Challenges Affecting Informal Sector Tax Administration, Enforcement and Compliance in African Countries: Evidence from Zimbabwe

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Abstract: Taxation is considered globally, a reliable, stable, and more predictable route of mobilising revenue for the government. While the informal sector has grown exponentially in developing countries, its size is not matched by its contributions to the economy. For decades the taxation of this sector has remained controversial. Its enigmatic nature and the complexities involved in making efforts to tax have been contested based on the costs viz-a-viz the benefits derived from taxing the sector. Existing literature is inconclusive on this, and this study sought to unpack the administrative, enforcement, and compliance challenges surrounding informal sector taxation. The study employed a sequential mixed method exploratory research design which supports the collection of qualitative data from various stakeholders using interviews, observation, and document analysis, supported by questionnaires for the quantitative part. This study employed thematic analysis with the aid of NVIVO Pro 12 for interviews and SPSS for questionnaires. Findings reveal that the informal sector's potential to contribute more is stifled by structural and policy issues embedded in the existing tax systems such as the complexity of tax systems, lack of stakeholder engagement, high tax rates, and aggressiveness of tax authorities. This was further compounded by challenges emanating from the institutional environment and the nature of the sector such as corruption, political interference, bureaucracies in formalisation, and lack of tax knowledge. Therefore, a review of tax policy, stakeholder dialogue, and engagement are recommended to enhance the informal sector's tax compliance abilities. In addition, the capacity of the tax authority should be extended to both human capital and technological resources.

Keywords: tax compliance; tax administration; informal sector; tax enforcement; presumptive tax; Zimbabwe

1. Introduction

Taxation is considered globally, a stable, reliable, and more predictable route of raising revenue for the government. Revenue collection in most developing countries is argued to be constrained by the existence of a large and expanding informal sector and small to medium enterprises that make negligible contributions to the national tax revenue coffers (Ligomeka, 2019; Makochekanwa, 2020; Rogan, 2019; Sebele-Mpofu, 2021a; Mpofu, 2022). Offering a contradictory opinion, Moore (2020, pp. 3; 24) argues that the narrative that views the informal sector as a source of substantial untapped revenue in Sub-Saharan Africa is "diversionary" because the true source of untapped revenues is the incomes and assets of well to do individuals and the unnecessary tax incentives and exemptions awarded to corporates. Extant literature brings to light that there has not been much success and progress made in taxing the IS in the African continent and other developing countries globally (Dube

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& Casale, 2019; Meagher, 2018; Mpofu, 2021a). The social, economic, and political realities characterising the sector lead to intricate operational realities for tax administrators in developing countries. Affirming the difficulty in taxing the IS, with evidence from Mozambique, Tanzania, and Zambia, Heggstad et al. (2011) acknowledge that taxing the informal sector is indeed a complicated task for the resource-constrained developing countries. This is compounded by high illiteracy levels as well as the inadequacy of tax knowledge. Sebele-Mpofu and Chinoda (2019) contend that tax legislation is complicated and ambiguous, thus, compromising the ability of taxpayers to adequately interpret and comply with tax regulation requirements. Everest-Phillips and Sandall (2009), articulate that taxpayers' decision to comply or not to comply with tax legislation is usually dependent on three fundamental aspects. Firstly, the quality and quantity of public services and goods delivered by the government. Secondly, the level of transparency and fairness displayed by the state and its institutions concerning governance and the application of the rule of law. Thirdly, the state's demonstration of legitimacy in tax administration, enforcement of authority and power by tax officers, and the discretionary powers involved in decision-making.

Obara and Nangih (2017) and Maina (2016) argue that while it is relatively less intricate to tax the formal economy, it is very difficult to tax the informal sector. The failure to adequately mobilise tax revenues from the IS adversely affects government revenue because the IS contributes remarkably to GDP and creates employment for most of the population in African countries. The sector is not untaxed because several developing countries have implemented presumptive tax policy frameworks to collect tax from the IS, but the tax collections through the tax frameworks are generally low. The tax revenue mobilised from the IS is comparatively minimal in most African counties when assessed as a percentage of total incomes (Mpofu, 2021a; Rogan, 2019). Affirming this concern, Maina (2017:6) states with the IS continually expanding in the African continent, effectively taxing the sector is critical or sustainable domestic revenue generation in African economies. Research identifying the most suitable way to employ "when designing an effective presumptive tax for maximum revenue yield" remains pre-eminent. This research sought to explore the challenges of informal sector tax administration, enforcement, and compliance in African countries focusing on Zimbabwe.

2. Literature Review

2.1. Challenges for Tax Administrators

Researchers have pinpointed an array of reasons that make it complex for tax administration, enforcement, and compliance in the IS (Everest-Phillips, 2010; Ligomeka, 2019). The array of constraints to adequately taxing the IS includes cost and benefit assessment, capacity challenges, notions of equity, the nature of the IS together with political reasons. Munjeyi (2017) posits that revenue authorities in developing countries struggle with immense economic, political, and administrative hurdles in trying to tax the IS. Adak (2019) and Mpalale (2014) allude to the disinclination by most developing country governments to deal with economic and social problems faced by those in the IS. These governments have equally ignored the IS in formulating business laws and tax policies affecting the sector resulting in the unwillingness of players in the sector to heed any calls to pay taxes even when presumptive tax rates are low. Heggstad et al. (2011:5) argue that non-compliance may be attributed to the complexity of tax legislation, misinterpretation of the tax legislation, low levels of literacy, manipulation of taxable activities, corruption, and low probability of tax evaders being detected. Von Soest (2007) alludes to weak administrative accountability, political interference, and high costs of collection as possible challenges to effective collection from the IS.

2.1.1. Unavailability of Information

Tax administration functions (identification of taxpayers), assessment of taxpayers' liabilities, and tax collection) are dependent on the availability of information (Bird & Wallace, 2003). Without reliable and complete information, estimating or computing tax liability is challenging. IS operators fail to keep records, have poor internal controls, and heavily depend on cash transactions that leave very little audit (Ayee, 2008; Joshi & Ayee 2008; Steel & Snodgrass, 2008). The use of cash and lack of financial records enables IS operators to hide their taxable profits or manipulate their sales figures (Mpapale, 2014). Bongwa (2009) attributes poor record keeping to financial illiteracy, tax evasion, and costs of hiring accountants. Pimhidzai and Fox (2011) argue that the informal sector contributes some form of payments to the government, the sector complies with local authority rules and pays licence fees.

2.1.2. Capacity Constraints/Limitations

Von Soest (2007) states that the productiveness of tax administration depends on the ability of the authority to perform certain tax administration functions economically, effectively, and efficiently. These include the propensity to manage, regulate and monitor relationships and business activities for tax administration purposes (Gerxhani, 2004). Mashiri (2018) explained capacity in the context of tax administration to relate to experience, financial resources, and adequate human capital as well as technological resources. The diverse, nebulous, and dispersed nature of the sector has capacity implications for tax authorities.

African governments' resources (financial, human, and technical) to construct, implement, monitor, and enforce tax legislation in the IS. The widespread, heterogeneous, and mobile players in the IS coupled create logistical problems for tax administrators as they grapple with collecting taxes from this sector (Dube & Casale, 2016; Mpofu, 2021; Prichard, 2010). Most revenue authorities dedicate their resources to concentrate on bigger formal taxpayers rather than small informal ones due to the probable higher tax revenues associated with the formal sector and ease of tax administration. Obara and Nangih (2017) argue that the shortage of trained officials and ICT facilities increases capacity weaknesses in developing countries making IS tax administration difficult. The growth of the digital economy, digital transformation, and the digital nature of transactions, payments, and mobile transactions have made tax administration more difficult (Mpofu, 2022) Kundt (2017a) affirms that capacity challenges weaken the effectiveness of tax administration in the IS.

2.1.3. Cost and Benefit Assessment

Kanbur and Keen (2014) argue that potential yields from taxing the IS are likely to be very low and administration costs high. Kundt (2017a:5) refers to this as the "low value for money" viewpoint. Therefore, despite the IS being viewed as fundamental for effective domestic revenue mobilisation, the attainment of the Sustainable Development Goals (SDGs) of African countries, inclusive growth, and achievement of governance gains (Kundt, 2017a, b), revenue mobilisation from the sector is not prioritised by developing countries. The envisaged high costs of collection compromise the economic principles of a good tax system as propounded by Smith (1776). The priority of tax authorities is to enforce tax collection on the large taxpayers understand tax compliance and non-compliance on reputation and business dealings with government institutions. The high default rate and high costs of enforcement linked to the IS discourage tax administration in the sector Kundt, 2017a: Maina, 2017

Researchers contend that developing country governments should not concentrate on the trade-off or cost-benefit analysis but rather consider the IS tax policy as an investment that brings benefits in the long run as tax compliance increases and revenue generation is enhanced, growth of small firms and increased state-citizen engagement (Kundt, 2017a, b; Joshi et al, 2013, 2014). Heggstad et al. (2011:xvi) state "Tax is much more than collecting revenue, it is about building accountable relations between government and citizens", therefore governments should balance the revenue mobilisation motives and other functions of tax policy in the economy.

