



Midlands State University

Established 2000

Our Hands, Our Minds, Our Destiny

**FACULTY OF COMMERCE
DEPARTMENT OF ACCOUNTING**

**AN INVESTIGATION ON THE VIABILITY OF TAX E-SERVICES IN ENSURING
TAXPAYERS COMPLIANCE AND ITS IMPACT ON REVENUE COLLECTION.**

By

MAGARIRA TAFARA

R142906E

This dissertation is submitted in partial fulfillment of the requirements of the **Bachelor of Commerce Accounting (Honors) Degree** in the Department of Accounting at Midlands State University.

Gweru: Zimbabwe, 2017

RELEASE FORM

NAME OF STUDENT: Tafara Magarira

DISSERTATION TITLE: An investigation on the viability of tax e-services in ensuring taxpayers compliance and its impact on revenue collection.

DEGREE TITLE: Bachelor of Commerce Accounting (Honours)
Degree

YEAR DEGREE WAS GRANTED: 2017

Permission is hereby granted to the Midlands State University Library to produce single copies of this project and to lend or sell such copies for private, scholarly or scientific research purposes only. The author reserves other publication rights and neither the project nor extensive extracts from it may be printed or otherwise reproduced without the author's written permission

SIGNED:

PERMANENT ADDRESS: 8-26th Crescent Warren park 2
Harare

DATE: 04 October 2017

DECLARATION FORM

I Tafara Magarira declare that this project is my own piece of work which has not been copied from any source without acknowledgement of the source.

Signature:

Date.....

APPROVAL FORM

The undersigned certify that they have read and recommend to the Midlands State University for acceptance; a dissertation entitled; an investigation on the viability of tax e-services in ensuring tax compliance and revenue collection. A case study of Zimra Harare branch was used. Submitted by Tafara Magarira in partial fulfilment of the requirements of Bachelors of Commerce Accounting Honours Degree at Midlands State University.

Supervisor:

Date:

Chairperson.....

Date:

External examiner.....

Date:

ACKNOWLEDGEMENTS

The writer would like to thank the Lord for the guidance, strength and wisdom that He provided throughout my dissertation period. It is through his guidance and love that I was able to complete this research project. I would like to express my gratitude to my supervisor Mr Kazembe for his motivation and professional supervision, it was your sacrifice of your special time and attention that made this study a success. I would also want to thank my sisters Sibongile and Melody for providing me with money to print. Not forgetting my friends and my fellow accounting students who supported me during this study

Lastly I would like to give special thanks to ZIMRA staff for the production of information significant to my study, if it was not them, my study would have been a failed attempt.

DEDICATION

This dissertation is dedicated to God, my parents and my siblings.

ABSTRACT

This research seeks to investigate the viability of tax e-services in ensuring tax compliance and increased tax revenue collection using ZIMRA Harare branch at Kurima house as a case study. Some researchers were of the view that tax e-services plays a pivotal role in enhancing tax compliance and increase tax revenue collection. However, others argued that there is a negative association between tax e-filing and tax compliance and that revenue collection is influenced by other factors besides e-filing. Zimra failed to reach the amount set as target to be collected from different tax heads in 2015 and 2016 as a result of non-compliant taxpayers despite introduction of e-filing. Therefore this gave the researcher room to conduct an investigation on the viability of tax e-services in ensuring tax compliance and increased tax revenue. In conducting this research, the researcher used a descriptive case study that was both qualitative and quantitative. Data was collected through interviews from four interviewees and through questionnaires from thirty-two respondents. Data that was collected from the research showed that tax e-filing has a strong positive impact on tax compliance. It also showed that tax revenue collection increases as use of e-filing increases. Therefore, the researcher recommends companies to adopt use of electronic tax filing system so as to enable better tax compliance levels and revenue collect

Contents

RELEASE FORM.....	ii
DECLARATION FORM	iii
ACKNOWLEDGEMENTS.....	v
DEDICATION.....	vi
ABSTRACT.....	vii
CHAPTER ONE	1
1.0 Introduction	1
1.1 Background of the study	1
1.2 Problem statement.....	3
1.3 Main research question.....	3
1.4 Sub-research questions.....	3
1.5 Research objectives	3
1.6 Significance of the study	3
1.7 Assumptions.....	4
1.8 Delimitations of the study	4
1.9 Limitations of the study.....	5
1.10 Operational definitions.....	5
1.11 Acronyms	5
1.12 Summary	6
CHAPTER TWO	7
2.0 Introduction.....	7
2.1 Electronic tax system	7
2.2 Factors that affect adoption of tax electronic filing	7
2.3 Other benefits of using electronic filing tax system.....	9
2.4 Challenges of using e-filing system	11
2.5 Impact of perception of risk associated with e-filing on compliance	12
2.6 Impact of tax e-filing on compliance	13
2.7 Impact of e-filing on tax revenue collection	14
2.8 Practices to ensure tax compliance.....	15
2.8.1 Audit probability and Penalties	16
2.8.2 Fair tax rate.....	16

