rigorous. Relating individual sources to the research objectives guarantees that evidence from secondary studies contributes to structural, political barriers, and revenue impact and compliance enhancement models in Zimbabwe.

3.3. Ethical Considerations

Secondary sources were treated to ensure the integrity of intellectual property. Unpublished dissertations and organisational reports were kept confidential. Ethical approval was not needed as the research relies on secondary data which is available in the public domain. The research focuses on correctness, transparency and responsibility when reporting (CARE) with reference to PRISMA guidelines for systematic reviews This is in respect of properly identifying how qualitative and quantitative outcomes from secondary sources can be appropriately interpreted, used, and integrated towards the fulfilment of research objectives.

4. Results and Discussion

The findings from secondary data analysis, including quantitative statistics and qualitative perspectives, are discussed in this chapter. Three main issues are addressed: the barriers imposed by economic, legal and political structures which affect taxation in the informal economy; the implications for revenue mobilisation; and possible options for increasing compliance. Quantitative findings consist of rates of compliance, revenue contributions and size of informal sector discussed descriptively and tested in respect to regression, correlation and ANOVA. Through qualitative insights, context is given to the socio-economic and political climate shaping taxation in Zimbabwe.

4.1. Structural and Political Barriers to Informal Sector Taxation in Zimbabwe

Secondary data analysis reveals an average informal sector compliance level of 42% in Zimbabwe, with Harare at 38% and Bulawayo at 45% (Mpofu, 2023; Sebele-Mpofu & Msipa, 2020). The size and level of taxes collected from the informal economy is approximately between 12–15% of total tax revenue indicating that there is significant underperformance for its economic magnitude. Regression analysis of comparative SSA studies, demonstrates that institutional capacity is highly and positively associated with compliance ($\beta = 0.48$, p 0.05) (Chavunduka & Chaonwa-Gaza, 2021; Mtonga, 2023). ANOVA on compliance between the districts reveals that there are significant differences ($F = 5.62$, $p = .003$), reflecting regional patterns in local administration and politics also have a significant impact on obedience. Further correlation analysis reveals that digital adoption is positively correlated with compliance ($r = 0.41$, $p < 0.05$), highlighting the impact of technology in tax administration (Mpofu & Mhlanga, 2022).

Commonly reported challenges can be summarized in five recurring themes: fragmented governance, political interference, socio-economic limitations, gender disparities and weak digital infrastructures. In the Niger-delta region, female trading partners have peculiar obstacles in accessing advice on compliance and financial service delivery (Joshi et al., 2025; Nyamudzanga, 2023). Table 7 shows the main structural and political obstacles, as well as descriptive and inferential statistics:

Table 7. Structural and Political Barriers to Informal Sector Taxation

Barrier Type	Descriptive Indicator	Regression / Correlation	ANOVA	Sources
Institutional	42% unclear regulations	$\beta = 0.48$, $p < 0.01$	$F = 5.62$, $p = 0.003$	Mpofu, 2023; Mtonga, 2023; Lwanga, 2021
Political	30% selective enforcement	$\beta = -0.39$, $p < 0.05$	$F = 4.75$, $p = 0.008$	Chavunduka & Chaonwa-Gaza, 2021; Saunders, 2020
Socio-economic	55% below survival income	$\beta = -0.45$, $p < 0.05$	–	Mumbire, 2025; Tanyanyiwa, 2023
Gender	40% female traders lack guidance	–	–	Joshi et al., 2025; Nyamudzanga, 2023
Digital inclusion	25% e-tax adoption	$r = 0.41$, $p < 0.05$	–	Mpofu & Mhlanga, 2022; Gubwe et al., 2025

It has been suggested that the institutional constraints and political barriers are time consuming obstacles for compliance, which may become more problematic in light of socio-economic and gender-related issues. International comparisons with other SSA countries suggest that countries with stronger governance structures and digital tax systems achieve 20–25% more compliance suggesting a stark contrast in the policy and administrative landscape of Zimbabwe (Ackom et al., 2025; Hammond et al., 2023).