2.1.4. Political Challenges

Dube (2014) observes that the political economy in developing countries together with rampant corruption results in diminished tax morale among citizens fuelling tax evasion, thus making tax administration complex and ineffective. Concerning political constraints, the IS constitute most of the voters thus state officials and politicians tend to ignore the activities of the sector to demoralise tax officers to be less aggressive in the enforcement of tax legislation. This meant to retain this electoral support base (Joshi et al, 2014; Meagher, 2018). The Africa Tax Spotlight, (2012), articulates that governments have been reluctant to aggressively tax the IS in fear of losing political support. They have chosen to keep taxation somewhat ineffective in the sector in what researchers have described a "devil's deal" (Tendler, 2002) 99). Revenue Authorities' efforts towards taxing the sector are weakened by the fear of political retribution and/harassment.

2.2. Informal Sector Tax Compliance Challenges

Informal sector tax compliance is a product of different reasons. For policymakers to design effective IS tax frameworks, they must be aware of both the constraints encountered by tax authorities and those faced by the IS as taxpayers (Masarirambi, 2013). Obara and Nangih (2017) adduce those factors resulting in low tax compliance and tax evasion in the IS challenges including low tax knowledge, unhappiness with the accomplishment of the 'implicit social contract, and tax evasion. Other researchers point to problems of the multiplicity of taxes, high levels of illiteracy among players in the IS, lack of awareness, compliance costs, and the aggressive treatment of this sector by tax authorities as well as reduced tax morale (Meagher, 2018; Prichard, 2019; Sebele-Mpofu, 2021a).

2.2.1. Difficult Registration and Formalisation Processes

The problems faced by informal operators in their efforts towards formalisation and registering for tax purposes hinder tax compliance in the IS (McKenzie & Sakho, 2010). The business context in Africa is arguably characterised by institutional weaknesses, various legislative and administrative procedures and poor coordination between different agencies associated with the registration process. Prichard (2009:17) avers, "There appears to be remarkably little coordination between local authorities and national tax revenue authorities". The barriers to entry into the formal sector such as registration fees, high taxes, social security payments, and legal fees discourage IS operators from registering for tax and complying with tax laws. Mpapale (2014) articulates that the cost of securing a business permit, as well as renewing it is generally high in developing countries. Zimbabwe is ranked as one of the most challenging countries to conduct business with (Mukokera, 2019).

2.2.2. Low-Income Levels and High Tax Rates

Incomes in the sector are very low and in some cases unstable. Therefore, weighing the cost of survival against the benefits of tax compliance and more often than not, operators decide to protect their low incomes to ensure business continuity. Thus resulting in low levels of tax compliance. Most developing countries' tax systems are said to be characterised by high tax rates that make tax compliance difficult, as they take a large portion of the already low incomes (Atawodi & Ojeka, 2012a; Ojeka, 2011). The design of some presumptive taxes frameworks, especially the presumptions do not take into cognisance the actual incomes and expenses incurred by the IS operators (Machemedze et al, 2018), but bases their computations on assumptions. For example, Tax on Turnover (TOT) in South Africa, Zambia, Kenya, and Tanzania relies on turnover without considering the actual expenses incurred by the operators (Nakamba-Kabaso & Phiri, 2012; Resnick, 2019; Viviers & Groenewald, 2019), while the fixed tax rates in Zimbabwe are dependent on some presumed income (Ligomeka, 2019; Mpofu, 2021b). The weaknesses of the different presumptive, as well as the low incomes, compromise tax compliance in the IS (Atawodi & Ojeka, 2012b; Mpofu, 2021). Owing to low tax knowledge as well as inadequate technical capacity in the sector, for operators, to comply they would need to get assistance from tax experts yet they have limited financial resources due to low incomes. Non-compliance becomes inevitable.

2.2.3. The Multiplicity of Taxes and Complex Tax Legislation

Several researchers in African countries have alluded to the problem of multiple taxes on considerably alike tax bases. For example, in Uganda by Pimhidzai and Fox (2011), Zimbabwe by Dube (2014), Nigeria by Meagher (2018), and Kenya by (Mpapale, 2014). The researchers point out examples such as information technology tax corporate tax, development levy, and education tax which are all computed on profits. Additionally, VAT (Sales tax or the Goods and Services tax) and the hotel consumption taxes are all based on sales Affirming this concern Ocheni and Gemade (2015) assert that the multiplicity is overly burdensome to small, constraining their ability to comply with taxes as well as negatively affecting their growth, survival and growth efforts in Nigeria.

2.2.4. The Complexity of Tax Laws

Bird (2015) avers that to appraise the efficiency and effectiveness of tax administration, there is a need to consider the complexity of the tax system as well the stability of tax policy over time. Sebele-Mpofu and Chinoda (2019) allude to the challenge of complex tax systems in developing countries yet tax knowledge is poor in these countries. The ambiguities and complexities of tax legislation deter taxpayers from registering for and complying with tax laws. The language of Tax Acts is difficult to comprehend and interpret even or tax and accounting literate taxpayers. (Dube, 2014). Most players in the IS have minimal education, low accounting skills, and computer knowledge Those few with averaged education lack the computer skills and understanding of tax legislation to comply with the recent developments of online submission of tax returns (Atawodi & Ojeka, 2012a; Mpapale, 2014). In consonance, Heggstad, Ustvedt, Myhrvold-Hanssen, and Briseid (2011) avow that despite efforts by developing countries to improve tax collection and compliance, tax structures and collection procedures remain complex, cumbersome, and time-consuming. This has left too much room for the discretionary application of tax legislation, and open corruption (Heggstad et al., 2011). This has further fractured the implicit social contract between the taxpayers in the sector and the state (Meagher, 2018; Sebele-Mpofu, 2020a).

Further to the problems of the multiplicity of taxes and the complicatedness of tax systems, policies affecting the IS are neither well-coordinated nor effectively disseminated across various connected related ministries such as finance, local government, labour, and of SMEs (Machemedze et al, 2018; Mpapale, 2014). This impedes tax compliance in the IS.

2.2.5. Governance Quality, the Fulfilment of the Implied Social Contract, and Low Tax Morale

Public governance is significantly connected to tax morale and compliance (Everest-Phillips & Sandall, 2009; Meagher, 2018; Resnick, 2020; Sebele-Mpofu, 2020b). Where governance quality is poor, taxpayers are not persuaded to comply with taxes. Taxpayers use government accountability and transparency, the quantity, and quality of public goods and services delivered by the government, the ability of the government to engage with and listen to its taxpayers as well as how it addresses quality, as measures of governance quality and the implied social contract (Resnick, 2019; Resnick & Sivasubramanian, 2020; Sebele-Mpofu, 2021a; McCulloch, Moerenhout, & Yang, 2020; Mpofu, 2021a). Only genuine stakeholder consultation and government interest in the IS taxpayers and their needs could foster trust in tax policy.

Meagher and Lindell (2013), Meagher (2018) and Machemedze et al. (2018) argue that taxation is far from being a tool to stimulate representation and dialogue between government and taxpayers in the IS. The bulk of policies concerning tax laws and business regulations affecting the IS have been formulated with little or no consultation with the IS. This lack of stakeholder engagement creates apathy and a lack of acceptance of government policies and taxation frameworks by the IS. Commenting on the appropriateness and problems of "tax systems in Mozambique, Tanzania, and Zambia", Fjeldstad and Heggstad (2012) emphasise the importance of tax fairness, trust, and accountability in encouraging tax compliance.

Trust in government and its institutions increases tax morale amongst citizens. This promotes voluntary tax compliance and policy acceptance by taxpayers (Sebele-Mpofu, 2020a, 2021a; Vlachos & Bitzenis, 2018). Tax compliance should be discussed from the perspectives of the taxpayer and the tax administrators to give a balanced assessment (Waris, 2009). Table 1 presents a summary of selected studies to give a snapshot of the challenges of tax administration and compliance in selected African countries.

