EVALUATING THE IMPACT OF TAX KNOWLEDGE ON TAX COMPLIANCE AMONG SMALL MEDIUM ENTERPRISES IN A DEVELOPING COUNTRY

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ABSTRACT

Tax non-compliance is an area of concern for all government and tax authorities and it will continue to be an important issue that must be addressed. From a tax administration point of view, the rapid development of SMEs in the economy signifies a rapid increase in the number of 'hard to tax' tax payers. The purpose of this study was to evaluate if lack of tax knowledge contributed to high levels of tax non-compliance amongst SMEs in Zimbabwe. To achieve this, a quantitative research approach was used involving a sample of 35 SMEs and 40 tax officials. The findings were that SMEs in Zimbabwe possess basic tax knowledge about taxation but lack a deeper understanding like the difference between presumptive taxation and income based taxation. However, this insignificantly influences their non-compliance behaviour. It emerged that in order for tax knowledge to influence tax compliance positively, the tax rates and corruption need to be addressed too. In spite of these results, ZIMRA should still continue to raise awareness to uninformed and inexperienced SMEs on the benefits of paying tax, encourage proper record keeping through tax payer education and social media campaigns.

Keywords: Tax, Compliance, Small Medium Enterprises, Developing Country.

INTRODUCTION

An essential factor, which could influence tax compliance, is the knowledge of taxation. Knowledge requirements for small business owners' tax compliance are relevant. Tax specific knowledge is necessary in order to enable small business owners to comply, as well as to increase their willingness to pay argued Kamleitner et al. (2012). Kirchler (2014) observed that general educational level is significantly related to tax compliance. One of the fundamental ways to increase public awareness is for the taxpayer to have knowledge about taxation argued Muchani (2010). Lumumba (2010) found that SMEs did not pay their tax obligation because of their inability to understand tax law requirements. Empirical evidence shows that poor knowledge on tax systems breed distrust according to Niemirowski et al. (2012). Poor knowledge can evoke distrust and negative attitudes towards tax, where good tax knowledge correlates with positive attitudes towards taxation further argued Niemirowski et al. (2012). A study by Palil (2011) has revealed that tax knowledge has a very close relationship with the taxpayer's ability to understand the laws and regulations of taxation and their ability to comply.

The above-mentioned studies, which indicate a positive relationship between tax knowledge and compliance behaviour, were not consistent with a study in Nigeria. High tax rates, complex filing procedures, and not lack of tax knowledge are the most crucial factors causing non-compliance of SMEs argued Atawadi and Ojeka (2012). To support the findings, Fierre-Seren and Panades (2013) argue that knowledgeable taxpayers do not necessary pay taxes.

Ranharamak (2014) concluded that increasing tax knowledge did not have a significant impact on perceptions of fairness and tax compliance attitudes among SMEs. This study therefore sought to assess the possibility of lack of knowledge as the major factor on non-compliance among SMEs in a developing country.

BACKGROUND OF THE STUDY

The shift of the economy from traditional business models to the informal sector was expected to see the informal sector contributing meaningfully to tax revenue. The tax authorities introduced presumptive tax in 2005 to bring in revenue from small-medium enterprises. It was further enforced in 2011 to broaden the revenue base in view of increasing informal activities (ZIMRA, 2011). Despite these measures instituted to capture the revenue inflows from the informal sector, which continue to account for significant and growing portion of economic activity, revenue contribution to the fiscus remains insignificant due to low compliance as shown by 3% revenue contribution against 60% contribution to the Gross Domestic Product for 2011, (Institute of Certified Tax Accountants, 2011).

A survey conducted by the Finmark Trust, aided by the Ministry of Small to Medium Enterprises and Cooperative Development, supported by the World Bank and the Zimbabwe Multi Donor Trust Fund shows that Zimbabwe has 3.5 million Small to Medium Enterprises with only 2% of all these paying taxes to ZIMRA (Bloch column in Zimbabwe Independent, 28 June 2013). It is reported that $3, 3 billion is circulating in the informal sector as the country's formal economy continues to shrink, RBZ (2015). This $3.3 billion represents funds that are in informal sector and are not being recorded by the central bank pointed out the RBZ exchange control director Morris Mpofu, RBZ (2016).

