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An Empirical Study of the Impact of Lockdown Measures on the Presumptive Taxation of Zimbabwe: A Case Study of ZIMRA

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Abstract

Following the health-care crisis caused by COVID-19, the Zimbabwean government, like many others across the world, imposed a lockdown. This had varying degrees of impact on various tax systems. This research paper examined the effects of lockdown measures on Zimbabwe's presumptive taxation. The study adopted a quantitative research approach, and semi-structured questionnaires were used to obtain detailed data. The results showed that COVID-19-induced lockdown restrictions impacted Zimbabwe Revenue Authority's (ZIMRA's) presumptive tax collection and the livelihood of informal merchants. Many factors exacerbated the situation, one of which was the short notice in declaring lockdown enforcement. The informal traders indicated that the COVID-19 lockdown measures had a negative impact on their revenue generation and demand for their goods and services. The COVID-19-induced lockdown measures resulted in a drastic fall in presumptive tax collections in 2020. The study recommends that the Zimbabwean government assist small company owners, empower them and enable them to restart their operations. Furthermore, there is an urgent need to educate informal merchants about health hazards such as COVID-19, and support from the formal sector and international donors should ensure that informal traders such as vegetable vendors, cobblers, and transport operators have protective equipment as recommended by medical experts so that they can safely continue to be in business for them to be able to pay their presumptive taxes in time without fail.

Keywords: COVID-19-induced lockdown measures, Informal sector, Informal traders, Lockdown measures, Presumptive tax, Zimbabwe.

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1. Introduction

According to [Mugabe \[1\]](#), “the Zimbabwean government launched COVID-19-induced lockdown measures on March 31, 2020”. The measures included total border closures to the rest of the world, travel restrictions, company closures for non-essential services, and others. According to [Chagonda \[2\]](#), “these rules had a negative influence on the Zimbabwean economy, welfare, and taxation systems”. This idea is backed by a number of writers who conducted studies in many nations, such as [Resnick \[3\]](#) who claims that “many countries were compelled to take steps to safeguard their local markets in the form of import restrictions”. [International Monetary Fund \[4\]](#) is also in favor of the notion that “the lockdown measures disrupted international trade and global supply chains for essential and non-essential goods and services, resulting in a reduction in import taxes and subsidizing import-based companies to reduce their reliance on imported goods and services”. [Medina and Schneider \[5\]](#) also asserted that “the informal sector in Zimbabwe supports many families and that many people who work in the formal economy supplement their income through informal sector activities, resulting in the informal sector accounting for 61 percent of the country’s GDP- Gross domestic product from 1991 to 2015”. As a result, business closures had a greater impact on trade-dependent least developed countries (LDCs) on the African continent, where small-scale traders account for a larger share of the economy. [International Monetary Fund \[4\]](#) also noted that “small-scale traders are seen to be the backbone of the African economy, hence, closure of business locations to these traders resulted in a significant fall in the taxes collections to government”. This is shown in [Table 1](#) presenting the Targeted and Actual Revenue amounts collected by ZIMRA in 2018, 2019 and 2020 as other taxes.

Table 1
Q3 2020 Collections vs. Targets, Q3 2019 Collections vs. Targets, and Q3 2018 Collections.

| Year | 2020 | 2019 | 2018 |
|----------------------------|-------------------|----------------|---------------|
| Q3 Other Taxes \$ (Target) | 3,541,380,000.00 | 78,944,682.18 | 47,266,988.3. |
| Q3 Other Taxes \$ (Actual) | 613,079,413.48 | 61,112,699.35 | 50,362,646.10 |
| Variance \$ | -2 928,300,586.52 | -17 831,982.83 | 3,095,657.77 |

Source: ZIMRA Revenue Performance Report for the years 2018/2019/2020.

The cessation of activities in the informal sector resulted in a loss of revenue in the form of tax collections by tax authorities. [Roelen, et al. \[6\]](#) and [Zamchiya, et al. \[7\]](#) argue that “there were also high rates of unemployment due to lockdown measures”. This notion is supported by [Price \[8\]](#) who points out that “many small-scale traders were forced to make some of their employees redundant since they were no longer operating at their full capacity, resulting in them being pushed into the informal sector where not every “cent or dollar” made by the informal traders is accounted for and taxed by the government through ZIMRA”.

According to [International Labour Organization \(ILO\) \[9\]](#), “restrictions on people’s movement and the abrupt halting or significant downscaling of economic activities to control the spread of COVID-19 have a strong effect on informal businesses.” Most owners of informal businesses have no choice but to use their limited business resources for consumption since they have no reserves or other financial buffers.

[Chagonda \[2\]](#) is of the view that the “COVID-19 pandemic threatened the livelihood of millions of Zimbabweans in the informal sector”. According to [Beglaryan and Shakhmuradyan \[10\]](#), “given the high rate of unemployment, the informal sector emerged to be the only hope for many families”. People were being pushed into the informal economy in which they end up engaging in small business activities of all sorts selling anything that can make them earn a living under the lockdown restrictions. [Mandla \[11\]](#) stated that “on average, vendors indicated that before the COVID-19-induced lockdown measures, they used to get an income ranging from ZW\$200 to ZW\$400 on a good day. During the lockdown, the figures went down drastically to an average of ZW\$20 to ZW\$50 a day”. According to [Quartz Africa \[12\]](#), “this implies that informal traders’ revenue declined by more than 70%.” “This is so because during the lockdown, vendors were only serving their neighbors as their regular customers unlike selling from the vegetable markets” [Mandla \[11\]](#). [Muvhuringi, et al. \[13\]](#) supported this notion by stating that “COVID-19-induced lockdown measures restricted normal execution of Agriculture extension services and movement of agricultural produce”. “Agriculture is seen as the backbone of the Zimbabwean economy” [\[14\]](#). The COVID-19 lockdown measures grossly affected agricultural extension and food supply. Direct farmer access to extension services was limited due to travel restrictions, social distancing, and banning of public gatherings; this made it difficult for the farmers to deliver their farm produce such as vegetables and maize to markets where the informal traders popularly known as “Makoronyera” in Zimbabwe are supposed to be located for business. “Therefore, this implies loss of revenue to both the informal traders and farmers due to limited access to city centers selling points”. [Gwatidzo and Chazovachii \[15\]](#) state that “COVID-19- induced lockdowns affected the livelihoods of Small and Medium Enterprises (SMEs) entrepreneurial women in Zimbabwe (specifically in Masvingo) as well as all over the globe”. Supporting the aforementioned notion, [Sultan and Sultan \[16\]](#) stated that “COVID-19-induced lockdown measures paralyzed entrepreneurial women capital assets thereby militating against their self-sustenance, self-reliance, advancement and most importantly their income or revenue”. Hence, the closure of markets and mobility permits resulted in entrepreneurial women’s revenue falling drastically in the year 2020. [Mandla \[11\]](#) also opined that “COVID-19 lockdowns drastically affected the income or revenue of informal traders during the year 2020”.