Table 1. Empirical Evidence from a Few Selected Studies on IS Tax Administration and Compliance Challenges

Study and country	Methodology	Findings/Challenges
(Wondimu & Dadi, 2020), Ethopia	Mixed method research design employing a descriptive survey approach (combined questionnaires and semi-structured interviews)	Limited revenues, high tax rates, high cost of administration, weak governance, and institutional quality
(Maritim, 2020), Kenya	Case study approach	Lack of information and tax knowledge, the prevalence of unregistered operators, high illiteracy levels, poor delivery of anticipated public goods and services, high tax rates, poor record keeping, and revenue enforcement reluctance.
(Ogembo, 2019), Kenya	Semi-structured interviews with taxpayers, tax experts, and government officials	Peer influence, poor levels of financial and tax knowledge or literacy, and the fractured political legitimacy of the tax authority
(George & Olan'g, 2020),	Documentary review, in-depth	Street vendors are willing to pay tax but legal

Tanzania	interviews, and focus group discussions	requirements for registration of business are a hindrance to registration for tax. Low tax morale, lack of proper working space, and multiple taxes were some of the challenges to compliance
(Osemeke, Nzekwu, & Okere, 2020), Nigeria	Documentary analysis and semi-structured interviews	Lack of provision of public goods and services as well as poor infrastructural development were some of the factors responsible for low tax compliance. Some of the reasons include lack of government accountability in the use of revenues, poor record-keeping, lack of empowerment programs, and lack of awareness on tax matters
(Ligomeka, 2019), Zimbabwe	Representative taxpayer approach	Regressive tax rates and low incomes

Source: Own Compilation

2.3. Theoretical and Conceptual Frameworks

For this study, the constraints to tax administration and compliance in the IS can be explored in the theoretical context of Fischer et al. (1992)'s tax compliance model outlined in Figure 1 and McKerchar and Evan (2009)'s Fiscal Exchange theory. Fischer's theory is premised on socio-economic and psychological factors, whereas the Fiscal Exchange theory is founded on the accomplishment and non-accomplishment of the implied social contract.

The fiscal exchange theory is constructed upon the principle of reciprocity principle which articulates that citizens voluntarily comply with tax legislation when they are satisfied with the public goods and services provided by the government in exchange for the taxes. Transparency, accountability, and mutual relational engagement are also considered key components of the implicit social contract (Rogan, 2019; Sebele-Mpofu, 2021a). Poor stakeholder engagement results in loss of trust in government, heightened tax evasion, reduced tax morale, and drives taxpayers into the IS to avoid paying taxes (Bongwa, 2009; Rogan, 2019). Tax compliance only is adequately discussed by considering both the economic factors and non-economic or behavioural factors. Tax morale is a critical factor in tax compliance (Torgler and Schneider, 2009). The Fischer et al. (1992) model was considered comprehensive and inclusive as it encompasses the economic, behavioural, social, and the implicit social contract dimension. Therefore this explains its application and appropriateness in explaining IS compliance and the effectiveness of the IS tax administration as presented in Figure 1.

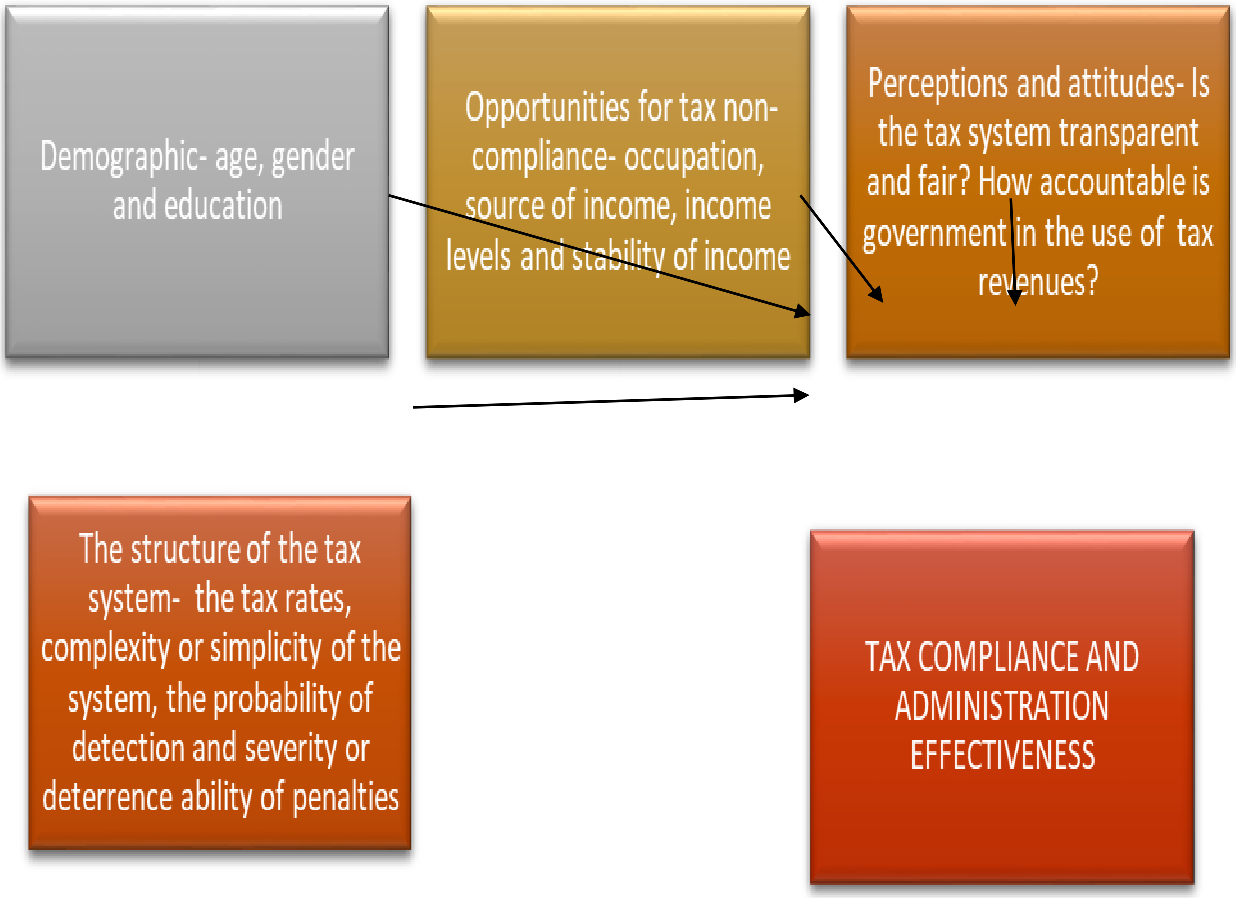

Figure 1. Fischer' et al. (1992)'s Tax Compliance Model
Source: Fischer et al. (1992) and Mpofu (2021).

These two theories take into cognisance, the economic, social, institutional, and behavioural factors all in one model. The constraints of IS tax administration, enforcement, and compliance can only effectively be addressed through the acceptance that the productiveness of tax policy is an outcome of the political and economic environment, tax morale, citizen's trust in the state, cogency of tax administration as well as the level government support and commitment to tax policy (intertwined relationship). Figure 2 conceptualises the arguments from the literature review and the theoretical frameworks.

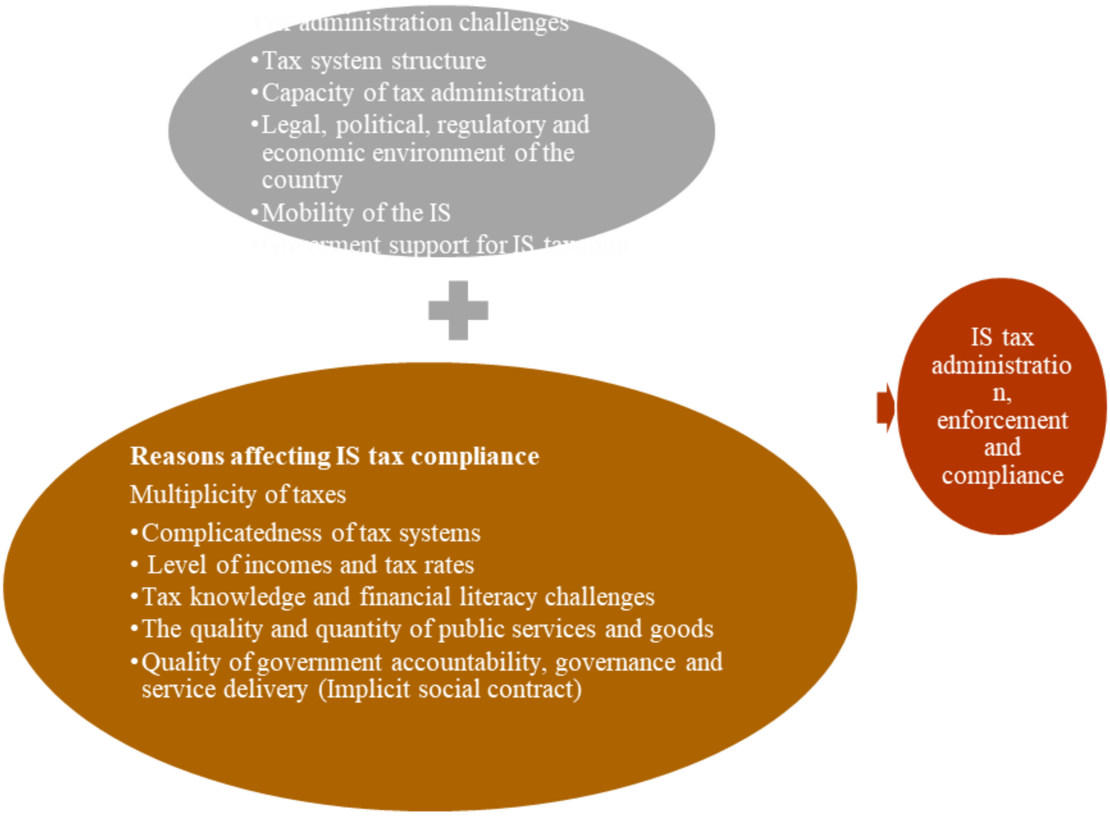

Figure 2. Summary of the Factors Affecting IS Tax Administration, Enforcement, and Compliance
Source: Author's schematic presentation