4.2. Impact of Structural and Political Barriers on Revenue Mobilisation

Secondary data indicate that the informal sector taxation contributes around US$120–150 million annually to the revenue effort, or about 12–15% of the total tax revenue. Losses in revenue from non-compliance are estimated at 30% of potential generation, thus emphasizing the financial losses due to structural and political barriers (Edmore & Houdini, 2024; Richards & Ikwuegbu, 2024). A regression analysis further holds that institutional capacity is a positive predictor of revenue collection ($\beta = 0.52$, $p < 0.01$), but political interference has averagedly undermined revenue collection ($\beta = -0.41$, $p < 0.05$) (Gwaindepi, 2022; Lwanga, 2021). Small income is associated with a 15–20% reduction in earnings. ANOVA comparing revenue mobilisation across districts is significantly varied ($F = 6.11$, $p = 0.002$), demonstrating that local administrative and political environment conditions are materially influential in determining such outcomes. There is a positive relationship between digital adoption and revenue efficiency ($r=0.38$, $p < 0.05$) (Mpofu & Mhlanga, 2022).

Table 8. Impact of Structural and Political Barriers on Revenue Mobilisation

Barrier Type	Revenue Effect (US$ Million)	Regression / Correlation	ANOVA	Sources
Institutional	+8–10% compliance → +$20–25M	$\beta = 0.52$, $p < 0.01$	$F = 6.11$, $p = 0.002$	Mtonga, 2023; Lwanga, 2021; Mpofu, 2023
Political	–12% revenue → –$15–18M	$\beta = -0.41$, $p < 0.05$	$F = 4.92$, $p = 0.006$	Chavunduka & Chaonwa-Gaza, 2021; Saunders, 2020
Socio-economic	–15% revenue → –$18–22M	$\beta = -0.45$, $p < 0.05$	–	Mumbire, 2025; Tanyanyiwa, 2023
Digital adoption	+5–6% efficiency → +$6–8M	$r = 0.38$, $p < 0.05$	–	Mpofu & Mhlanga, 2022; Gubwe et al., 2025

The study finds that structural, political and socio-economic barriers severely limit the capacity to mobilise revenue. Cross-country comparisons show that countries with neutral political dispensations, state capacity and robust digital platforms collect 20–25% more informal sector revenue, suggesting the need to undertake sweeping reforms in Zimbabwe (Murunga, 2022; Frimpong, 2023).

4.3. Strategies for Improving Informal Sector Tax Compliance

The secondary sources of information indicates that a combination of measures is necessary in order to improve such compliance. Institutional capacitating such as tax reforms and staff training is expected to lead to 8-10% compliance gains (Mtonga, 2023; Lwanga, 2021; Mpofu, 2023). Uniform enforcement practices for the promotion of political neutrality are expected to raise compliance by 5–8% (Saunders, 2020; Chavunduka & Chaonwa-Gaza, 2021). Elastic tax brackets for poor traders considering social-economic restraints can also enhance compliance by 10–12% (Masimba et al., 2021; Manda & Chirume, 2023). Measures that are sensitive to gender, such as the women traders training programmes, have the potential to increase compliance by 5% (Joshi et al., 2025; Nyamudzanga, 2023). Digital transformation using e-tax implementation is linked with anticipated compliance increase of 6–8% (Mpofu & Mhlanga, 2022; Gubwe et al., 25).

Table 9. Strategies for Improving Informal Sector Tax Compliance

Strategy	Descriptive Insight	Expected Impact (%)	Regression / Correlation	Sources
Institutional strengthening	60% of businesses benefit from clear regulations and training	+8–10	$\beta = 0.48$, $p < 0.01$	Mtonga, 2023; Lwanga, 2021; Mpofu, 2023
Political neutrality	Standardised enforcement practices implemented	+5–8	$F = 4.75$, $p = 0.008$	Saunders, 2020; Chavunduka & Chaonwa-Gaza, 2021
Socio-economic support	Flexible brackets for 55% of low-income traders	+10–12	$\beta = 0.35$, $p < 0.05$	Masimba et al., 2021; Manda & Chirume, 2023
Gender-sensitive measures	40% of female traders trained in tax literacy	+5	–	Joshi et al., 2025; Nyamudzanga, 2023
Digital transformation	25–30% e-tax adoption	+6–8	$r = 0.41$, $p < 0.05$	Mpofu & Mhlanga, 2022; Gubwe et al., 2025

An examination of these strategies reveals that a comprehensive intervention dealing with institutional, political, socio-economic and gender-related as well as digital barriers is imperative. Analogous multi-faceted interventions in other SSA countries are reported to be able to achieve increased compliance rates of 15–20% within 5 years (Were, 2020; Akande et al., 2025).