“The lockdown measures resulted in the deepening of poverty levels at the household level as 94% of the studied informal traders indicated that they could no longer afford to live their normal life and 6% revealed that they could since they had other sources of income that were not related to informal trading. [Beglaryan and Shakhmuradyan \[10\]](#) were of the view that “Small to Medium Enterprises employees are more inclined to think that the COVID-19 pandemic crisis has affected their

finances as much as most people's". Chirume and Kaseke [17] also concluded that "due to closures and reduced networking hours recommended and imposed by the Government to curb the spread of the virus, sustenance of business operations will be particularly difficult for Small and Medium Enterprises in Zimbabwe". "For most of the Small and Medium-sized Enterprises (SMEs), they could no longer afford the cost of doing business under COVID-19 lockdown current environment. For example, SMEs in Chinhoyi, such as "Chidarikire Dollars Booster," have closed down since the lockdown and have been laying off their employees due to a drastic fall in revenue as a result of a fall in sales". This is also supported by Ziwire [18] as he states that "lockdown restrictions prevented any substantial movements of vendors". Therefore, the informal sector became a terrain of political struggles for control with serious consequences for the livelihoods of the poor vendors. For example, enforcing a ban on second-hand clothes produced outrage, as thousands of informal traders instantly lost their income as a result of the ban on non-essential business activities in Zimbabwe.

1.1 Problem Statement

Presumptive tax was introduced by the government in a bid to improve the tax base. However, due to COVID-19-induced lockdown measures, Zimbabwe Revenue Authority has faced a decrease in revenue collected as shown in Table 2.

Table 2.

Presumptive tax head target vs. actual revenue collected and % contributions.

| Year | 2018 | 2019 | 2020 |
|--|-----------------|------------------|-----------------|
| Target | \$47,266,988.33 | \$34,978,971.43 | \$16,140.740 |
| Actual | \$50,362,646.10 | \$16,265,721.28 | \$9,659,587.85 |
| Variance (US\$) | \$3,095,657.77 | -\$18,713,250.15 | -\$6,481,152.15 |
| % Variance | 6.55% | -53.50% | 40.15% |
| % Contributions of presumptive and other taxes | 2% | 0.52% | 1% |

Source: ZIMRA Revenue Performance Report for the years 2018/2019/2020.

1.2. Research Objectives

- To evaluate the effects of lockdown measures on the revenue of informal and small-scale traders.
- To assess the impact of lockdown measures on the demand for goods and services sold by informal traders.
- To identify threats to presumptive tax collection during the lockdown.
- To recommend ways of improving the collection of presumptive tax during the lockdown.

2. Theoretical Literature Review

A few researchers have worked on the impact of lockdown measures on the presumptive taxation of Zimbabwe. This section will synthesize how COVID-19-induced lockdown measures impacted the current presumptive tax system in Zimbabwe in light of prior research studies conducted. Agarwal and Mulenga M [19] conducted research on the impact of COVID-19 on International Trade; they used both quantitative and qualitative research methodologies in gathering enough relevant data. The results from their research show that "COVID-19-induced lockdown measures disrupted international trade and global supply chain for essential and non-essential goods and services. The most profound impact of the lockdown measures was felt by trade-dependent least-developed countries located on the African continent; therefore, the closure of business as a measure to prevent the spread of the virus resulted in the government losing revenue which should have been collected in the form of import and export taxes". The study was based on the impact of COVID-19 on International Trade. Therefore, this research aims to assess the impact of lockdown measures on the presumptive taxation of Zimbabwe which [19] was left out in the aforementioned research. Sultan and Sultan [16] researched the impact of the coronavirus crisis on the performance of women in small to medium-sized enterprises. They used qualitative and quantitative methodologies in gathering enough relevant data required to carry out a research study. The results showed that the "coronavirus crisis harms performance in terms of production and turnover profits of many women medium-sized enterprises, making it close to impossible for those in the informal economy to meet their tax payments to ZIMRA". This study was based on the impact of coronavirus on the performance of medium-sized enterprises. However, the current research aims to assess the impacts of the COVID-19-induced lockdown measures on the presumptive taxation system which Sultan left out in his research.

Mandla [11] researched the impact of lockdown measures on the informal sector. He used qualitative research approaches in gathering enough relevant data. According to his research findings, "COVID-19 pandemic threatened the livelihood of millions of Zimbabweans in the informal sector. Given the high rates of unemployment in Zimbabwe, the informal sector has emerged to be the only hope for many families". According to Mandla [11], "people were being pushed into the informal economy in which they ended up engaging in small business activities of all sorts selling anything that can make them earn a living under the lockdown restrictions". This resulted in the Government losing revenue in the form of taxes such as Income tax and Payee tax that would have been collected under the formal economy from these traders if they were formally employed, since each dollar or cent made is likely to be accounted for and taxed by the state through the tax authorities.