3. Methodology

This research was predominantly qualitative leaning more towards the interpretivism philosophy. This research paradigm is suitable for research that seeks to have in-depth knowledge of a phenomenon and for researching understudied populations including vulnerable populations such as low-income earners. It combines the constructivist ontology (social construction cognition), which assumes that the world is socially constructed through interaction, actions, and relationships of its participants (Creswell & Clark, 2017; Goldkuhl, 2012), and positivist ontology. In this study, researchers sought to understand the challenges affecting the administration and enforcement of presumptive taxes as well as tax compliance through understanding the actions and views of different stakeholders (the IS, revenue officers, Ministry of SMEs Officials, and tax consultants). Epistemologically, the study sought to understand and give meanings through interpretations attached to the views and actions. The fundamental principle is contextualisation, hence interpretation and deriving meanings with the study context. In this case presumptive tax administration in African countries with a specific focus on Zimbabwe. Mixed Sequential Exploratory Research Design. Exploratory designs are ideal for researching or investigating under-researched areas or subjects that are in their nascent stages of development and implementation. The design is also suitable for studying under-researched and vulnerable populations like the IS. IS taxation is a topical concern for African countries and the IS itself is a marginalised and understudied population. The concept of IS taxation is thus suitable for the exploratory design (Ligomeka, 2019; Sebele-Mpofu, 2020a). In this case, qualitative data collection was conducted first using interviews and data was analysed. Results from the analysis were used to develop questionnaires to gather more data from a bigger population. The qualitative approach takes into cognisance an array of approaches and multiple truths within what is termed the interpretive, naturalistic, or constructivist world view (Ryan, Coughlan, & Cronin, 2007). Qualitative research has to do with discovery (exploring) and description. The quantitative approach on the other hand sought to quantify the responses building on the codes that emanated from the qualitative discussions and findings.

The study targeted operators in the IS, Ministry of Finance Officials, and Zimbabwe Revenue Authority (ZIMRA) officers. Qualitative studies are known for small samples (Marshall, Cardon, Poddar, & Fontenot, 2013; Sebele-Mpofu, 2021b) and these can be identified through purposive sampling and snowballing (Creswell, 2014; Creswell & Clark, 2017) as was the case in this study. Samples of 5 to 25 were used and these stakeholders were sampled because of their intense knowledge of informal sector taxation. Where the samples are knowledgeable, experienced, and technical competent on the subject matter, smaller samples are adequate to attain the saturation point (Malterud, Siersma & Guassora, 2016; Roy, Zvonkovic, Goldberg, Sharp & LaRossa, 2015; Sebele-Mpofu, 2020b, 2021b). In some cases, these experts referred the researchers to those they considered the best in the area, thus snowballing, this was most common with tax consultants, ZIMRA officers, and Ministry of SMEs Officials. It was essential to get the different views of various stakeholders in their different capacities as policy makers, regulators, taxpayers, and tax administrators (implementers of policy).

Data collection techniques generally include interviews, observations, and document reviews (Onwuegbuzie, Johnson & Collins, 2009; Ryan et al., 2007). This research combined document examination and analysis (presumptive tax legislation in Zimbabwe, budget statements, media briefs, and previous studies on IS taxation in African countries). In-depth interviews were conducted with the different stakeholders (10 ZIMRA officers, 10 tax experts, 15 operators from the IS, and 5 Ministry of Small and Medium Enterprises Officials). In-depth interviews are argued to be ideal in exploratory research as they enable one to dig more for and seek clarification as well as to time tap on non-verbal cues (Ryan et al., 2007; Saunders, Lewis, & Thornhill, 2009). Questionnaires were essential to reach a larger population and to put responses on a scale to make it easier for respondents to choose. Two questionnaires were developed and delivered to respondents between September 2019 and March 2020. One was distributed to 110 revenue officers (from the tax and audit departments) and 40 tax experts. The other one was distributed to 75 informal sector operators.

Data were analysed employing both deductive and inductive approaches in thematic analysis for both the interview scripts and examined documents. The researchers used NVIVO Pro 12 (a Computer-Aided Qualitative Data Analysis Software) for data analysis. To preserve the anonymity of respondents the interview scripts were coded. Revenue authority officers as ZIMRAOs, tax experts as TEs, officials from the Ministry of SMEs as MSMEOs and IS operators as ISOs. Data presentation and analysis followed the guidance of Braun and Clarke (2006), who advocated for matching themes derived from the data with study objectives. The software allowed the researchers to come up with project maps, word search queries, and word clouds to present the research findings (Adu, 2016). Data presentation was largely narrative with a few numerical expressions. The qualitative results, especially the codes (child nodes) were used to develop a 3-point Likert scale questionnaire to gather information from a larger population (with responses being agree, disagree, and not sure). One questionnaire was used for revenue officers and tax experts, while a separate one was used for the IS operators. The questionnaires were analysed through SPSS.

To maintain rigour, the researchers sought to uphold the methodological qualitative research norms of credibility, confirmability, transferability, dependability, trustworthiness, and goodness (Ryan et al., 2007; Teddlie & Tashakkori, 2009). The interview guides were given to a tax expert with over 20 years of experience at ZIMRA and 10 years of experience as a research director with an accounting firm to assess for clarity and relevance to research objectives. The researcher also addressed ethical considerations by getting informed consent from participants after explaining the purpose, objectives, significance, and beneficence of the research as well as that there are no envisaged negative impacts (Ryan et al., 2007; Sebele-Mpofu, 2020a). Interviews were initially conducted with 4 respondents (a revenue officer, tax consultant, two informal sector operators, and one official from the Ministry of SMEs) to test for clarity and appropriateness of questions in addressing the research objectives and eliciting adequate information. Revision and elimination of questions were done accordingly, where necessary. Participants were also appraised of their right to non-participation or withdrawal at any point in time as well as the fact that their anonymity was going to be preserved and confidentiality through anonymising them through the coding process and reporting results as a collective body without individualising (Polit & Beck, 2006). The questionnaires were also pilot tested on a small group of target respondents and any ambiguous questions were cleared.

Further to other aspects addressed concerning quality and rigor, as part of the ethical consideration, the researchers sought permission from ZIMRA to carry out the study to enable co-operation and sharing of information by ZIMRA officers. These officers are bound by the oath of confidentiality and secrecy; hence, they can only share work-related information when approval for the research was granted as was the case for this research. Further to addressing validity and reliability through pre-testing of interview guides, the researchers took notes during interviews and tape-recorded them where informed consent was granted. Participant feedback was also employed.

4. Presentation and Discussion of Findings

Following the thematic analysis adopted for this research as suggested by Braun and Clarke (2006), the findings were discussed in line with the themes deduced as well as the codes (subthemes). Section 4.1 presents information on the in-depth interviews.

4.1. Analysis of Interviews and Interviewees' Demographics

4.1.1. Response Rate

For all the interviewees more than 50% of the targeted population was interviewed as shown in Table 3. This response rate was considered sufficient to draw findings for the study.