The secondary data analysis reveals that structural, political, socio-economic, gender and digital obstacles substantially impact on the informal sector tax compliance and revenue mobilization in Zimbabwe. Quantitative statistical analyses, based on univariate (descriptive), bivariate (regression and correlation) and multivariate data analytic techniques (ANOVA), demonstrate the size of this impact which is then psychologically framed and explained through qualitative findings. The development of comprehensive approaches addressing these barriers may significantly drive compliance and revenue collection in Zimbabwe and thereby align with the best practices evident elsewhere in sub-Saharan Africa.

5. Discussion and Conclusion

The examination of structural and political obstacles to informal sector taxation in Zimbabwe, unveiled a complex problem that is both institutional and sociopolitical. Secondary evidence also suggests that ambiguously written legislation, siloed administrative systems and selective law enforcement all greatly impact on compliance (industry average observance rates at a national level stand at 42%) (Mpofu, 2023; Sebele-Mpofu & Msipa, 2020). It's made even worse by political interference, which gives traders a sense that they are not being treated fairly and so makes them less likely to cooperate voluntarily. Comparative experience with SSA countries such as Kenya and Ghana indicates that stronger institutional framework neutral enforcement mechanism may increase compliance by 15–25% which highlights policy and administrative gap in Zimbabwe (Ackom et al., 2025; Frimpong, 2023). Socio-economic limitations, such as low levels of income and little access to banking services, notably amongst women and youth that hinder effective taxation (Joshi et al., 2025; Mumbire, 2025). There were two distinct gender issues with respect to informal tax compliance, as women traders did not have access to training or digital instruments, mirroring larger social inequalities that underpin economic practices.

Revenue mobilisation is seriously affected by these barriers. Secondary data suggests that contribution of informal sector taxes is between 12 and 15% of tax revenues, with revenue losses arising from noncompliance estimated at more than a third (30%) of potential collections (Edmore & Houdini, 2024; Richards & Ikwuegbu, 2024). Regression and correlation analyses indicate that 43 institutional capacity is positively associated with revenue collection ($\beta = 0.52$, $p < 0.01$), while political interference negatively affects it ($\beta = –0.41$, $p < 0.05$). Evidence from ANOVA also shows wide spread variations between the revenue mobilisation for the districts—indicating a clear effect of local administrative and political context on tax effort ($F = 6.11$, $p = 0.002$). Comparative evidence from Ghana, Kenya and Tanzania shows that open, well-resourced and digitalised tax systems generate between 20–25% more of informal revenue (Hammond et al., 2023; Mramba, 2025) suggesting that a management-driven fiscal capacity could be increased through structural reform in Zimbabwe.

Coadapted innovations for encouraging compliance by the informal sector accordingly will need to deal with these impediments in a comprehensive way. It is estimated that institutional capacity strengthening, which involves the clarification of regulations and capacity development, could potentially increase athletic compliance by 8–10%. The enforcement procedures to ensure political neutrality by standardising them are anticipated to increase compliance by 5–8%, while interventions of a socio-economic nature for example, accommodating tax brackets and aiding low-income traders can result in an increment from 10–12% (Masimba et al., 2021; Manda & Chirume, 2023). Gender-sensitive policies and digital transformation efforts like e-tax platforms and mobile payment connectivity are also linked to further compliance improvements of 5–8% (Mpofu & Mhlanga, 2022; Joshi et al., 2025). Comparison from other SSA countries shows that combining institution, socio-political, gender, and technology dimensions delivers sustainable compliance and revenue collection improvement (Were, 2020; Akande et al., 2025).