United Nations Development Programme [20] conducted a research study on the preliminary assessment of the socioeconomic impact of Coronavirus (COVID-19) on Zimbabwe. Using the qualitative research approach, the results concluded that "on average, vendors indicated that before the COVID-19-induced lockdown measures, they used to get an income ranging from ZW\$200 to ZW\$400 on a good day. During the lockdown, the figures went down drastically to an average of ZW\$20 to ZW\$50 a day. This implies that the informal economy revenue declined by more than 70% as well as

tax collections by tax authorities in the year 2020. This is so because during the lockdown, vendors were only serving their neighbors as their regular customers unlike selling from the vegetable markets which were closed as a result of COVID-19 pandemic". The bulk of their customers who were buying from them during the normal days before COVID-19 lockdown measures were locked down in their houses for fear of COVID-19 health effects.

Beglaryan and Shakhmuradyan [10] carried out a study on the impact of COVID-19 on small and medium-sized enterprises in Armenia. The research findings revealed that "small to medium-sized enterprises employees are more affected by the crisis since it affected their personal finances as tax charges went up as much as for most people".

3. Research Methodology

The study adopted a quantitative research methodology. The research population of this study was made up of ZIMRA Government employees at Kurima House and Harare high-density neighborhoods with high populations, as these regions have more informal enterprises than low-density suburbs. The study focused on vendors, cobblers, illicit forex traders, carpenters, welders, taxi drivers, hair salons, cottage industries, and bottle shops.

As shown in Tables 3 and 4, a sample was drawn from the intended population for this study.

Table 3.
Sample size –informal traders.

| Description | Targeted Population | Sample Size | % |
|-----------------------|---------------------|-------------|-------|
| Vendors | 10 | 5 | 50% |
| Cobblers | 5 | 5 | 100% |
| Illegal forex dealers | 5 | 5 | 100% |
| Carpenters | 5 | 4 | 80% |
| Welders | 4 | 3 | 75% |
| Taxi operators | 4 | 3 | 75% |
| Restaurants | 5 | 5 | 100% |
| Hair Salons | 5 | 5 | 100% |
| Cottage Industries | 4 | 3 | 75% |
| Bottle stores | 4 | 3 | 75% |
| Total | 51 | 41 | 80.4% |

Table 4.
Sample size –ZIMRA government officials.

| Description | Population | Sample Size | % |
|------------------------|------------|-------------|-------|
| Regional Manager | 2 | 1 | 50% |
| Tax Manager | 5 | 4 | 80% |
| Supervisor | 15 | 10 | 66.7% |
| Revenue Specialists | 45 | 15 | 33.3% |
| Revenue Trainees | 13 | 6 | 46.2% |
| Students on attachment | 5 | 3 | 60% |
| Zimra Liaison Officers | 10 | 5 | 50% |
| Zimra Accounts stuff | 10 | 0 | 0 |
| Total | 105 | 44 | 41.9% |

When conducting the survey for this study, the researcher utilized the purposive sampling technique. To obtain a representative sample of taxi drivers and sellers, the researcher utilized stratified random sampling. Furthermore, ZIMRA government officials were chosen using the judgment sampling technique, which the researcher chose since it is low-cost, convenient, and time-consuming, and is perfect for descriptive study design. The research used primary data as a basis for the study. The researcher used structured questionnaires to collect data from the targeted population that was relevant to the subject region.

4. Results

4.1. Informal Traders Registered for Presumptive Tax Purposes

The question was established to find out whether all informal traders in Zimbabwe are registered with ZIMRA and obligated to pay presumptive tax. Figure 1 shows the findings from the research.