During a parliamentary committee meeting, the former Zimra Commissioner General, Mr Gershem Pasi highlighted that taxation of the informal sector has not been effective and players have demonstrated concerted unwillingness to pay tax and they will find ways not to pay tax. This resistance to taxation could be because of lack of knowledge or lack of patriotism (Revenews, 2014; Wadesango et al., 2016:2017)

THEORETICAL FRAMEWORK

The basic model of tax evasion Theoretical analysis of tax evasion was started by (Allingham & Sandmo, 1972) who proposed a microeconomic income tax evasion model (hereinafter the A-S model) in 1972. The essence of the model is a taxpayer who has to fill in tax return, needs to decide what to do, i.e.: o indicate the whole sum of income; o indicate only part of income. If the taxpayer chooses this path, he/she can be checked by the tax authority and punished. In this case, the situation becomes worse than in the case of being honest. 53 The assumptions and notations of the model (Allingham & Sandmo, 1972):

1. The taxpayer is risk-averse; the argument of his utility function is his income.
2. W–Total income of the person to be declared. It is an exogenous variable.
3. X–The sum of personal income indicated in a tax return. It may be equal to W, if a taxpayer is honest person, or below W, if a taxpayer decides to underreport his income.
4. θ–Proportional rate of income tax.
5. p–The probability that a person will be inspected by tax authorities (tax audit probability). If the taxpayer is checked, the whole sum of unreported income (W–X) will be determined.
6. If the taxpayer is found to have concealed part of his income, a penalty is imposed the amount of unreported income is taxed at rate π which is higher than the tax rate θ.

RESEARCH METHODOLOGY

The researchers used descriptive research to assess the impact of tax knowledge on tax compliance since the approach gives the opportunity to use qualitative data in case study approaches. Descriptive research design is mainly focused on the description of the characteristics of a target population in the study as well as answering the questions such as what, where and how (Hendrick and Noreen, 2015). The study population of this research was made up of 150 SME proprietors in Mutare and 180 Zimra employees based at Mutare domestic taxes office and Forbes border post. The reason being, one group represented the taxpayers and the other one being the tax collectors. The sample of the study is shown below Table 1.

Table 1 SAMPLE SIZE			
Target groups	Research population	Sample population	Percentage (%)
SME proprietots	150	40	27
Zimra Employees	180	40	27
Total	**330**	**80**	**24**

The researchers obtained primary data through self-administered questionnaires which were distributed to the target population and direct interviews. This data which is also known as first-hand information is not biased since the researcher obtained it direct from the source. Information obtained through questionnaires was complimented with information gathered through interviews. The following steps were taken to analyse the data for the study. The data was edited to detect and correct, possible errors and omissions that were likely to occur, to ensure consistency across respondents. The data was then coded to enable the responses to be grouped into limited number of categories. The Microsoft Excel software was used for this analysis. The data was presented in tabular, graphical and narrative forms. In analysing the data, descriptive statistical tools such as bar graph, pie charts complemented with mean and mode were used.

DATA PRESENTATION AND ANALYSIS

The data analysed in this study was categorised based on the structure of the questionnaires and the interview guide. The categories were discussed in the following sections:

- Basic information about respondents.
- Tax knowledge and compliance.
- Factors that influence tax knowledge.
- Perception of current tax system.
- Other factors that may influence non-compliance.
- Methods of increasing tax awareness.

Response Rate

5 interviews were attempted and seventy-five questionnaires were sent out to the population sample, which included taxpayers and tax administrators. All interviews were successful and seventy five questionnaires were returned. This gives a sample size of 23% of the total population which is in line with Keen (2013) who argued that the minimum sample size

should be 20% of the population. The Table 2 below shows how the questionnaires were distributed and how they were returned.

Table 2 RESPONSE RATE			
Respondents	**Questionnaires administered**	**Questionnaires returned And interviews conducted**	**Response rate**
ZIMRA	40	40	100%
Taxpayers	40	35	87.5
Total	**80**	**75**	

The response rate shown in the Table 2 above is a very good response rate hence meaningful conclusions could be drawn from the research study. Leedy and Ormod (2011) are of the opinion that a response rate lower than 50% raises eyebrows on the representativeness of the sample. While Wagner (2013) argues that, the threshold for a minimum response rate should be 80% to worthy data presentation and analysis.

ANALYSIS OF DATA

Qualitative data was collected by means of questionnaires and interviews. The responses were analysed using narrative description method, one of the methods preferred methods to analyse qualitative data (Saunders et al., 2012). Common themes emerging during the analysis were discussed and data was summarised and depicted using visual aid tools such as graphs, tables and charts. The conclusions are based on the modal response of each question.