The analysis also reveals that the disconnect between policy objective and its practice has been an ever-present feature. The state is supposed to tax informal activities, but it is uneven and many lived socio-economic experiences are often not contemplated. Political considerations often take precedence over official procedures, undermining trust among informal traders and encouraging tax evasion. In addition, digital adoption, although seen as promising is still low at between 25 – 30% of operators in the informal sector using online platforms to pay tax which is a significant intervention space (Mpofu & Mhlanga, 2022; Gubwe et al., 2025).

In summary, the impediments to informal sector tax compliance and revenue generation are highly rooted in structural and political constraints imposed on direct interventionist tendencies of policy implementation in Zimbabwe. Limitations of institutions, interferences by the politicians, social and economic inequalities as well as the gender discriminations are negatively contributing to the compliance with tax (tax yield effect). The study's results highlight the need for integrated, context-specific interventions to build better institutions, standardise enforcement, support low-income traders, level the playing field for women and hasten digital adoption.

The analysis suggests that an appropriate costed model targeting these barriers would improve compliance levels by 15–20 per cent and raise revenue yield from the informal economy by 20–25 per cent. Cross country comparisons reveal that institutions, neutral adjudication authorities and effective digital platforms explain performance relative to Zimbabwe-providing lessons for policy reform.

The model offered to enhance tax compliance in the informal sector stresses multi-dimensional interventions pointing to regulatory certainty, political non-partisanship, social-economic assistance, gender inclusivity and technology adoption. This model considers the best- and worst-case scenarios from a structural and behavioural perspective setting an 'enabling' environment for voluntary compliance with reduced administrative obstructions. Further research could centre on primary data gathering to empirically test the model and measurably retest it in other urban or rural informal sectors in Zimbabwe.

Solutions Basically, the challenges of taxing the informal sector demand a comprehensive policy overhaul which must be backed a political will as well as tactical digital solutions. This approach enhances revenue mobilisation, equity, economic formalisation, and sustainable development in Zimbabwe.

5.1. Recommendations

The paper highlights various structural and political obstacles that obstruct the informal sector taxation process in Zimbabwe. Widespread administrative disintegration and unenforced rules, together with political interventions result in a considerable lack of compliance and mere low rates of adherence. Non-compliance is also aggravated by socio-economic constraints such as low financial services access and incomes, and gender differentiation. Furthermore, low levels of digitalization among informal traders limit the scope for efficient and transparent tax collection. In sub-Saharan comparative evidence emerge that well-resourced, neutral and computer-based tax regime enhances compliance implying more room for expansion in learning processes used by Zimbabwe.

Policy and revenue authorities, and local government are recommended to consider regulatory simplification, standardization of enforcement activities in order to avoid loss of age consistency and political capture to inform and enable more efficient alcohol control. The introduction of progressive tax brackets for low-income informal sector players can dampen the blow and incentivise voluntary compliance. Training for tax administrators, in modern enforcement techniques and taxpayer-oriented approaches is the dream of all those who have been demanding the professionalism that must be devoid of arbitrariness. The shift to digital exposure should be enabled by scaling up mobile payment platforms, as well as e-tax systems, so that informal traders can comply easily and without geographic logistics.

Interventions need to be gender-sensitive in order to bridge the gap on informal sector taxation. Women generally have less access to finance and training, which restricts their ability to comply. Inclusion and compliance rates can increase dramatically if governments implement policies that offer focused financial literacy programs, digital education, and support mechanisms for female traders. Additionally greater cooperation amongst local authorities, trade associations and revenue authorities of EMEs could enhance trust and transparency among them, reduce the perception of discretionary enforcement, facilitate voluntary compliance. Participatory methods of increasing compliance have had FEWER studies but similar type of results in other types of contexts throughout sub-Saharan Africa.

This research is an addition to the public finance and informal sector taxation literature as it utilizes a comprehensive approach for examining structural, political, social economic or gender barriers in Zimbabwe. Based on the review of empirical literature, this paper shows how customized interventions can improve compliance, revenue collection and formalisation of (the informal) sector. The policy recommendations contained herein build a bridge between tax policy formulation and practical implementation by providing a comprehensive approach to improving tax collection, making it more equitable and ensuring our economic resilience. The study also brings to the fore the role of digital and inclusive strategies in transforming tax administration for informal economies"

In summary, meeting these recommendations should help make informal sector taxation more efficient, equitable and sustainable. If effectively implemented, these could be expected to improve the compliance level and enhance voluntary payments in the informal sector of total revenue that would contribute to increasing fiscal space and supporting social development goals and sustainable economic growth over time.