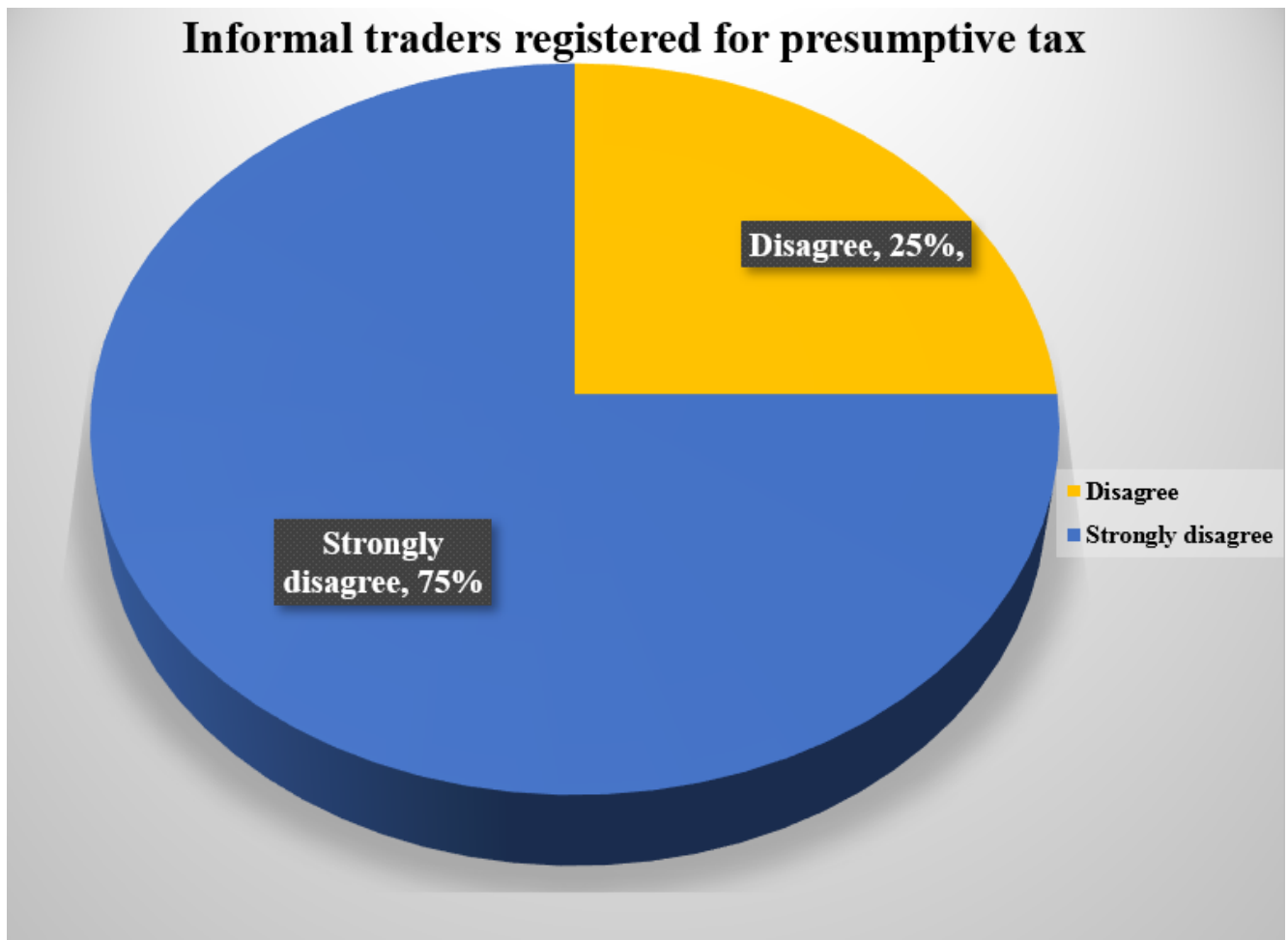


Figure 1.
Informal traders registered for presumptive tax purposes.
Source: Primary data (2021).

With reference to Figure 1, 25% disagree, 75% strongly disagree and none from the target population agreed, strongly agreed, or were neutral to the notion that informal traders are registered for presumptive taxation. From the findings obtained from the questionnaires, it can be confirmed that many from the informal economy were not registered with ZIMRA for presumptive tax deductions. This notion was also supported by Wellalage and Locke [21] who pointed out that informal traders do not register and pay presumptive tax to tax authorities. To conclude the analysis, it can be confirmed that informal traders do not register with tax authorities for presumptive tax.

4.2. Type of Business Operation

This question was established to ascertain the representation of the target population. Table 5 shows the findings.

Table 5.
Informal traders' types of business.

| Type of business | % |
|-----------------------|-------------|
| Vendors | 12% |
| Cobblers | 13% |
| Illegal forex dealers | 22% |
| Carpenters | 14% |
| Welders | 13% |
| Taxi operators | 8% |
| Restaurants | 3% |
| Hair salons | 4% |
| Cottages industries | 4% |
| Bottle stores | 7% |
| Total % | 100% |

Source: Primary data (2021).

With reference to Table 5, business operations represent a fair share relative to their target population.

4.3. Basic Income Tax Knowledge

The question sought to establish if the informal traders and the ZIMRA Officials are aware of the existence of the Income tax policy of Zimbabwe. Table 6 shows findings from the research.

Table 6.
Respondents with basic income tax knowledge statistics.

| Description | Issued | Returned | Responses | |
|------------------|--------|----------|-----------|--------|
| | | | Yes | No |
| Informal traders | 41 | 26 | 16 | 10 |
| ZIMRA Officials | 44 | 44 | 44 | |
| Total | 85 | 70 | 60 | 10 |
| Percentage | - | - | 85.71% | 14.29% |

Source: Primary data (2021).

With reference to Table 6, 85.71% (60/70) of the respondents are well versed with the basic income tax knowledge by ticking YES, whilst 14.29% (10/70) ticked NO confirming that they are not familiar with the income tax policy of Zimbabwe. Information gathered from the interviews conducted and questionnaires returned can be confirmed that the informal traders and ZIMRA officials have basic income tax knowledge. This also is supported by Peter [22] who stated that the public should be sensitized on taxation because it has an influence on tax compliance by taxpayers. However, many from the informal economy noted that the current income tax policy is only well-known by those that are in the policy making and the implementation business, that is, the tax authorities such as ZIMRA. To conclude the analysis, there is a need to sensitize the taxpayers for them to understand why the government is charging a specific amount as presumptive tax on their income.

4.4. Basic Computer Skills and Knowledge

The main objective of the question was to find out if the targeted population is well versed with the computer skills and knowledge for them to be able to understand how the tax authorities determine the presumptive tax charged on the informal traders in Zimbabwe. Table 7 shows the findings from the research.

Table 7. Respondents' basic computer skills and knowledge of statistics

| Description | Issued | Returned | Responses | |
|------------------|--------|----------|-----------|--------|
| | | | Yes | No |
| Informal traders | 41 | 26 | 20 | 6 |
| ZIMRA Officials | 44 | 44 | 35 | 9 |
| Total | 85 | 70 | 55 | 15 |
| Percentage | | | 78.57% | 21.43% |

Source: Primary data (2021).

From Table 7, 78.57% (55/70) of the respondents are well versed with computer skills and knowledge making it easier for them to understand how presumptive tax is computed by the tax authorities, whilst 21.43% (15/70) were not that computer literate. It can be concluded that although computer skills and knowledge is in existence, there are only a few members who are unaware of how to use a computer to compute (ZIMRA employees) or to review (Informal traders) their presumptive tax computations.

4.5. Current Presumptive Tax Policy Framework

The objective of the question was to ascertain whether informal traders and ZIMRA officials are fully aware of the current presumptive tax policy framework. Tables 8 and 9 show the findings of the research.

Table 8.
Current presumptive tax policy Framework-Harare high-density suburbs informal traders

| Responses | Number of Respondents | Proportion |
|-------------------|-----------------------|------------|
| Agree | 8 | 37.76% |
| Strongly agree | 0 | 0 |
| Neutral | 18 | 69.24% |
| Disagree | 0 | 0 |
| Strongly disagree | 0 | 0 |
| Total | 26 | 100% |

Source: Primary data (2021).