Table 3. Interviews and Questionnaires Response Rate

Stakeholder group	Interviews scheduled	Interviews conducted	Response rate	Target respondents	Actual	Response rate
ZIMRAOs	15	10	67%	110	100	91%
TEs	12	10	83%	40	32	80%
MSMEOs	7	5	71%			
ISOs: 1. Taxi cabs 2. Driving schools 3. Goods vehicles 4. Restaurants and bottle stores 5. Hairdressers 6. Cottage industry operators 7. Cross border traders Total	4 3 2 5 4 4 4 26	4 2 2 4 3 4 4 23	88%	10 10 15 15 10 10 10 80	8 7 13 14 9 8 9 68	85%

Source: Own compilation

4.1.2. Educational Qualifications of Interviewees

Table 4 foregrounds the discussion on educational qualifications**.**

Table 4. Educational Qualifications of Interviewees

Stakeholder group	School	Diploma	Undergraduate	Postgraduate	Total
ZIMRAOs		1	4	5	10
TEs			3	7	10
MSMEs		2	1	2	5
ISOs	6	8	5	4	23

Source: Own Compilation

From Table 4, 90% of the ZIMRAOs ha degrees (40% with undergraduate and 50% with master's degrees), and all TEs had degrees (30% with undergraduate only and 70% with master's degrees). The degrees were in various finance disciplines such as finance, taxation, fiscal studies, economics, and accounting as well as information systems. Concerning the MSMEs 60% had degrees. Of the ISOs, 39% had degrees and 61% were made up of those with secondary school and diplomas. The educational qualifications were necessary for assessing whether participants would be reliable and whether they would comprehend the subject matter, including giving informed consent (Sebele-Mpofu, 2020a). In terms of experience, participants had experience ranging from 6 to 26 years. For example, TE3 was a tax consultant with more than 26 years of experience on Zimbabwean tax, having previously worked for ZIMRA in various capacities before retiring and opening their tax constancy and advisory company. TE6 was a tax director in any accounting firm and has worked for ZIMRA before and possesses more than 20 years of experience. ZIMRAO6 had been with ZIMRA for more than 18 years and with the small claims office for 9 years. The ISOs came from various businesses falling under the categories targeted for taxation through presumptive taxes. ISO15 had been running a cottage industry, manufacturing furniture for 21 years, and ISO6 had conducted his business as a driving school instructor for 9 years after losing his job as a production manager through retrenchment in 2011. He holds a master's of business administration. The snapshot overview of research participants is meant to show the 'information power' of the sample (Malterud et al., 2016; Sebele-Mpofu, 2020b). The stakeholders bring experience and comprehensive discussions including rich analysis of the taxation of the IS from lived experiences.

4.2. Theme1: Challenges faced by the Revenue Authorities in IS Taxation Administration

Tax compliance can be better understood from the regulator or administrator's and the taxpayer's view and the regulator's view. The theme sought to explicate from ZIMRA's perspective the constraints faced in administering and enforcing presumptive taxes. The project map in Figure 3 presents the challenges (child nodes/codes) that were evident from the research as factors affecting the administration and enforcement of presumptive taxes in Zimbabwe.

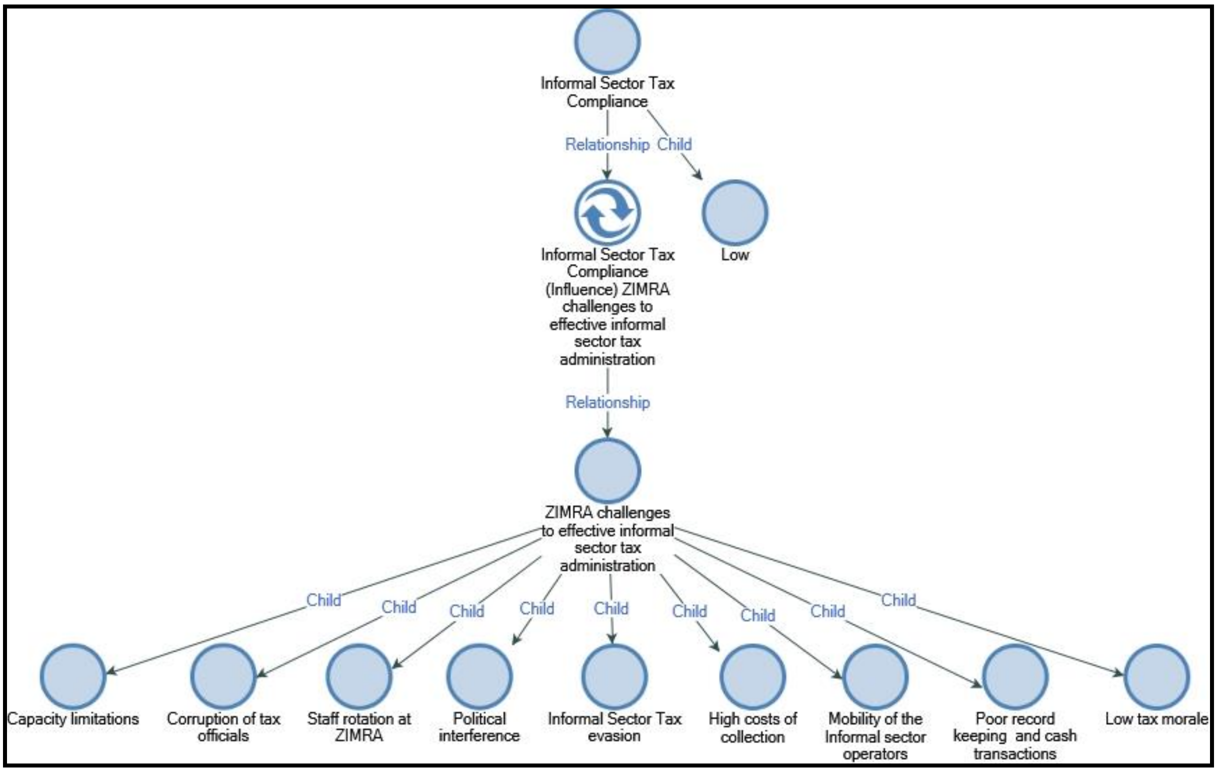

Figure 3. Project Map for ZIMRA Challenges to Presumptive Tax Administration and Enforcement

Source: Own Compilation from NVIVO Results

The child nodes (codes) displayed in Figure 3 were then used as statements to gather information through questionnaires on factors affecting the administration of IS and the results are shown in Table 5.

Table 5. Factors/ Challenges Affecting IS Tax Administration

Factors affecting IS tax administration and enforcement	ZIMRA officers Agree	ZIMRA officers Disagree	Tax experts Agree	Tax experts Disagree
Low anticipated revenues	74%	26%	69%	31%
High tax administration costs	63%	37%	66%	44%
Prevalence of cash transactions	88%	12%	82%	18%
Poor record keeping	92%	8%	97%	3%
Mobile nature of the IS	88%	12%	91%	9%
Low tax morale	77%	33%	88%	12%
Diversity of the sector	79%	21%	70%	30%
Political Interference	72%	28%	82%	18%
Administration capacity challenges	94%	6%	98%	2%
Lack of government commitment towards taxation of the sector	73%	23%	88%	12%

Source: Authors' compilation

4.2.1. Capacity Constraints, Mobile and Diverse Nature of the IS

The study revealed that ZIMRA faced capacity weaknesses in terms of workforce and technological infrastructure as well as expertise to administer tax legislation on the IS and ultimately tax the informal sector activities. The majority of tax experts (98%) and revenue authority questionnaire respondents (94%) pointed out capacity challenges as a major constraint to tax administration and enforcement. Tax experts ZIMRAOs alluded to the lack of a specific department that concentrates on IS tax administration. Several researchers have alluded to this issue such as, but this remains a big challenge for the revenue authority. TE3 expressed that "*ZIMRA is having capacity weaknesses. Dealing with the informal sector requires a great deal of effort and labour. With limited financial resources, shortages of human resources as well as inadequacies in technology, tax compliance is low in this sector because enforcement is weak*". The limited tax administration abilities weakened tax administration effectiveness, thus making it difficult to catch or penalise defaulters. ZIMRAOs advanced that it was strenuous to identify, trace and tax the informal sector, as most players have no permanent operating places, and have a versatile and adaptable nature coupled with the fact that the sector is diverse and widespread. This concern was also evident from the questionnaire responses, with 79% of revenue officers and 70% of tax experts concurring on the difficulty posed by the diverse nature of the sector. Eight-eight percent of revenue officers and 91% of tax expert respondents concurred on the problems resulting from the mobility of the informal operators.

4.2.2. Institutional Corruption and Political Interference

Institutional corruption and bureaucracies are constraints to effective tax administration in developing countries that were also evident during the literature review (Mpapale, 2014; Sebele-Mpofu, 2021a). This study established that due to discretionary powers held by revenue officers corruption was an obstacle to effective tax administration in the IS. Participants revealed that in the estimation of tax liability and penalties revenue offers would at times make exaggerated estimates. These high estimates were described as silent and indirect ways of soliciting bribes as desperate taxpayers would plead for leniency and offer to negotiate and pay bribes. In concurrence, Adak (2019:67) observed that "unwarranted high discretion", given to tax administrators, results in abuse and exploitation of taxpayers. Political interference was another problem identified as constraining the aggressiveness and effectiveness of tax officials in dealing with the IS in general and certain politically privileged and protected operators in the IS. While studying transfer pricing Mashiri (2018) also emphasised political interference as a hindrance to effective tax administration in African countries. TE3 specifically referred to the issue of artisanal miners popularly referred to as “amakorokoza” who were allocated mining spaces without accountability. *“Some of them just mine anywhere and have become a law unto themselves. So honestly can you talk about taxing these people”* asseverated TE3. There was consensus between tax experts and revenue that political willingness and commitment to taxation of the IS was lacking in Zimbabwe because this sector had the majority of people. Antagonising it would mean the loss of an important support base for the ruling party. Seventy-two percent and 73% of revenue officers respondents agreed that political interference weakened tax administration and enforcement. In concurrence, 82% and 88% of tax experts respondents affirmed the two challenges.