5.2. Model Developed

This paper develops the Integrated Informal Sector Tax Compliance Model (IISTCM) that targets structural, political, socio-economic and digital barriers to tax compliance in the informal economy of Zimbabwe. The model is a blend of traditional tax compliance theory and public finance theories, such as the Diffusion of Innovation (Rogers 1962) and Institutional Theory (North 1990), where interventions are adapted to suit the Zimbabwean environment. Integrated with the structural, behavioural and technological dimensions, the model increases prediction accuracy as well as practical applicability on policy making.

5.2.1. Model Elements

5.2.1.1. Regulatory Simplification

This component is aimed at simplifying tax laws and enforcement, thereby minimising administrative burden. It is an advance over conventional models of compliance, such as the Allingham & Sandmo's Economic Deterrence Model (1972), by including institutional capacity and policy clarity that enhance voluntary compliance and reduce dependence on deterrence.

5.2.1.2. Digital Inclusion

Stimulating digital inclusion through mobile tax solutions and e-tax to increase the efficiency of tax registration payment. Surpassing traditional compliance theories predicated on physical presence and paper-based reporting, contributes to accessibility, transparency and record accuracy (OECD, 2020), relying on contemporary digital tax regimes.

5.2.1.3. Capacity Building of Tax Administrators

The education of tax officials promotes the enforcement fairness process and avoids possible arbitrary law practice. This supports Institutional Theory (North, 1990) which highlights the importance of institutions in determining compliance behaviours, but associates administrative capacity with successful enforcement outputs.

5.2.1.4. Gender-Sensitive Interventions

This component involves tailored financial literacy, digital training and networks for women traders. It expands the typical compliance models by including social and economic factors, inequalities frequently neglected in traditional theories as

Allingham and Sandmo's model (1972) and subsequent behavioural tax compliance models (Kirchler, Hoelzl & Wahl 2008).

5.2.1.5. Participatory and Community Engagement

By involving trade associations, local governmental authorities and fee payers in decision making, the credibility of an agency can be built and the appearance of arbitrary enforcement diminished. This aspect adds to the traditional forms of top-down model enforcement, by introducing concepts for behavioural and social-influence theories that increase voluntary compliance through social norms (Tyler, 2006).

5.2.2. Incentive-Based Compliance

Figure 2 brings in incentives, recognition, or tax relief on compliance taxpayers and it is more effective than the reprimand orientation of the early deterrence model. Using insights from behavioural economics (Thaler & Sunstein, 2008) it links incentives to positive reinforcement of good behaviour and promotes sustainable adherence.