As shown in Table 8, 37.76% (8/26) of the respondents agree that there is a presumptive tax policy framework in Zimbabwe, whilst 69.24% (18/26) were unsure by remaining neutral to the same notion. The information gathered through the questionnaires issued to the informal traders confirmed the existence of the presumptive tax policy framework in Zimbabwe. However, many confirmed that the framework is only known by those that are in policy making and implementation business, such as ZIMRA by ticking the neutral response. The informal traders are unaware of the existence of presumptive tax according to Dalu, et al. [23]. Lack of involvement of the informal sector in determining the presumptive

taxes results in informal traders being reluctant to know about it [Utaumire, et al. \[24\]](#). In conclusion, although none disagreed or strongly disagreed with the existence of the presumptive tax policy framework in Zimbabwe, many people in the informal economy are not fully aware of its existence.

Table 9.
Current presumptive tax policy framework -ZIMRA officials.

| Responses | Number of Respondents | Proportion |
|-------------------|-----------------------|------------|
| Agree | 16 | 36.36% |
| Strongly agree | 20 | 45.45% |
| Neutral | 8 | 18.19% |
| Disagree | 0 | 0 |
| Strongly disagree | 0 | 0 |
| Total | 44 | 100% |

Source: Primary data (2021).

With reference to [Table 9](#), 81.81% (36/44) of the respondents are in agreement confirming the existence of the presumptive tax policy framework by ticking agree and strongly agree boxes of the responses, whilst 18.19% (8/44) of the respondents remain neutral to this notion. Findings obtained from the interviews and questionnaires revealed that only the ZIMRA officials are fully aware of the current presumptive tax policy framework. It can be concluded that although the presumptive taxation is in existence and known by the majority of the ZIMRA employees, there are a few members who are still not fully aware of its existence.

4.6. Compliance with the Current Presumptive Taxation

4.6.1. To what extent is the current presumptive tax policy easy to understand and comply with?

The question was posed in trying to establish if the current presumptive tax policy is easy to understand and comply with by both the informal traders and the ZIMRA officials. The findings are shown in [Tables 10](#) and [11](#).

Table 10.
Respondents on compliance of the current presumptive tax-Harare high-density suburbs informal traders

| Responses | Number of Respondents | Proportion |
|-------------------|-----------------------|------------|
| Agree | 4 | 15.38% |
| Strongly agree | 1 | 3.85% |
| Neutral | 0 | 0 |
| Disagree | 8 | 30.77% |
| Strongly disagree | 13 | 50% |
| Total | 26 | 100% |

Source: Primary data (2021).

With reference to [Table 10](#), 15.38% (4/26) agree, 3.58% (1/26) strongly agree with the notion that the current presumptive tax is easy to understand and comply with, whilst 30.77% (8/26) disagree, and 50% (13/26) strongly disagree with the same notion. Information gathered from the informal economy revealed that informal traders do not understand how the presumptive tax is being determined; therefore, complying with the current presumptive tax policy can be difficult. This is so because most of the informal sector's traders lack tax education and the lack of awareness from the tax authorities is also a challenge. This notion is argued by [Mutefura \[25\]](#) who stated that presumptive tax is easy to register for and comply with in Zimbabwe. The conclusions drawn from the analysis are, there are only a few complying with the current presumptive tax policy and there is a need for the tax authorities to sensitize the informal economy on how to comply with the tax policy.

Table 11.
Respondents on compliance of the current presumptive tax-ZIMRA Officials.

| Responses | Number of Respondents | Proportion |
|-------------------|-----------------------|------------|
| Agree | 15 | 34.10% |
| Strongly agree | 19 | 43.18% |
| Neutral | 7 | 16% |
| Disagree | 3 | 6.82% |
| Strongly disagree | 0 | 0 |
| Total | 44 | 100% |

Source: Primary data (2021).

With reference to [Table 11](#), 34.10% (15/44) agree, 43.48% (19/44) strongly agree, 16% (7/44) neutral, 6.82% (3/44) disagree, and 0% (0/44) strongly disagree with the notion that presumptive tax is easy to understand and comply with without the tax authorities' assistance. From the information gathered through interviews and questionnaires issued to ZIMRA officials, it is evident that only a few ZIMRA employees disagree with the notion that the current presumptive tax is easy to understand and comply with by the taxpayers. In agreement with this notion, [Mutefura \[25\]](#) stated that presumptive tax in

Zimbabwe is easy to comply with. In conclusion, the findings reveal that a majority of the ZIMRA officials understand and know how easy it is to comply with the current presumptive tax policy of Zimbabwe.

4.6.2. To What Extent Did the Introduction of Presumptive Taxation Encourage the Taxpayer to Comply with the Tax Laws?

The question sought to evaluate whether the introduction of presumptive taxation encouraged or discouraged taxpayers to comply with the ZIMRA tax laws. Table 12 shows the findings from the research.

Table 12. The introduction of presumptive taxation has encouraged me to want to comply with the tax Laws-Harare high-density suburbs' informal traders.

| Responses | Number of Respondents | Proportion |
|-------------------|-----------------------|------------|
| Agree | 2 | 8% |
| Strongly agree | 3 | 12% |
| Neutral | 3 | 12% |
| Disagree | 7 | 26.92% |
| Strongly disagree | 11 | 43.31% |
| Total | 26 | 100% |

Source: Primary data (2021).

With reference to Table 12, 8% (2/26) of the respondents agreed, 12% strongly agreed, 12% were neutral, 26.92% (7/26) disagreed, and 43.31% (11/26) strongly disagreed with the notion that the introduction of the presumptive tax by the government made the informal traders want to comply with the tax laws. Information obtained from the questionnaires returned by the informal traders revealed that only 20% (5/26) of the respondents agreed that the introduction of presumptive tax encouraged them to comply with the tax laws, with 12% remaining neutral to the notion, whilst 62.23% (18/26) disagreed. Odoom [26] shared the same opinion as illustrated in Table 12. He argued that the informal traders need some sort of recognition so that they comply with the presumptive tax regulations of the country set by the government.

Conclusively, the findings show that not all players in the informal economy are complying with the presumptive tax laws and regulations.