2.8.3 Tax complexity	16
2.8.4 Tax administration sufficient resources	16
2.8.5 Naming and shaming	17
2.8.6 Empowering taxpayers with tax knowledge.....	17
2.8.7 Increasing alerts and unannounced visits	17
2.8.8 Prosecution	17
2.8.9 Use of self-assessment tax system.....	17
2.8.10 Rewarding honest taxpayers	18
2.9 Research gap	18
2.10 Summary	18
CHAPTER THREE	19
3.0 Introduction	19
3.1 Research design.....	19
3.1.1 Quantitative Research Design	19
3.1.2 Qualitative research method	20
3.1.3 Mixed Approach	20
3.2 Case study	21
3.2.1 Justification of using case study	21
3.3 Research population	21
3.3.1 Justification of population	22
3.4 Sampling.....	22
3.4.1 Judgmental sampling	23
3.4.2 Justification for judgmental sampling	23
3.5 Types of data	23
3.5.1 Primary data.....	23
3.5.2 Merits of primary data	23
3.5.3 Demerits of primary data.....	24
3.5.4 Secondary data.....	24
3.5.5 Merits of secondary data.....	24
3.6 Research instruments.....	24
3.6.1 Questionnaires	24
3.6.2 Justification for questionnaires	24

3.6.3 Interviews	25
3.6.4 Merits of interviews	25
3.6.5 Demerits of interviews.....	25
3.7 Types of questions.....	25
3.7.1 Open ended question	25
3.7.2 Closed ended question	26
3.8 Likert scale	26
3.1 Likert scale rating	26
3.9 Reliability and Validity	27
3.9.1 Reliability	27
3.9.2 Validity	27
3.10 Data presentation and analysis	27
3.10.1 Data presentation	27
3.10.2 Data analysis.....	27
3.11 Ethical considerations	27
3.12 Summary	28
CHAPTER FOUR.....	29
4.0 Introduction	29
4.1 Response rate.....	29
4.2 Effect of tax e-filing on compliance.....	32
4.3 Impact of e-services on tax revenue in 2015 and 2016.....	36
4.4 Effect of perception of security risks associated with e-filing on tax compliance.....	40
4.5 Impact of challenges of using electronic tax filing system on tax compliance.....	44
4.6 Interview response rate.....	48
4.6.1 What is the impact of stable e-filing system on tax compliance?	48
4.6.2 How did the introduction of e-services affect tax revenue in 2015 and 2016?	48
4.6.3 What is the effect of perception of security risks associated with e-filing on tax compliance?.....	48
4.6.4 How the challenges of using e-filing affected tax compliance?.....	49
4.7 Summary	49
CHAPTER FIVE	50
5.0 Introduction	50

5.1 Chapter summaries	50
5.1.1 Chapter 1.....	50
5.1.2 Chapter 2.....	50
5.1.3 Chapter 3.....	51
5.1.4 Chapter 4.....	51
5.2 Major findings.	51
5.2.1 To explain the impact of stable e-filing system on tax compliance.	51
5.2.2 To discuss how did the introduction of e-services affect tax revenue in 2015 and 2016.	51
5.2.3 To explain the effect of perception of security risks associated with e-filing on tax compliance.....	51
5.2.4 To discuss how the challenges of using e-filing affect tax compliance.	52
5.3 Conclusion.....	52
5.4 Recommendations	52
5.5 Further research recommendation	53
Reference list	54
Appendix A.....	58
Appendix B Research project questionnaire.....	60
Appendix C Research interview guide.....	64