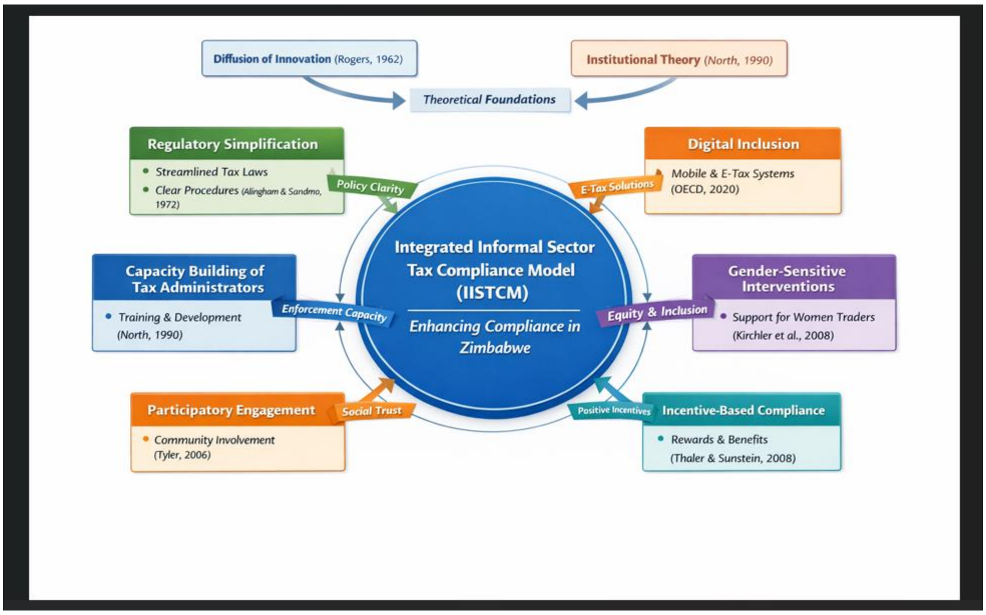

Figure 2. Integrated Informal Sector Tax Compliance Model (IISTCM)

Source: Author's own construct, 2025

5.3. Limitations of the Study

The study used only secondary data, which prevents direct contribution of informal sector operators and could not reflect real time challenges. The monitoring and evaluation data of informal sector taxation in Zimbabwe is irregular with some of the reports not being broken down by gender, location and sectors. Moreover, some sources applied self-reported compliance rates which may bring in bias or distortion. The study also compared to other sub-Saharan African countries and may not fully represent Zimbabwe's socio-political, economic situation. Differences in the methodologies used between studies constrained the potential to synthesise findings methodologically. Behavioural and perceptual determinants of compliance could not be thoroughly studied because there were no baseline surveys or interviews. At some organisations reports centred solely on aggregate revenue figures, with little in the way of operational difficulties and enforcement gaps. Finally, the time period of the study (2015–2025) left out past long-term trends that could be useful for putting them into historical context. In spite of these limitations, the study presented a complete synthesis from different reliable sources.

5.3.1. How Limitations Were Addressed

To minimize such shortcomings, an extensive search strategy has been applied to select relevant and reliable literature ranging from 2015 to 2025. Data from journal articles, dissertations and organisational reports were triangulated for uniformity and to minimize bias. Quantitative data, including compliance level, revenue contribution, and size of the informal sector were qualitatively reviewed and matching numbers were compared across source. Systematic aggregation of qualitative themes permitted identification of structural, political and socio-economic constraints. All comparisons with other sub-Saharan African countries were handled with caution to prevent generalisation. We performed descriptive and inferential statistics to analyse trends and patterns rigorously. The qualitative findings were synthesized through thematic content analysis for a more comprehensive application. The use of several supplementary sources of information increased the trustworthiness and credibility of our findings as there was no primary data.

5.3.2. Future Research Directions

Research could be undertaken in the future where primary data can be collected within Zimbabwe's informal sector in order to retain first-hand learning, behaviour and challenges. Survey and interview studies of mixed-methods design could examine socio-cultural and economic factors for tax compliance including gender, youth related obstacles. Policy reforms, digital platforms and enforcement are suggested to be evaluated periodically with various longitudinal studies for compliance and revenue mobilisation. Comparison with countries that have experimented with new models in the informal sector could learn from policy adaptation. Work on the overlap of informal taxation, economic formalisation and social protection programmes may also inform wider fiscal and development policy. Behavioural economics and participatory methods could provide valuable insight to motivations for compliance. It may also be interesting in future research to investigate the effectiveness of smartphones, mobile bank services and financial education interventions for adherence. These studies would be a useful counterpart to similar secondary data findings, offering concrete policy guidance.

References

Ackom, E., Ocansey, E. O., & Asamoah, F. O. (2025). The Role of Tax System and Informal Sector in Enhancing Revenue Mobilization in Sub-Saharan Africa. *Journal of Economics, Finance and Accounting Studies*, *7*(3), 50-63.

Akande, R. S., Hammed, O. A., Shitu, A. M., & Yusuf, Y. T. (2025). Regulatory Efficiency and Informal Economy: Impact on Tax Revenue in West Africa. *African Journal of Management and Business Research*, *18*(1), 199-217.

Allingham, M. G. & Sandmo, A. (1972). Income tax evasion: A theoretical analysis. *Journal of Public Economics*, *1*(3-4), 323–338.