4.7. The Outcome of Presumptive Tax Submissions to ZIMRA to Be Used in the Most Ethical Manner

The question was posed in a bid to ascertain if the presumptive tax submissions by informal traders are being used in the most ethical manner. The research findings are depicted in Figure 2.

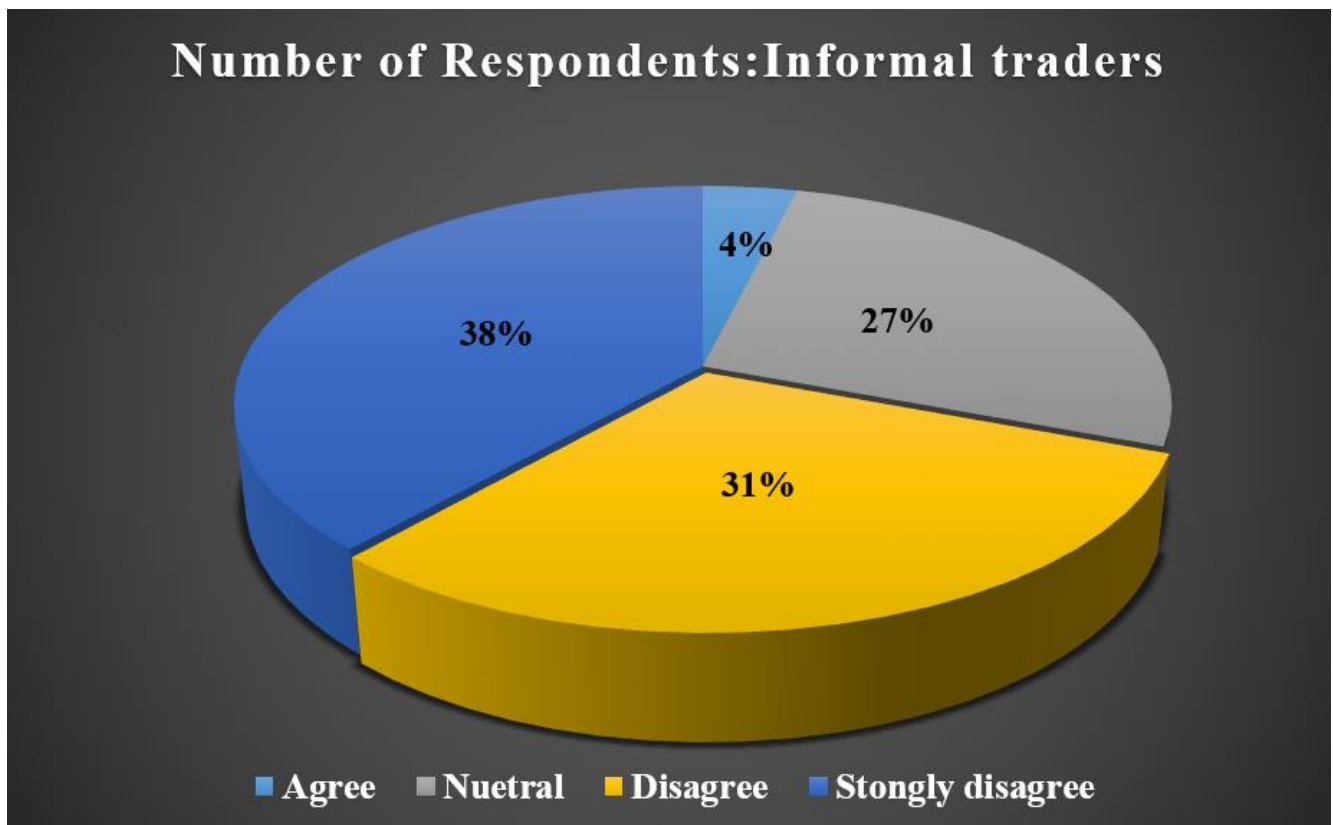


Figure 2. I trust the outcome of presumptive tax submissions to ZIMRA to be used in the most ethical Manner-Harare high-density informal traders' responses.

Source: Primary data (2021).

As shown in Figure 2, 4% of the respondents agreed, 0% strongly disagreed, 27% were neutral, 31% disagreed and 38% strongly disagreed with the notion that all the presumptive tax submissions are being used in the most ethical manner. From the information gathered through questionnaires, it is evident that only 4% of the target population (from the informal economy) agree that their tax payment is being used in the most ethical manner by the government, 27% remained neutral to this notion whilst 69%, which makes up the majority of the respondents, disagreed with the same notion. It can be concluded that only just a few members agree that their tax submissions are being used in the most ethical manner, whilst a majority remain unsure and some disagree.