4.2.3. Low Levels of Tax Morale an High Levels of Tax Evasion in the Sector

ZIMRA officers and tax experts agreed that tax collection was hindered by the low motivation to pay taxes in the sector as well as increased tax evasion. They attributed the low levels of willingness to pay taxes to unsatisfactory public service delivery.. TE6 expressed that the absence of government accountability as well the chronic economic problems, poor economic growth, and lack of infrastructural development in the country were one of the key drivers of the tax morale in Zimbabwe. ZIMRAO6 alluded to the fact that the sector was disgruntled with issues relating to their working space, sanitation facilities, and the general exclusion from policy issues as evidenced during lockdowns. These issues were also affirmed by ISO15, who also stated “*we also make very little money and the taxes are too high*”. The qualitative findings were affirmed by the quantitative results as low tax morale was acknowledged as a factor that made it very difficult for revenue authorities to mobilise tax revenues from the sector (73% of revenue officers agreed and 88% of tax experts). Low tax morale is argued to lead to high degrees of tax evasion (Sebele-Mpofu, 2020a).

4.2.4. Costs of Collection Versus Potentially Low Tax Revenues

All ZIMRAOs concurred on the costs of tax collection being high for this sector due to its heterogeneity, the ease at which players can evade tax by moving from one location to the other, and the magnitude of the sector. The tax experts acknowledged that the mobility of the sector, the failure to maintain proper records, and the fact that the sector is wide posed challenges for tax administrators. There was also agreement that incomes in the sector are low and unstable leading to potentially low tax revenues. Tax officers therefore often ignored this sector in favour of large taxpayers based on the “value for money” argument (Joshi et al., 2013; Kundt, 2017a). The computation of tax liability highly relies on the availability of adequate financial information. Therefore, the lack of financial information makes tax administration in the IS a difficult task. TE4 pointed this out revealing, *“The dependence on cash transactions and financial illiteracy resulting in lack of audit trail and poor books of accounts record-keeping makes it challenging for tax administrators to assess, compute tax liability or even estimate it”.* This could be viewed as a constraint to tax administration and enforcement as well as to tax compliance. Due to inadequate financial information and accounting skills, the IS faces tax compliance challenges. TE6 alluded to the problem of lack of a database for the IS as a major constraint to tax administration and enforcement as costs of collection tend to be high. This was a view affirmed by eight of the ZIMRAOs. The high costs of collection highlighted by the most of the questionnaire respondents in the two groups (63% ZIMRA officers and 66% of tax experts) could be linked to the mobile and diverse nature of the sectors. This could be further compounded by the poor recording keeping and low financial literacy or accounting skilled as affirmed by 92% of revenue officers and 97% of tax experts on questionnaire responses. The high costs of collection driven by these factors and the low incomes in the sector could lead to potentially low revenues that discourage tax officials from prioritising taxation of the sector.

4.3. Theme 2: Challenges Affecting IS Compliance with Presumptive Taxes

The study explored the tax compliance levels as well as challenges from the perspectives of the different study participants. The consensus among interviewees was that tax compliance levels were low and moderate. This was the same for questionnaire responses as shown in Table. The revenues officers shared the compliance challenges from their experience as administrators as they dealt with the sector, the tax experts as tax advisors to SMEs, and the officials from the Ministry of SMEs as the responsible ministry and the ISOs shared their experiences as the taxpayers. The most topical factors were complexity of the IS tax framework, high tax rates, inadequate tax knowledge and awareness and the high costs of compliance. Otherwise, all the factors presented in the project map in Figure 4 were highlighted by participants, what varied was the level of emphasis attached to factors by participants which is consistent with researching seeking opinions and perceptions. The differences reflect the varying experiences and the comprehension of the tax policy (likely to vary due to the ambiguity and complicatedness of tax legislation and the language of the Tax Acts). These variations are likely to give the multiple realities that are pivotal in researching on an intricate phenomenon such as tax, gaining Table 6 shows the levels of IS tax compliance as estimated by questionnaire respondents

Table 6. Compliance Levels

Level	0-20%	21-40%	41-60%	61%+
ZIMRA officers	60%	40%		
Informal sector	26%	58%	16%	
Tax Experts	56%	44%		

Source: Authors' compilation

Figure 4 foregrounds the discussion on tax compliance challenges affecting the IS

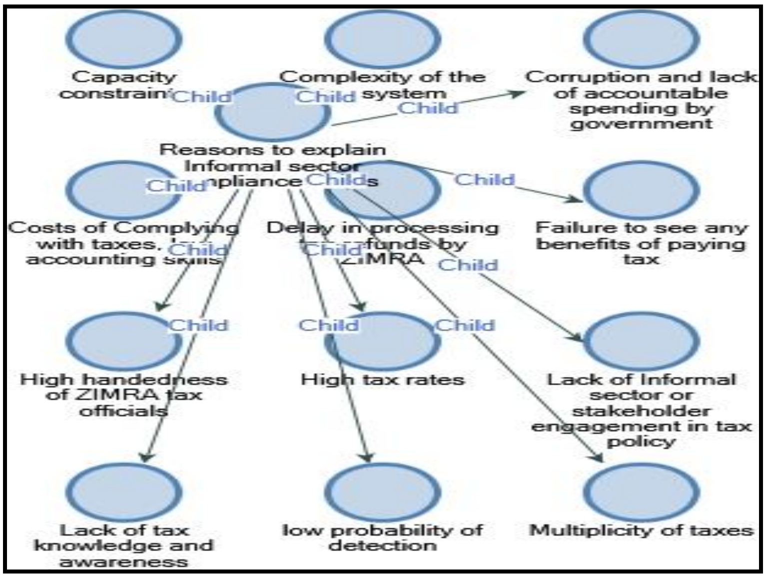

Figure 4. Reasons Explaining Low Tax Compliance in the IS
Source: Own Compilation NVIVO results

Table 7 shows the results of the challenges shown in Figure 4 when more information was solicited through questionnaires from a larger population. The prominent factors were: the complexity of the tax system, lack of trust in government, lack of tax incentives, and compliance costs.

Table 7. Factors Affecting IS Tax Compliance

Factors affecting IS tax compliance	% analysis of respondents					
	ZIMRA officers Agree	ZIMRA officers Disagree	Tax experts Agree	Tax experts Disagree	Informal operators Agree	Informal operators Disagree
Lack of trust in government	80%	20%	90%	10%	96%	4%
Lack of tax incentives	87%	13%	70%	30%	88%	12%
Complexity of the tax system	88%	12%	97%	3%	90%	10%
Lack of informal sector tax policy acceptance	79%	21%	72%	28%	90%	10%
Low education levels	45%	55%	58	42%	55%	45%
High tax rates and low incomes	57%	43%	88%	12%	100%	
Tax compliance costs	78%	22%	70%	30%	96%	4%
Low probability of detection	72%	28%	72%	28%	45%	55%
Low tax knowledge and accounting skills	68%	32%	90%	10%	88%	12%
Highhandedness of revenue officers	30%	70%	81%	19%	85%	15%

Source: Authors' Compilation

4.3.1. Low Probability of Detection

The different stakeholders had diverse views on the low probability of detection. TEs and ZIMRA officers thought that the capacity weaknesses faced by the revenue authorities were exploited by the sector to evade tax as the likelihood of being detected, caught, and penalised was limited. I TE 1 expressed this as follows:

"Despite the emphasis on ZIMRA to check on a business's previous history. Capacity limitations make it difficult to do so and you will see that these small companies continuously close operations after their bank accounts are garnisheed by the tax".

Both ZIMRA officers and tax expert questionnaire respondents concurred on the low chances of detection with 72% of respondents agreeing to the factor. There was a difference on opinions on the issue of tax evasion. While ZIMRA officers, attributed levels of tax compliance in the IS to tax evasion due to low levels of detection, the MSMEOs and ISOs, disputed the argument.They argued that non-compliance was not a product of minimal probability of detection but of minimal and erratic incomes that made tax compliance difficult. ISOs also raised the issue of compliance capacity constraints. ISO6 argued "*we are not equipped in terms of knowledge of tax law, tax compliance procedures, and even how to calculate the tax. It is also difficult to pay taxes because sometimes they are higher than what we make. The economy is down and business is low. The economy has been performing poor for years now*". For the informal sector questionnaire respondents, the minimal probability of detection was not a fundamental driver motivating tax non-compliance. Based on Table 7, the key factors in their view were ranked as follows based on the concurrence percentages: high tax rates and low incomes (100%), lack of trust in government (96%), lack of stakeholder consultation (90%), lack of incentives and low tax knowledge (88%) as well as the aggressiveness of revenue officers (85%).