LIST OF TABLES

Table	Description	Page
1.1	Comparison of 2015 and 2016 revenues against the targets	2
3.1	Target population and sample size	22
4.1	Questionnaire response rate	29
4.2	Experience in ZIMRA	30
4.3	Respondents' academic qualifications	31
4.4	E-filing system saved time in returns filing.	32
4.5	Accurate information was filed through e-filing.	33
4.6	Taxpayers incurred little costs in filing tax returns online.	34
4.7	7 Electronic tax filing system enhanced voluntary tax compliance.	35
4.8	E-filing reduced tax administration costs.	36
4.9	Many taxpayers registered with ZIMRA through the online facility.	37
4.10	Returns filing increased since the introduction of e-filing	38
4.11	Use of internet to pay taxes led to payment of taxes in time.	39
4.12	Information given to third parties during online tax filing put business at risk.	40
4.13	Online submission of tax returns led to leak information to competitors.	41
4.14	Business information given to third parties may be handled unprofessionally.	42
4.15	Business information given to third parties may be handled unprofessionally.	43
4.16	E-filing system hang ups caused delay in filing returns online.	44
4.17	Taxpayers became unwilling to file returns due to system hang ups.	45
4.18	If the system is down taxpayers will not e-file returns without assistance.	46
4.19	There is need for money to pay third parties due to hang up of the system.	47

LIST OF FIGURES

Figure	Description	Page
4.1	Experience analysis.	30
4.2	Analysis of respondents' level of education.	31
4.3	E-filing system saved time in returns filing.	32
4.4	Accurate information was filed through e-filing.	33
4.5	Taxpayers incurred little costs in filing tax returns online.	34
4.6	Electronic tax filing system enhanced voluntary tax compliance.	35
4.7	E-filing reduced tax administration costs.	36
4.8	Many taxpayers registered with ZIMRA through the online facility.	37
4.9	Returns filing increased since the introduction of e-filing	38
4.10	Use of internet to pay taxes led to payment of taxes in time.	39
4.11	Information given to third parties during online tax filing put business at risk.	40
4.12	Online submission of tax returns led to leak information to competitors.	41
4.13	Business information given to third parties may be handled unprofessionally.	42
4.14	Business information given to third parties may be handled unprofessionally.	43
4.15	E-filing system hang ups caused delay in filing returns online.	44
4.16	Taxpayers became unwilling to file returns due to system hang ups.	45
4.17	If the system is down taxpayers will not e-file returns without assistance.	46
4.18	There is need for money to pay third parties due to hang up of the system.	47

CHAPTER ONE

INTRODUCTION

1.0 Introduction

The study was done to find out how successful is the ZIMRA e-services platform in enhancing compliance by taxpayers and its impact on revenue collected by ZIMRA between 2015 and 2016. Harare ZIMRA branch was used as a case study. Chapter One provides background of the study, problem statement, objectives of the study, sub-research questions, and significance of the study. It also highlighted limitations and delimitations of the study to all the concerned stakeholders, definition of terms and a summary at the end.

1.1 Background of the study

Atika (2012) found out from his study that tax e-filing system is part of revenue collection reforms whose main objective is to enhance tax collections and tax efficiency. He held that tax revenue has been increasing rapidly as a result of tax electronic system. However, Wasao (2014) held that despite introduction of tax electronic system, challenges still exist though not much than the increased revenue collection indicators that are being enjoyed. He emphasized that e-filing system is only an efficient tool when it is used properly. Awang and Amran (2014) suggested that tax compliance involves three dimensions which are timely returns filing, accurate reporting of income and tax liability and timely payment of taxes.

Zimbabwe Revenue Authority (ZIMRA) introduced the e-services on the 26th of June 2015 to provide services via the internet. E-service enables online application of business partner numbers, e-filing of tax returns, online application of tax clearance certificate and display of statement of account. It aimed to increase compliance by taxpayers. In the 2016 revenue performance report the ZIMRA chairperson, Mrs Bonyongwe, highlighted that only a few people were carrying the tax burden and the majority were evading tax. According to Picur and Riahi-Belkaoui (2014) tax non-compliance leads to poor economic growth. The 2017 budget statement states that ZIMRA needs to increase training programmes to enhance compliance by taxpayers particularly regarding registration, tax returns filing and tax payment.

Tax is considered as a fundamental aspect of modern life since it provides revenue used to pay many vital public services and goods, (Young, Lei, Wrong and Kwok, 2016). Non-compliant taxpayers will lead to poor quality of public services and goods being delivered by

the government. Table 1.1 below compares the actual tax revenue collected with the revenue which was expected to be received in 2015 and 2016 by the Minister of Finance. Some tax heads failed to reach the set target showing non-compliance of many taxpayers regardless of the introduction of the e-services platform.