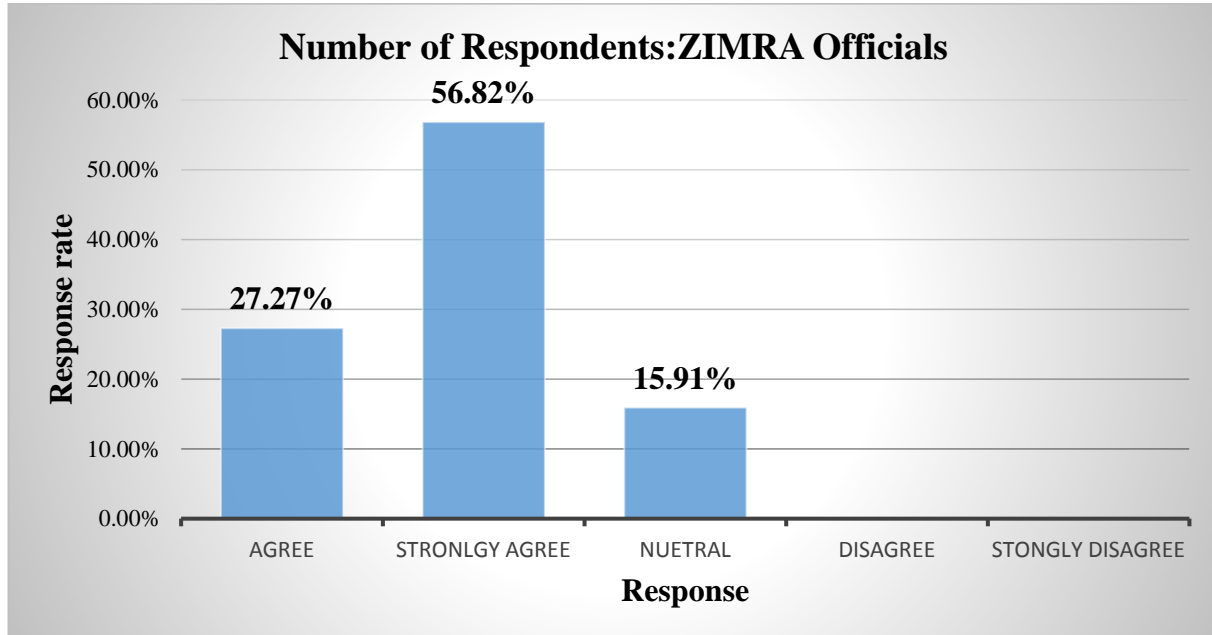


Figure 3. I trust the outcome of presumptive tax submissions to ZIMRA to be used in the most ethical manner-ZIMRA Officials' responses.
Source: Primary data (2021).

As illustrated in Figure 3, 27.27% of the respondents agreed, 56.82% strongly agreed and 15.91% were neutral to the notion that the outcome of presumptive tax submissions to ZIMRA will be used in the most ethical manner. Based on the responses gathered from the interviews and questionnaires with the ZIMRA officials, a majority (82.09%) were in agreement with the notion that all presumptive tax submissions to ZIMRA are to be used in the most ethical manner, whilst only 15.91% remained neutral to the same notion under questioning. The conclusion drawn from the foregoing shows that the majority of personnel at ZIMRA offices agree that all the presumptive tax collections made by ZIMRA from the informal traders are being used in the most ethical manner.

4.8. COVID-19 Lockdown Measures Disrupted Revenue Generation by Informal Traders in the Zimbabwean Economy and Presumptive Tax Collections by ZIMRA

The main objective of the question was to ascertain if respondents were of the view that COVID-19 lockdown measures disrupted revenue generation by informal traders and presumptive tax collections by ZIMRA. The findings are shown in Tables 13 and 14.

Table 13.
COVID-19 lockdown measures disrupted revenue Generation-Harare high-density informal traders' responses.

| Responses | Number of Respondents | Proportion |
|-------------------|-----------------------|------------|
| Agree | 10 | 38% |
| Strongly agree | 15 | 58% |
| Neutral | 1 | 4% |
| Disagree | 0 | 0.00% |
| Strongly disagree | 0 | 0.00% |
| Total | 26 | 100% |

Source: Primary data (2021).

With reference to Table 13, 38% (10/26) of the respondents agreed, 58% (15/26) strongly agreed and 4% (1/26) were neutral to the question I trust COVID-19 lockdown measures disrupted revenue generation by informal traders. The findings from the returned 26 questionnaires clearly show that majority of the respondents agree that COVID-19 lockdown measures disrupted revenue generation by informal traders, as 96% of them ticked either agree or strongly agree boxes with only 4% of them being neutral. This is also supported by Chirume and Kaseke [17] who stated that the COVID-19 pandemic has heavily affected SMEs (in Chinhoyi) revenue generation due to the closures and reduced working hours recommended and imposed by the Government to curb the spread of the virus.

It can then be concluded that the lockdown measures necessitated by the COVID-19 pandemic disrupted revenue generation by informal traders.

Table 14.

COVID-19 lockdown measures disrupted presumptive tax collections by ZIMRA-ZIMRA Officials' responses.

| Responses | Number of Respondents | Proportion |
|-------------------|-----------------------|------------|
| Agree | 11 | 25% |
| Strongly agree | 24 | 55% |
| Neutral | 9 | 21% |
| Disagree | 0 | 0.00% |
| Strongly disagree | 0 | 0.00% |
| Total | 44 | 100% |

Source: Primary data (2021).

From [Table 14](#), 25% (11/26) agreed, 55% (24/26) strongly agreed and 21% (9/12) were neutral to the question I trust COVID-19 lockdown measures disrupted presumptive tax collections by ZIMRA. Findings gathered from the questionnaires and interviews conducted by the ZIMRA offices confirmed that a majority of respondents confirmed the COVID-19 lockdown measures disrupted tax revenue collections. This is because most of the informal traders were locked down in their residents for fear of the virus and breaking the law which was set by the Government as a measure to prevent the spread of the virus.

4.9. COVID-19 Lockdown Measures Had an Impact on the Demand for Goods and Services Sold by the Informal Traders

The main objective of the question was to find out if the respondents could highlight if the lockdown measures had an impact on the demand for goods and services sold by the informal traders in Harare's high-density suburbs. The findings from the research are shown below in [Table 15](#).

Table 15. I Trust the Outcome Of COVID-19 Lockdown Measures Had an Impact on the Demand for Goods and Services Sold by the Informal Traders.

| Responses | Number of Respondents | Proportion |
|-------------------|-----------------------|------------|
| Agree | 11 | 25% |
| Strongly agree | 24 | 55% |
| Neutral | 9 | 21% |
| Disagree | 0 | 0.00% |
| Strongly disagree | 0 | 0.00% |
| Total | 44 | 100% |

Source: Primary data (2021).