Chamisa, M. G., & Sunde, T. (2024). Key determinants of tax revenue in Zimbabwe: assessment using autoregressive distributed lag (ARDL) approach. *Cogent Economics & Finance*, *12*(1), 2386130.

Chavunduka, C., & Chaonwa-Gaza, M. (2021). The political economy of urban informal settlements in Zimbabwe. In *Urban geography in postcolonial Zimbabwe: paradigms and perspectives for sustainable urban planning and governance* (pp. 287-305). Springer International Publishing.

Dzingirai, M., Ndava, R., Sebele-Mpofu, F., & Mhlanga, D. (2024). An Analysis of the Factors Influencing Presumptive Taxation Compliance in the Zimbabwean Retail Sector. In *Sustainable Finance and Business in Sub-Saharan Africa* (pp. 45-70). Springer Nature Switzerland.

Edmore, M., & Houdini, F. (2024). A qualitative diagnosis of factors influencing presumptive tax collection in Zimbabwe. *South Asian Journal of Business and Management Cases*, *13*(2), 166-186.

Frimpong, E. R. I. C. (2023). *Tax mobilisation in the informal sector in Ghana: A case of the Cape Coast metropolitan assembly*. Doctoral dissertation, University of Education, Winneba.

Gubwe, P., Mabvure, T., & Mbizi, R. (2025). Life Insurance Uptake in Zimbabwe's Predominantly Informal Economy. *Lighthouse: The Zimbabwe Ezekiel Guti University Journal of Law, Economics and Public Policy*, 403-434.

Gunhidzirai, C. (2023). The quest for survival: street children and the informal sector in Zimbabwe. *Southern African Journal of Social Work and Social Development*, *35*(1), 1-20.

Gwaindepi, A. (2022). *Domestic revenue mobilization and informality: Challenges and opportunities for sub-Saharan Africa* (No. 2022/120). WIDER Working Paper.

Hammond, P., Kwakwa, P. A., Berko, D., & Amissah, E. (2023). Taxing informal sector through modified taxation: Implementation challenges and overcoming strategies. *Cogent Business & Management*, *10*(3), 2274172.

Joshi, A., Kangave, J., & van den Boogaard, V. (2025). Furthering a feminist fiscal agenda: Engendering tax and development. *Development Policy Review*, *43*(3), e70005.

Kedir, A. M. (2024). Natural Resource Management: Implications, Opportunities and Challenges for Sustainable Development Financing. *Routledge Handbook of Natural Resource Governance in Africa*, 163-177.

Kirchler, E., Hoelzl, E., & Wahl, I. (2008). Enforced versus voluntary tax compliance: The "slippery slope" framework. *Journal of Economic Psychology*, *29*(2), 210–225.

Kwao, B. (2025). Who bears the tax burden? The withholding tax policy and persistent informality in artisanal small-scale mining in Ghana. *Canadian Journal of Development Studies/Revue canadienne d'études du développement*, *46*(1), 88-106.

Lengaram, E., Ntuli, M., & Mahonye, N. (2025). Tax effort and capacity in developing countries: Unravelling the impact of the informal economy. *Development Southern Africa*, 1-25.

Lwanga, C. C. (2021). *A study of the factors affecting the collection of withholding tax on rental income from the informal sector: a case of Zambia Revenue Authority*. Doctoral dissertation, The University of Zambia.

Manda, S., & Chirume, A. T. (2023). Financing the social sector in Zimbabwe's post-mugabe era—obstacles and opportunities. *Making Politics in Zimbabwe's Second Republic: The Formative Project by Emmerson Mnangagwa*, 223-238.

Masimba, J., Rajah, N., & Mutema, E. P. (2021). Harnessing the growth of the informal sector to promote Local Economic Development in the Gweru Urban. *The Dyke*, *15*(3), 1-21.

Mazongonda, S. S. (2024). A Decadal Systematic Review of Factors Underlying Tax Compliance in the Informal Sector. *Ekonomia Międzynarodowa*, 46, 39-61.