Basic Information about Respondents

Experience of SMEs as business operators

The respondents from SMEs were required to state their period of operation in order to determine their experience and knowledge on tax issues and the information is tabulated in the following Table 3.

Table 3 TRADE EXPERIENCE OF SMES			
Experience in years	**Less than 1YEAR**	**Between 1 and 5years**	**More than 5years**
No of SMEs	16	11	8
Percentage (%)	48%	31%	23%

Experience wise, 16 (48%) of the SMEs had been in business for less than 1 year, 11 (31%) for more than a year but less than 5 years while only (8) 23% had operated for more than 5 years with the longest operating experience being 26 years. The measure of central tendency lies among those that have only operated for less than a year and it means tax knowledge might be very limited among the SMEs.

Work experience of tax officials

The researchers also tried to ascertain the work experience of the tax officials in order to determine experience with SMEs and thee following Table 4 depicts the information

Table 4 WORK EXPERIENCE OF TAX OFFICIALS			
Number of Years	Less than 1	1-5	More than 5
Number of officials	4	14	22
Percentage (%)	10%	35%	55%

Of the 40 responding tax officials, 22 (55%) had working experience of more than 5 years indicating vast knowledge of tax matters, 14 (35%) had worked in the tax environment for between one and five years while only 4 (10%) had work experience of less than one year. The 55% with working experience of more than 5 years shows high levels of work experience and exposure with SMEs and it can be deduced that the respondents have adequate knowledge on the subject of tax compliance among SMEs. In this regard, the observed quality of the respondents guaranteed expert and well-reasoned responses that ensured a rich collection of data.

ANALYSIS OF TAX PAYERS

Tax Knowledge and Compliance Behaviour among SMEs

This section summarises the responses by SME representatives to the questionnaires on their knowledge and compliance patterns.

Tax registration of SMES

In this part the researchers tried to determine the registration status of the respondents which is the first stage of compliance and the results are shown in Table 5.

Table 5 SMES TAX REGISTRATION STATUS		
Status	Registered	Not registered
Number of SMEs	25	10
Percentage (%)	71%	29%

Analysis shows that 71% of the responded are registered for tax which indicates that SMEs understand their obligation to be tax compliant. This is in line with Ma (2015) and Wadesango & Wadesango (2016) who argued that SMEs have tax knowledge. Helhel and Ahmed (2014) argue that the first obligation for one to be compliant with tax authority regulations is registration in the system. However, another 29% of the SMEs are not registered indicating a possible lack of knowledge as stated by Loo (2016). The modal figure is within the group that is registered indicating existence of tax knowledge.

Unregistered SMEs were further required to give reasons for not being registered and their responses are tabulated in Table 6.

Table 6 REASON FOR NON-REGISTRATION		
Response	Number of SMEs	%
Tax rates are too high.	2	20
I don't see the benefits of paying tax.	2	20
I don't think I qualify to register for tax.	3	30

Table 6		
REASON FOR NON-REGISTRATION		
I earn too little profits.	3	30

20% blamed the high tax rates as argued by Hite (2012) and Wadesango & Mhaka (2017) while another 20% stated that they did not appreciate any benefits from paying tax in line with Webly (2014). 30% argued that they make very little profits while another 30% believed they did not qualify for taxation. Those that believed they don't qualify for taxation are sure sign of lack of knowledge as explained by Mckechar (2015) who argued that SMEs are not even aware of their tax shortfalls. However, the measure of central tendency lies among those that blamed tax rates and those that argued that there's no incentive to taxes. This means tax rates and lack of accountability are the contributing factors to non-compliance among SMEs

Frequency of submission of tax returns

The group that claimed to be registered was further probed to ascertain compliance behaviour and the results are in Table 7.

Table 7			
COMPLIANCE BEHAVIOUR			
Response	**Never**	**Rarely**	**Sometimes**	**All the time**
Frequency	7	3	9	6

It is not surprising to note that out of the 35 SMEs that 25 claimed to be registered for tax, only 6 of them declare and pay the correct taxes all the time. This gives a total compliance rate of 17% only thereby supporting Maseko (2014) who argued that most SMEs do not pay taxes. James and Alley (2012) defined tax compliance as filing all required tax returns accurately and at the proper time thereby meaning the taxpayer who submits his returns sometimes and rarely is not a compliant taxpayer. The measure of central tendency lies within the non-compliant group confirming that SMEs do not comply.