4.3.2. Complex Tax Systems and Multiple Taxes

The complexity of the tax fameworks and the existence of multiple taxes were identified by interviewees as the main reasons for not registering for tax. The complexity of the tax system was emphasised by TE2 and ZIMRAO6, SMEO3, and all ISOs. Complexities were pointed out to exist in the registration processes, legislation and tax compliance procedures (computation of tax liability, provisions and the e-filing of returns) by interviewees from the MSMEs, ISOs, ZIMRA and TEs. TE6 enunciated that *"Most players in the sector do not understand why they pay taxes, the benefits of paying tax, how they should pay the tax, the tax legislation, and framework, and procedures, for example, e-filing including how much they should pay".* The opinion was supported by ISO8, stating that engaging consultants and accountants was unaffordable for operators as their incomes are rather minimal. This was offered as a reason for non-registration for tax and non-compliance with tax legislation. Tax non-compliance was said to be compounded by the problems of e-filing because the ZIMRA website, which was described as not user-friendly. Eighty-eight percent of ZIMRA and 97% of tax expert questionnaire respondents affirmed the complicatedness of the tax framework as a fundamental factor constraining operators from complying with taxes. ZIMRAO8 proclaimed that *"the tax system is complex, the provisions of the Act are often ambiguous and can be confusing even to us Revenue Officers or interpreted differently by different people. The situation is more difficult for the informal sector where education levels are low".*

TEs also pointed out that formal companies paid several taxes taxes, for example, VAT, corporate tax, PAYE and social contributions the 1% Zimbabwe Manpower Development fund contributions, NSSA and pensions . This lowers tax morale and encourages small comanies that are performing well in the IS to hide from tax authorities in fear of being forced to formalise operations.

4.3.3. Corruption and Low Tax Morale

All ISOs suggested that as taxpayers dissatisfied with government spending, rampant corruption in government and the lack of accountability. They expressed that the IS was neglected especially in issues to do with working spaces, funding, and general activities to enable as well as empower the sector such as training, funding, and policy construction. This resonates with the description of the sector as forgotten and overlooked in policy issues Fourie (2018) and the failure to fulfil the "invisible" social contract. Government service delivery is poor regarding infrastructure such as market spaces, toilets and vending stalls as highlighted by Sebele-Mpofu (2021a). The lack of visible benefits from the tax investment reduces tax morale and increases tax morale in the sector. Given the above statement, TE4 professed *"People are not convinced of the rewards of paying taxes in Zimbabwe. People will generally encourage each if they see tangible benefits from tax contributions or discourage each other if no benefits are perceived."* This lowers peer reciprocity tax morale and voluntary tax compliance, calling for increased enforcement, which is difficult with limited administration resources. Bird (2010:3) argues, "Taxes imposed without adequately representing the interests of the people being taxed are unlikely to be collected easily".

4.3.4. High Compliance Costs, Low Incomes and High Tax Rates

SMEOs and ISOs agreed that the biggest constraint to tax compliance in the IS was low and erratic incomes that made it difficult to comply with tax legislation. Doing a cost and benefit analysis operators end up opting to evade tax to protect their survival. The presumed fixed tax rates were described by TEs and ISOs as higher together with the 100% penalty on the outstanding tax liability and interest charges. These discourage operators from registering and complying with taxes. Bird

(2015) and Bird and Wallace (2003) portend that taxpayers tend to rebel against tax frameworks they perceive as unfair and oppressive. TE2 asseverates that *"ZIMRA's aggressive and strict approach to taxation in general and IS taxation, in particular, is a matter of concern. The economic conditions continue to deteriorate making businesses low as well as taxable incomes. The Covid-19 pandemic has made the situation even more precarious for the informal sector. This calls for a rethink of tax policy and how to empower them".* This was affirmed by TE8 highlighting that this sector is neglected in economic policy responses as evidenced in the response measures to mitigating covid-19 pandemic that excluded the sector from operating. The expert avowed that "*the responses to the covid-19 pandemic paid very little attention to the informal sector activities, the survival, and continuity of these activities. This sector was the last to be considered to resume operations after the lockdown restrictions. Cross border trade is still not permitted"*. Eight of the TEs (80%) further pointed out financial illiteracy as a challenge that leads to high compliance costs, thus discouraging operators from complying. TE5 adduced *"operators have problems in preparing books of accounts, separating between revenue and expenses and to do financial statement. Engaging tax advisors and accountants is a cost they can hardly finance".*

ISO11 highlighted that the registration for the tax process was cumbersome and demanding, giving an example of the requirement to have a bank account. Most ISOs highlighted that the majority of operators used mobile money platforms and dealt in cash and mostly sold their goods and services in foreign currency. TE7 observed that this was worsened by a loss of confidence in the banking sector and local currency as well as the constant changes in the monetary policy.

4.3.5. The Aggressiveness of Revenue Officers

Thirteen of the ISOs interviewees tabled that the high-handedness of tax authorities in dealing with the IS made operators not want to register for tax or to deal with the revenue officers. ZIMRA was described as very harsh in dealing with small businesses and not paying attention to their erratic incomes and cashflow challenges. This impacted negatively on the relational tax morale dimension (Luttmer & Singhal, 2014; Sebele-Mpofu, 2021a), thus lowering voluntary tax compliance. TE1 expressed that *"the current IS taxation framework and ZIMRA's approach to implementation cares very little about the survival and growth of the small business, the focus is on the collection of revenue and only collection of revenue and nothing more".*

4.3.6. Lack of Stakeholder Engagement on Policy Matters Affecting the IS

The ISOs emphasised that their their views were not included in policy designing leading to resistance to tax policies. Adak (2019) affirms that if taxpayers fee that their opinions were ignored in tax policy construction and in government spending of tax revenue, they are less likely honour the taxes. Similar views were also expressed by Resnick, 2019 and Resnick & Sivasubramanian, 2020. Seventy percent of TEs (TE1, 3, 5, 6 8, 9, 10) submitted that the lack of policymakers often ignore this sector, exploiting the fragmentation of the sector which robs of a strong voice. In Zimbabwe, similar concerns were raised by Machemedze et al. (2018) articulated that policies towards the IS in Zimbabwe are archaic and with a colonial orientation, oppressive to the IS, opening avenuesfor corruption and predatory behaviour by some government officials. In South Africa, Fourie (2018), lamented the laxk of support and enablement for the IS. TE1 emphasised the existence of a fractured relationship between the tax authority and the IS, with the the authority being too aggressive in their tax collection efforts, thus reducing trust and failing to foster voluntary compliance.

5. Conclusions, Limitations, and Areas of Further Research

The study sought to explore the constraints to informal sector tax administration, enforcement, and compliance in African countries focusing on Zimbabwe. Building from the reviewed literature, the results of the study, and recommendations proposed by participants, it was evident that administering presumptive taxes to the IS was a difficult exercise facing several constraints. Presumptive tax systems, if unchecked can be harmful to the economy as entrepreneurship efforts and prospects for growth and survival of small enterprises are hampered. It was also clear that the IS finds it difficult to comply with the presumptive tax frameworks. The findings also show an unbalanced allocation of resources as more attention is given to the non-compliance of IS yet the tax policies, presumptive tax framework, and administrative capacities remain fragmented and neglected. This study was limited to Zimbabwe and the presumptive tax system, future studies should explore informal sector taxation in the context of other tax jurisdictions. The study was purely based on qualitative methods, and studies that quantify the level of compliance by the informal sector could bring to light the magnitude of revenue lost to this sector. Future researchers could perhaps employ the quantitative approach or the mixed method approach.

6. Recommendations

Figure 5 foregrounds the discussion on recommendations. The roots of the tree reflect the suggestions on how the various stakeholders could contribute to IS tax administration to improving IS tax administration, enforcement and compliance and the fruits depict the possible outcomes of implementing the suggestions. The envisaged results outcomes cystallise in better tax compliance, improved tax revenue collection from the sector, the accomplishment of the inclusive, growth gains, equity advantages and other benefits of effective IS tax administration. These suggestions and stakeholders working together could help address the presumptive tax enforcement and compliance challenges. The fruition of the suggestions could be context-dependent, being influenced by competences and capabilities of tax officers, the magnitude and type of IS operators, the legal and institutional environment, economic and political settings (Oviedo, 2009).