Table 1.1 Comparison of 2015 and 2016 revenues against the targets (Harare ZIMRA branch)

Tax head	2015 US\$ (million) Target	2015 US\$ (million) Actual	2015 US\$ (million) Variance	2016 US\$ (million) Target	2016 US\$ (million) Actual	2016 US\$ (million) Variance
PAYE	208.75	194.46	-14.29	185.21	165.83	-19.38
Corporate tax	112	106.17	-5.83	108.28	926.39	-15.63
TOTAL	481.02	458.28	-22.74	457.39	433.83	-23.55

Source: 2016 ZIMRA revenue performance report

Due to non-compliance of taxpayers many tax heads failed to reach the target and resulted in total negative variances of \$US22.74 million in 2015 and \$US23.55 million in 2016. None or late submission of returns and none or late payments of tax results in penalties and interest being charged on ZIMRA clients and this increases money owing to ZIMRA. Submission of tax returns late will result in the companies being fined with a penalty of \$30/day. According to the 2016 report money owing to ZIMRA from corporate tax increased from US\$474.97 million in 2015 to US\$751.49 million in 2016 and this is due to tax non-compliance.

The level of non-compliance has affected revenue collection by ZIMRA negatively and led to loss of a large amount of revenue they could have collected. The 2016 revenue performance report stated that PAYE of 2016 declined by 5.31% from US\$175.13 million collected in 2015 and company income tax also decreased by 19.77% from US\$115.47 million collected in 2015. Mrs Bonyongwe, the ZIMRA chairperson said in the 2016 report that the decline was caused by non-compliance by taxpayers and poor economic conditions.

The ZIMRA chairperson concluded the 2016 performance report by alluding that the failure to exceed revenue targets in 2016 was due to harsh economic conditions and unwillingness by economic agents to meet tax obligations. The need to examine the viability of tax

electronic system in ensuring tax compliance and its impact on revenue collection was derived from this situation.

1.2 Problem statement

As shown by table 1.1, tax non-compliance has caused negative variances in 2015 and 2016. Corporate tax debt also increased mainly due to penalties and interest. It shows that many taxpayers are not being compliant regardless the availability of the electronic tax filing system. Tax returns are not being submitted in time and sometimes they are not being submitted at all. Taxpayers are defaulting in making payments. Failure to address the problem will lead to loss of a lot of government revenue that should have been used to cover other social economical activities.

1.3 Main research question

What is the effect of tax e-services system on tax compliance and revenue collection of ZIMRA in 2015 and 2016?

1.4 Sub-research questions

The main research question leads to the sub research questions below

- ❖ What is the impact of stable e-filing system on tax compliance?
- ❖ How did the introduction of e-services affect tax revenue in 2015 and 2016?
- ❖ What is the effect of perception of security risks associated with e-filing on tax compliance?
- ❖ How the challenges of using e-filing affect tax compliance?

1.5 Research objectives

- ❖ To explain the impact of stable e-filing system on tax compliance.
- ❖ To discuss how did the introduction of e-services affect tax revenue in 2015 and 2016.
- ❖ To explain the effect of perception of security risks associated with e-filing on tax compliance.
- ❖ To discuss how the challenges of using e-filing affect tax compliance.

1.6 Significance of the study

The research is very vital because it benefits Midlands State University, ZIMRA, the researcher and other organisations as shown below;

To the researcher

The research has a useful value as it empowers the researcher to upgrade research abilities. It is also prepared in partial fulfilment of the requirements Bachelor of Commerce Accounting (Honours) Degree at Midlands State University.

To Midlands State University

The research will provide literature for more studies that try to improve the nature of learning on this section of study. Utilization of this examination in finding new regions for research and on writing surveys will also benefit the researchers.

To ZIMRA

The study is of tremendous significance as it will help ZIMRA if the recommendations made are implemented. It explained ways that can be implemented by the tax authority to reduce tax evasion that has become rampant in the country.

1.7 Assumptions

- ❖ Responses to questionnaires from respondents are reliable and accurate.
- ❖ The entire population is represented by the sample utilized.
- ❖ Researcher assumed that the economic environment during the period under study will not change.

1.8 Delimitations of the study

Delimitations of the study are divided into period of focus, physical and theoretical delimitations and they are stated below.