Measuring existence of knowledge

In order to determine the level of knowledge among SMEs a few questions on tax issues were asked and the results are tabulated in Table 8.

Table 8			
KNOWLEDGE OF TAX HEADS			
Tax heads known	**1 Tax head**	**2 Tax heads**	**More than 2**
Number of SMES	12	18	5
Percentage (%)	34%	51%	15%

There was none of the SMEs who claimed no knowledge of tax implying that SMEs do have knowledge about taxes. 34% of the respondents only knew one tax head, 51% knew 2 tax heads while only 15% knew 3 types of taxes. This piece of evidence is in line with Hasseldine (2013) who argued that the existence of tax knowledge did not significantly affect tax compliance behaviour of SMEs. The measure of central tendency is within the group that know 2 types of taxes confirming SMEs are aware of their tax obligations.

Adequacy of tax knowledge

Respondents were asked if they agreed that SMEs lacked adequate knowledge on tax issues and their responses are tabulated below in Table 9.

Strongly agree	Agree	Uncertain	disagree	Strongly disagree
		Table 9 LACK OF KNOWLEDGE		
11	9	7	6	2
31%	26%	20%	17%	6%

31% of the respondents strongly agreed that SMEs lack tax knowledge, 26% agrees, while 20% was unsure of the statement. On the other hand, 17% disagreed while 6% strongly disagreed. Further analysis means 57% agrees that they lack tax knowledge which is line with Dube (2014). The meantime 20% was unsure while 23% does not agree with the statement confirming Saad et al. (2014) who said tax regulations are freely available. However, the modal number is within those that argue they lack knowledge meaning SMEs lack knowledge.

Knowledge about presumptive tax

Respondents were asked if they knew the difference between presumptive taxation and income based taxation. Their responses are shown in the Table 10 below.

Table 10 PRESUMPTIVE TAX KNOWLEDGE		
Response	Yes	No
Do you know the differences between presumptive tax and income based tax	4	31
Percentage (%)	11	89

89% of the respondents confirmed that they did not know the difference between presumed taxation and actual income based taxation. This means that taxpayers can possibly opt for presumptive tax without knowing the advantages of having your tax calculated based on actual income. The 11% that can distinguish however supports that SMEs have knowledge but elect for this method because they would rather not maintain books of accounts as supported by Cuccia (2013). The modal figure is within those that lack knowledge meaning the lack of knowledge could be contributing to non-compliance.

Effects of tax education

Respondents were asked whether they believed if they had more tax education, they would comply with tax law and this is how they responded.

Strongly agree	Agree	Uncertain	disagree	Strongly disagree
		Table 11 TAX EDUCATION		
6	5	10	9	5
17%	14%	29%	26%	14%

17% of the respondents strongly agreed and 14% agreed that if they had more education about taxes. They would comply with tax laws. 29% was unsure while 26% disagreed and another 14% strongly opposed the idea. In aggregate 31% do believe that tax education would improve their compliance as stated by Kirchler et al. (2016) who documented that possessing tax knowledge would lead to higher compliance. The 29% that was unsure are in support of Cuccia (2013) who could not measure tax knowledge and failed to conclude the impact of knowledge on compliance. On the other hand, the 40% saw no relationship between their exposure to tax education and compliance in support of Berger (2011). The modal data is among those that don't believe they would change their behaviour if they are exposed to tax education meaning tax knowledge will not result in positive compliance behaviour among SMEs (Table 11).

Factors That Can Influence Tax Knowledge

Respondents were asked various questions to determine factors that influenced their tax knowledge and compliance behaviour. These factors include their education levels, exposure to tax education, knowledge about e-filing and complexity of tax law. Their responses are tabulated and analysed below Table 12.

Level of education

Table 12 LEVEL OF EDUCATION			
Level of education	Level and below	Certificate/diploma	Degree and above
frequency	12	13	10
Percentage (%)	34%	29%	37%

The level of education of the participants was ascertained and it's revealed that 34% had attained a maximum of O'level indicating that the noncompliance could be influenced by the lack of education in support of Akinboade (2012). 29% claimed to have attained a certificate or diploma and an additional 37% had a degree and above meaning their noncompliance behaviour is not influenced by their education level. This is in line with Atawadi (2012) who refuted that level of education increase tax knowledge. The modal number is within certificates and diploma which confirms that positive compliance behaviour is not influenced by level of education.