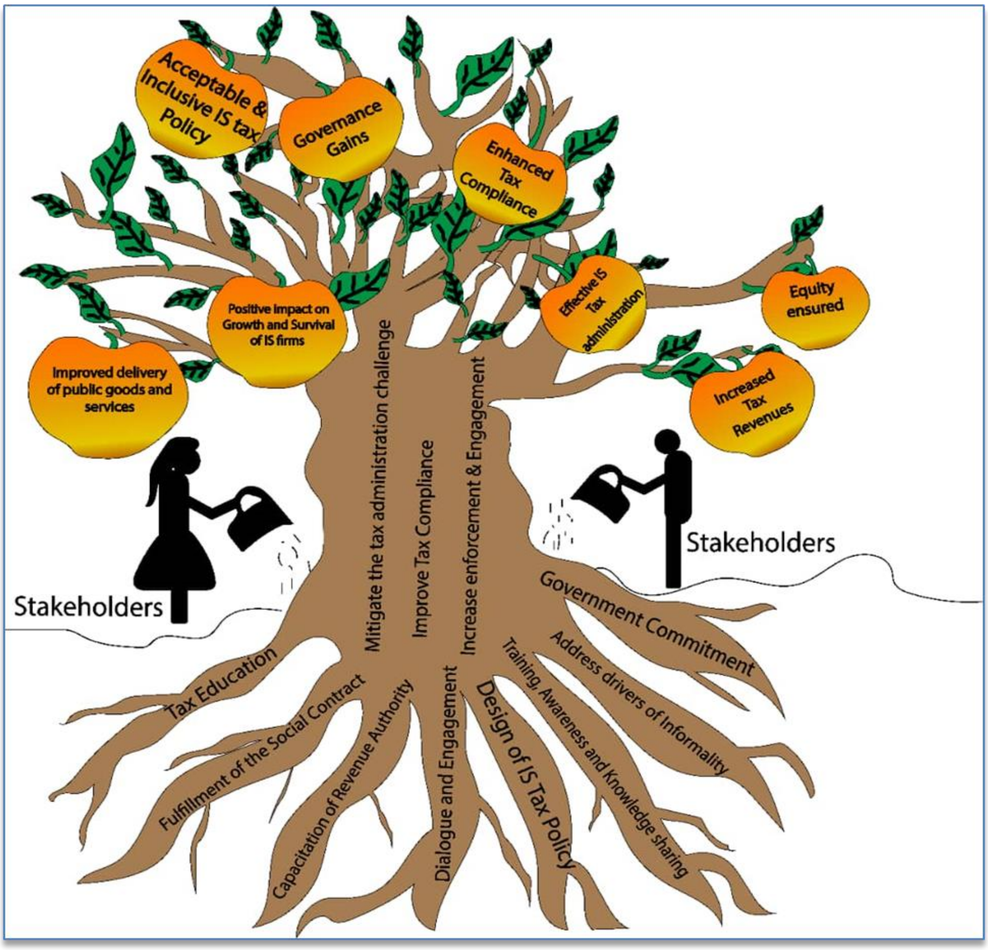

Figure 5. Schematic Presentation of Recommendations
Source: Own Compilation (adapted from Mpofu 2021)

6.1. Tax Education, training, awareness, and knowledge sharing

Tax knowledge was found to be an issue of concern among IS operators, especially in light of tax legislation being confusing and ambiguous as well as being subject to different interpretations. To enhance the effectiveness of IS tax administration and boost voluntary compliance, the government would need to simplify tax legislation and the revenue authority would need to invest time in tax knowledge sharing. Knowledge could be shared through workshops, seminars, conferences, and other policy briefs utilising platforms such as televisions, social media and radios. The workshops could also be done for legislators and politicians to enhance tax education awareness and reduce political interference in tax administration. In light of the high-handedness of tax officials' perceptions, this could be a way of repairing the damaged relational implied social contract between the government (ZIMRA and other government institutions) and the IS. Hallsworth et al. (2017) concluded that tax education and knowledge dissemination increased voluntary tax compliance as tax papers became aware of the role of tax in the economy and the importance of honouring their obligations.

6.2. Fruition of the Implicit Social Contract

Service delivery especially the issues of working spaces, sanitation facilities, and an enabling working environment were major concerns for the ISOs who felt robbed in paying taxes. They felt the formal sector was given preferential treatment yet the IS was neglected but expected to pay tax just like the formal sector. To encourage tax compliance, governments need to improve tax morale through the delivery of public service and goods in a focused mane that addresses the challenges and needs of the IS. Sebele-Mpofu (2020a) and Meagher 2018), as well as Resnick (2020), adduce that government accountability and responsiveness, delivery of quality public goods and services are fundamental determinants of tax morale and compliance. In concurrence, Dickerson (2014:310) argues that when taxpayers are of the view that the quantity and quality of public goods and services are not commensurate with if taxpayer their “tax investment”, they become unwilling to honour their tax obligations. Tax evasion increases.

6.3. Capacitation of the Revenue Authority

Bahl and Bird (2008), suggest that the perspective that calls for only an increase in the allocation of resources, as a tool for improving tax administration, was a misconception as revenue mobilisation effectiveness was a product of many factors. Critical among them being, the contextual environment (political, social, economic and legal), tax morale, governance and institutional quality as well revenue authority capacity and capability. The revenue authority needs to improve the skills, expertise, and exposure of its officers in line with the changes in the business world with the advent of globalisation, digitalisation, and mobile nature of transactions.

6.4. Dialogue and Engagement with Informal Sector Stakeholders

The study participants largely pointed to a lack of stakeholder consultation especially the IS in policies affecting them as well as tax policy not taking into consideration the challenges they face, the low incomes as well as lack of knowledge and awareness. This study recommends the need for stakeholder consultation and inclusivity in the formulation of tax policy. Mpofu (2021b) avows that “stakeholder engagement is a key input to policy acceptance and compliance, with knowledge and partnership being key vectors to the engagement. Government must engage the IS associations on policy issues that affect their members and they, in turn, should consult their members”.

6.5. Improve the Design of IS Tax Policy (Presumptive Tax Frameworks) and Legislation

Government through the Ministry of Finance and in consultation with ZIMRA, Tax Experts, Ministry of Small and Medium Enterprises as well the IS could revisit the presumptions made in formulating the current IS taxation framework. There is a need to review the presumptive taxes and evaluate their applicability in the current context considering the deteriorating economic environment. The feasibility of administering these taxes and the sector’s ability to honour the taxes needs to be re-looked at. The covid-19 pandemic has had devastating effects on economies globally and Zimbabwe is no exception. More research should be done on incentives, rebates, and other measures to improve tax morale and compliance in the IS. Extensive research has to be conducted on the ability to pay by the various players in the IS to pay the presumptive taxes. For example, considering that the presumptive taxes are fixed and based on presumed incomes, not actual incomes and related expenses. Perhaps the tax rates need to be reduced to cater to the sector’s low incomes and the effect of the covid-19 pandemic on the activities of the sector.

6.6. Put in Place Risk Management Initiatives

From the study, it was also found that IS tax administration and enforcement were hampered by the absence of a database for IS operators as well as the lack of a risk management framework to monitor administration and compliance. This research, therefore, recommends a four-step risk management plan to improve enforcement and compliance. This was informed by suggestions from Bird (2008). The plan is as follows: (1) ZIMRA should at least attempt to project the possible tax base for the IS in Zimbabwe. (2) Identify the probable taxable operators of the IS and create their database. (3) Design a risk management framework that guides equitable taxation of the sector, how to share tax policy information, how to administer taxes on the sector as well as to address issues of enforcement such as penalties. It will also be essential to categorise these prospective taxpayers into relatively homogeneous groups, perhaps by industry or by sector. Tax administration resources could then be deployed effectively by addressing the risks and plan of action identified for each category. (4) Monitor, assess and collect feedback on the effectiveness of the systems, its strengths, and weaknesses. This is important because tax policy must be dynamic and change in line with the outcome of policy evaluation, in terms of relevance, applicability, effectiveness, and impact. The changing business world, digitalisation and mobile money transactions among other issues such as tax evasion avenues could open crevices in tax systems. Therefore tax policy evaluation, review, monitoring, and improvement are an important part of tax policy formulation.

6.7. Co-operation and Coordination of Various Government Departments that Deal with the IS

There should be enhanced co-ordinationand cooperation between local authorities, ZIMRA and agencies such as ZINARA with a clear allocation of responsibilities. ZIMRA officers and Tax Experts described the co-operation between these government departments as working together in principle but not in practice. The challenge seems to affect most developing countries concerning tax administration and enforcement as adduced by Prichard (2009, p. 17) "There appears to be remarkably little coordination between local authorities and national tax revenue authorities".

6.8. More Research

Extensive research should be done on the fimancial performance, profitability, expenses, ability to pay and vulnerabilities of various IS gategories as the ability to pay is one of the canons of an ideal taxation. Research would provide comprehensive insights on the actual income received by or accruing to the IS operators in certain sectors and industries so that taxes takes does not take the larger proportion of incomes, thus compromising the economy canon of taxation. ZIMRAO2 recommended that *"thorough research needs to be carried out assessing the practicability of taxing the sector, the appropriate tax framework to be applied, the affordable rates that are sustainable overtime and ZIMRA's capacity to administer the informal sector tax policy".*

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