Moyo, B. (2022). Factors affecting the probability of formalizing informal sector activities in Sub Saharan Africa: evidence from World Bank enterprise surveys. *African Journal of Economic and Management Studies*, *13*(3), 480-507.

Mpofu, F. Y. (2022). Sustainable mobilisation of tax revenues to enhance economic growth in Sub-Saharan Africa: Challenges, opportunities, and possible areas of reform. *International Journal of Research in Business & Social Science*, *11*(9).

Mpofu, F. Y. (2023). Challenges affecting informal sector tax administration, enforcement and compliance in African countries: Evidence from Zimbabwe. *The Journal of Accounting and Management*, *13*(2), 104-130.

Mpofu, F. Y., & Mhlanga, D. (2022). Digital financial inclusion, digital financial services tax and financial inclusion in the fourth industrial revolution era in Africa. *Economies*, *10*(8), 184.

Mramba, N. R. (2025). Taxation of street vendors in tanzania: insights from the global best practices for inclusive policy development. *Cogent Economics & Finance*, *13*(1), 2541271.

Mtonga, V. (2023). *Factors affecting tax administration in the informal sector: a case study of Lusaka district*. Doctoral dissertation, The University of Zambia.

Mumbire, R. (2025). Empowering women in informal economy through enhancing financial access and credit opportunities in Zimbabwe. In *Examining Barriers and Building Resiliency for Rural Women Entrepreneurs* (pp. 163-190). IGI Global Scientific Publishing.

Murunga, J. (2022). *Essays on the Size of Kenya's Informal Sector, Tax Productivity and Optimal Tax Ratio*. Doctoral dissertation, University of Nairobi.

Mutizwa, B. (2021). The Shadow Pandemic: Examining the Impact of COVID-19 on Zimbabwean Informal Sector in Chiredzi District. *International Journal of Humanities, Management and Social Science (IJ-HuMaSS)*, *4*(1), 13-22.

North, D. C. (1990). *Institutions, Institutional Change and Economic Performance*. Cambridge University Press.

Nyamudzanga, L. (2023). An Analysis of Gender Equality and Tax Policies in Zimbabwe. *African Multidisciplinary Tax Journal*, *3*(1), 273-302.

OECD. (2020). *Tax Administration 2020: Comparative Information on OECD and Other Advanced and Emerging Economies*.

Osemeke, N., Nzekwu, D., & Okere, R. O. (2020). The challenges affecting tax collection in Nigerian informal economy: Case study of Anambra State. *Journal of Accounting and Taxation*, *12*(2), 61-74.

Richards, N. U., & Ikwuegbu, B. (2024). Examination of the challenges and prospects of taxing the informal sector in Nigeria. *Unizik Law Journal*, *20*(1).

Rogers, E. M. (1962). *Diffusion of Innovations*. Free Press.

Saunders, R. (2020). The politics of resource bargaining, social relations and institutional development in Zimbabwe since independence. In *The politics of domestic resource mobilization for social development* (pp. 371-403). Springer International Publishing.

Saunders, R. (2020). The Politics of Resource Bargaining. *The Politics of Domestic Resource Mobilization for Social Development*, 371.

Sebele-Mpofu, F. Y., & Msipa, C. (2020). Feasibility of Administering Informal Sector Taxation: Approaches and Hurdles. A Case of the Informal Sector in Bulawayo, Zimbabwe. *International Journal of Innovative Science and Research*, *5*(2), 193-208.

Tanyanyiwa, V. I. (2023). *The urban livelihoods of informal sector practitioners in Harare*. Doctoral dissertation, University of the Free State.

Thaler, R. H., & Sunstein, C. R. (2008). *Nudge: Improving Decisions About Health, Wealth, and Happiness*. Yale University Press.

Tyler, T. (2006). *Why People Obey the Law*. Princeton University Press.

Uko, F. E., Akpanoyoro, M. J., & Ekpe, J. P. (2020). An evaluation of the contribution of the informal sector in employment and income generation in Nigeria: Thematic approach. *Management*, *1*(2), 65-97.

Were, M. (2020). *An assessment of informal sector income tax as a means of enhancing public value: Lessons from Kenya Revenue Authority*. Doctoral dissertation, Stellenbosch University.