Exposure to tax education and knowledge about e-filing

The researchers tried to determine if the Revenue Authority was conducting adequate awareness programmes in order to create both general knowledge and technical knowledge among SMEs and their responses are as follows Table 13.

Table 13 TAX EDUCATION EXPOSURE		
Response	Yes	No
Tax education	3 (9%)	32 (91%)
e-filing	10 (29%)	25 (71%)

It was revealed that only a mere 9% of the tax payers had been exposed to tax education through workshops or formal education while only 29% had knowledge of e-filing. This

confirms that SMEs lack knowledge of tax requirements leading to the non-compliance behaviour as postulated by Akinboade (2012). 91% had never attended a tax course and 71% do not have tax education knowledge and this confirms that the Revenue Authority could be lacking on the part of educating SMEs. The measure of central tendency is among those having never been exposed to tax education and those having no idea what e-filing is. This means SMEs have no knowledge of tax matters.

Complexity of tax law

While the researchers tried to evaluate the impact of tax knowledge on SME compliance behaviour, they tried to determine if tax complexity influenced the amount of knowledge among SMEs. A question on whether respondents thought tax law was difficult to comprehend was asked and the responses are stated below Table 14.

Table 14 EFFECTS OF TAX COMPLEXITY				
Strongly agree	Agree	Uncertain	disagree	Strongly disagree
9	3	22	1	0
25%	9%	63%	3%	0%

None of the respondents strongly disagreed, 3% disagreed and 63% was uncertain. Meanwhile 9% agreed and 25% strongly agreed that tax law was complex. In aggregate only 3% did not believe that tax was complex meaning that tax law did not influence their compliance behaviour as supported by Bird (2014). Contrariwise, 35% believed tax law was very complex which is in line with Benk et al. (2015) who argued that complexity of tax laws causes many people to ignore tax issues. On the other hand, 63% was uncertain indicating a lack of knowledge of the tax law and probable indication that lack of knowledge could be caused by other factors other than complex tax laws. The modal figure is among the group that is uncertain meaning they don't even know the tax act and tax law.

Perception of Tax System

This section summarises the responses by SME representatives to the questionnaires.

View on government expenditure

Respondents were asked if they believed tax monies are abused and their responses are as follows Table 15.

Table 15 ABUSE OF TAX MONIES				
Strongly agree	Agree	Uncertain	disagree	Strongly disagree
17	9	5	2	2
49%	26%	14%	6%	5%

Among the respondents 49% strongly agreed and 26% agree that there is abuse of tax money by the government. 14% was uncertain while 6% disagreed and 5% strongly disagreed. In total 75% agree that tax money is abused and that means that lack of satisfaction has led to the

high non-compliance among SMEs. This is consistent with Baru (2016) who argued that lack of appreciation of government expenditure leads to tax evasion. 11% of the respondents did not agree that tax money was abused and it either means their non-compliance behaviour is not a as result of government expenditure or their compliance is a result of appreciating government expenditure. This is consistent with Mukhulis et al. (2013). There is a 14% that was uncertain confirming Bird (2014) who argued that SMEs are not concerned by how the government spends taxes. The modal figure lies with those that are not satisfied with government expenditure which suggests that lack of accountability influences negative behaviour.

Punishing of tax evaders

Table 16 PUNISHING TAX EVADERS				
Strongly agree	Agree	Uncertain	disagree	Strongly disagree
2	5	6	7	15
6%	14%	17%	20%	43%

Evidence revealed that only 6% strongly agreed and 14% agreed on punishing of tax evaders. 17% was uncertain and 20% disagreed and strongly disagreed. In aggregate 20% agreed that evaders should be punished in support of Berhane (2011). 50% disagreed confirming Berk et al (2015 who said the public does not perceive tax evasion as a crime. The other 17% was uncertain probably in support of Furusa (2015) who argued that vendors are more concerned about feeding their families than paying taxes (Table 16).

Corruption among tax officials

SMEs were requested to give their opinion on corruption among tax officials and their opinions rated on the Likert scale. The following Table 17 shows their responses.