From [Table 15](#), 25% (11/26) agreed, 55% (24/26) strongly agreed and 21% (9/12) were neutral to the question I trust COVID-19 lockdown measures disrupted presumptive tax collections by ZIMRA. 80% (35/44) are in agreement with the notion that COVID-19 lockdown measures disrupted presumptive tax collections by tax authorities, whilst 21% (9/44) remained neutral to this notion. This was evident from the findings obtained through interviews conducted with the ZIMRA officials and questionnaires issued to them to fill out. [Mandla \[11\]](#) supported these findings by revealing that before the lockdown was effected, on average vendors used to get an income ranging from ZW\$200 to ZW\$400 on a good day. During the lockdown, the figures went down to an average of ZW\$20 to ZW\$50 per day. It can be concluded that the majority of ZIMRA officials confirmed the existence of a disruption in presumptive tax revenue by ZIMRA as a result of COVID-19 lockdown measures. However, just a few members remained neutral to this notion since they highlighted in interview sessions that presumptive taxes have been having weaknesses already before the lockdown measures came into effect.

4.10. The Current Presumptive Taxation Charged by Zimbabwean Government Have a Negative Impact on the Informal Traders' Revenue

This question sought to find out if the presumptive taxes charged by the Zimbabwean government have a negative impact on the revenue of informal traders in Harare's high-density suburbs. [Figure 4](#) shows the finds from the research

With reference to [fig. 4](#), 42% agreed, 50% strongly disagreed, 8% were neutral and none disagreed or strongly disagreed with the notion that the current presumptive taxes charged by ZIMRA have a negative impact on the informal traders' revenue. Information gathered from the informal traders through the questionnaires revealed that the current presumptive tax rate being charged by the government does have a negative impact on their revenue. This notion is also supported by [Hove, et al. \[27\]](#) who went on to state that the current presumptive tax levied on informal traders is not being managed well by the informal sector. In conclusion to the analysis, it can be noticed that the majority of taxpayers agree that the prevailing rates charged by the government on the informal economy do have a negative effect on their income or revenue.

Response rate: Informal traders.

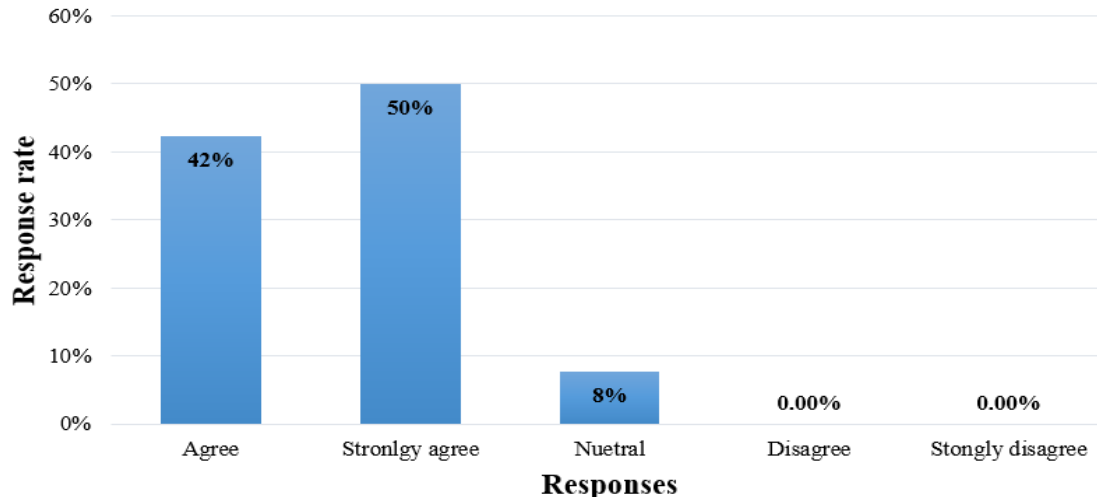


Figure 4. Do the current presumptive taxation charged by ZIMRA have a negative impact on the informal traders' revenue?
Source: Primary data (2021).

4.11. Threats to Presumptive Tax Collections by ZIMRA

The main objective of the question is to ascertain whether corruption, social and cultural influences, or attitudes toward taxes discourage SMEs and informal traders from complying with the presumptive tax system of Zimbabwe. The findings from the research are shown in Table 16.

Table 16: I trust corruption, social-cultural differences, or attitude toward taxes discourages SMEs and other informal traders from complying with the presumptive tax system of Zimbabwe.

| Responses | Number of Respondents | Proportion |
|-------------------|-----------------------|-------------|
| Agree | 15 | 34% |
| Strongly agree | 22 | 50% |
| Neutral | 7 | 16% |
| Disagree | 0 | 0.00% |
| Strongly disagree | 0 | 0.00% |
| Total | 44 | 100% |

Source: Primary data (2021).

With reference to Table 16, 34% (15/44) of the respondents agreed, 50% (22/44) strongly agreed and 16% (7/44) were neutral to the notion that corruption, social-cultural differences, or attitudes toward taxes discourages SMEs and informal traders from complying with the presumptive tax system of Zimbabwe. Lumumba, et al. [28] singled out cultural perception and peer behavior as the two main causes of non-compliance by informal traders to presumptive taxation. Findings obtained from the interviews carried out on ZIMRA officials and questionnaires returned by them confirmed that a majority of 84% (37/44) are in agreement with the notion in question and only 16% (7/44) remain neutral. These findings are also supported by Nyamwanza, et al. [29] who stated that SMEs' attitudes and practices towards tax compliance in Zimbabwe have an impact on revenue collection by tax authorities. Conclusively, it can be noted that tax authorities agree that corruption, socio-cultural differences and attitudes of informal traders towards taxes discourage compliance with the current presumptive tax system of Zimbabwe.

5. Conclusion

The study concentrated on analyzing the effects of COVID-19-induced lockdown measures on Zimbabwe's presumptive taxes. According to the research, the lockdown measures have an influence on the revenue of informal merchants, revenue collections by ZIMRA in the form of presumptive taxes, and demand for the goods and services offered by informal traders. The present presumptive tax rate has a severe impact on the informal sector, threatening their survival. Most of the informal traders are reluctant to comply with the current presumptive tax policy framework due to high levels of corruption in Zimbabwe, social and cultural influences from external parties that make it difficult for them to meet up with their tax payment to ZIMRA, and the attitude that the informal traders such as vendors, transport operators, and others have towards tax compliance.

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