Table 17 CORRUPTION OF TAX OFFICIAL				
Strongly agree	Agree	Uncertain	disagree	Strongly disagree
5	12	8	7	3
14%	34%	23%	20%	9%

Tax payers' opinion on corruption was distributed with 14% strongly agreeing and 34% agreeing that corruption exist among tax officials. 23% was uncertain while 20% and 9% disagreed and strongly disagreed respectively. All in all, a total of 48% believe officials are corrupt meaning their behaviour could be influence by their perception as stated by Sari and Huda (2013). 23% was uncertain meaning they had no perception of tax officials while 29% disagreed meaning they had not witnessed any corruption. This is in support of Brewer (2012). However, the modal figure is with those that agree that tax officials are corrupt and influencing negative behaviour.

Major Contributing Factors to Non-Compliance

This section summarises the responses by SME representatives to the questionnaires on what they believed was causing non-compliance among them and their responses are depicted below.

Table 18 DETERMINANTS OF NON-COMPLIANCE	
Reason	**Frequency**
Lack of tax knowledge	14 (40%)
High tax rates	14 (40%)
High compliance costs	4 (11%)
Low probability of detection	3 (9%)

Tax rates and tax knowledge were selected by 80% of the respondents as the main contributor to non-compliance. The 40% that blamed tax rates confirm Dube (2014) who argued that high tax rates were the primary problem of entrepreneurs. Another 40% blamed lack of tax knowledge as posited by Mckerchar (2015). On the other hand, 11% blamed compliant costs in support of Maseko (2013). A small percent of 9% supported Cuccia (2013) by picking the low probability of detection as the root cause of non-compliance. The modal data is with those supporting lack of knowledge and those blaming tax rates (Table 18).

Methods of Increasing Tax Awareness and Compliance

This section summarises the responses by SME representatives to the questionnaires in appendix 1 on what they believe tax authorities should adopt to increase compliance.

Table 19 METHODS OF INCREASING TAX AWARENESS AND COMPLIANCE	
method	**Frequency**
Increase tax campaigns and workshops	15 (43%)
Increase tax audits	7 (20%)
Introduce tax modules at school	10 (29%)
Increase tax penalties	3 (8%)

Respondents were asked to select a method which they thought would reduce non-compliance among SMEs and 43% choose an increase in tax campaigns, 20% opted for the introduction of tax modules at school. This means they believe knowledge to current taxpayers and future taxpayers will boost compliance as proclaimed by Mukhlis et al. (2015). 29% choose an increase in tax audits would change compliance behaviour from negative to positive as proclaimed by Sigauke (2017). The last 8% supported Huggins (2015) who argued that stiff penalties will create awareness among SMEs and force them to comply. The measure of central tendency using the modal value lies among those that prefer tax campaigns as a method of increasing tax awareness highlighting that knowledge influences tax compliance (Table 19).

CONCLUSION

The study revealed that SMEs in Zimbabwe do not comply with tax law, they pose only basic tax knowledge and lack a deeper understanding of tax issues however this is insignificantly influencing the non-compliance behaviour among them. A question that has been raised by previous researchers (Sing, 2013) is whether the enhancement in knowledge automatically increases tax compliance. It emerged that enhancing tax knowledge on its own without addressing the high tax rates and corruption will not positively impact on tax compliance behaviour among SMEs in Zimbabwe. The results also exposed that the tax awareness design

currently in use in Zimbabwe is ineffective. The newspaper, internet and workshops emerged as the least favoured methods of obtaining information by SMEs. The tax authority (ZIMRA) was also accused of presenting itself as an anti-corruption board and ignoring its mandate which is to pursued and collects revenue.

RECOMMENDATION

Tax Education

Before one can submit accurate tax returns, they need to be in possession of accurate financial records. Therefore, the government needs to take an active role in enabling the capacity of SMEs in areas of training so that they can be equipped with basic financial and accounting skills. Such training programs could be put in place by Zimra in conjunction with the Ministry of Small and Medium Enterprises so that all identifiable SMEs are trained to have the ability to keep accurate financial records. Open house events where tax officers advise tax payers free of charge on their tax statements can improve taxpayer's knowledge of taxes important to them. This will go a long way to enable ZIMRA objectively recover tax from as many SMEs businesses as possible.

An introductory tax course should be introduced, perhaps as an elective subject at the beginning of higher learning education so that students are aware of their responsibilities as future taxpayers. This education method could be expected to help cultivate responsible taxpayers in Zimbabwe as currently, tax courses are only taught to accounting students at diploma and degree levels.

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