Period of focus

The researcher will examine the viability of the ZIMRA e-services facility in ensuring compliance by taxpayers and increased revenue to the authority from the period of July 2015 to July 2017.

Geographical

The study is limited to Harare branch of Zimbabwe Revenue Authority (ZIMRA).

Theoretical

The research mainly focuses on the effect of e-filing on compliance by taxpayers and its effect on the revenue collected by the Zimbabwe Revenue Authority (ZIMRA).

1.9 Limitations of the study

- ❖ Respondents refused to give the researcher some data which they felt confidential to reveal. The researcher guaranteed them to only use the data for academic purposes and handle it with secrecy and discretion.
- ❖ Some of the respondents failed to understand questionnaires and the researcher put effort to clarify some of the inquiries in the survey.
- ❖ There was limited time to generally create an intensive conclusion to the topic but some effort were put to guarantee the achievement of required results by utilising holidays and weekends to get extra hours for the research.
- ❖ An amount of money needed for the research was not affordable to the researcher for stationery, computer typing and printing. However, the researcher utilised the little resources available efficiently and this did not compromise the research quality.
- ❖ Some respondents were unwilling to fully cooperate or respond because of work pressure but the researcher managed to make the research valid from responses of those who cooperated.

1.10 Operational definitions

- ❖ E-services refers to the provision of tax services via the internet.
- ❖ E-governance is defined by Singh and Singh (2013) as the use of electronic means by government to interact with citizens, businesses and for internal government operations.
- ❖ Tax practitioners are individuals, businesses or professional groups that provides a wide range of tax services (Bekoe, Danquah and Senahey, 2014)
- ❖ Compliance refers to the level to which individuals and organisations comply with tax regulations and laws (Young et al., 2016). Ling and Nawawi (2014) also defined it as payment in full of all taxes due.

1.11 Acronyms

- ❖ ZIMRA stands for Zimbabwe Revenue Authority.

- ❖ VAT stands for Value Added Tax.
- ❖ PAYE stands for Pay as You Earn.
- ❖ DMM stands for Debt Management Manual.
- ❖ QPD stands for Quarterly Payment Dates.
- ❖ ITF 263 refers to Tax clearance certificate.

1.12 Summary

Chapter One provided the background of the study which brought out necessity to carry out the study so it was considered significant. Statement of the problem, purpose of the study, research questions, assumptions, importance of the study, definition of terms and limitations were also highlighted. In the next chapter the researcher reviewed the related literature which supported the research.

CHAPTER TWO

REVIEW OF LITERATURE

2.0 Introduction

This chapter reviewed the literature that was studied by the researcher in coming up with the research topic. It explained factors that affect e-filing adoption, benefits of e-services, and best practices to ensure taxpayers compliance. It also includes the impact of electronic services on revenue collection and a summary at the end.

2.1 Electronic tax system

Wasao (2014), defined electronic tax system as an online platform whereby the taxpayer can access through internet all the services offered by a tax authority such as the registration for a business partner number, filing of returns and application for compliance certificate. A perfect example of such system is the electronic taxation system that was rolled out in 2015 by the Zimbabwe Revenue Authority.

According to Gideon and Alouis (2013), tax e-filing is one of the e-government services that have been adopted by many developed countries today where the public has to discharge their responsibility to the government via online tax filing. And that despite the rapid adoption of tax e-filing in many countries, researchers have argued that it is yet to establish an integrated system that is reliable, especially in developing countries due to high perceived risk by the public.

2.2 Factors that affect adoption of tax electronic filing

According to Jankeeparsad, Jankeeparsad and Nienaber (2016), the concept of electronic filing of tax returns started in 1986 and it was first used in United States of America. As time passed on other countries like Taiwan, Malaysia, Sweden and Austria also adopted the initiative and now it is all over many countries. Despite it having benefits, many people in Zimbabwe have not yet opted to use e-filing. This is because of many factors which are explained by Technology Acceptance Model (TAM), Theory of Planned Behaviour (TPB), General Tax Knowledge (GTK), the IS Success model and the unified theory of acceptance and use of technology (UTAUT) model. Tallaha and Shukor (2014) and Karkin and Jenssen (2013) stated that intention to use electronic filing is influenced by the perception of usefulness on e-filing, perception of ease of use by users, behavioural intention to use it and tax general knowledge.

Perception of usefulness

Perceived usefulness is defined by Chen, Jubilado, Capistrano and Yen (2015) as how electronic tax filing will increase taxpayers' work performance. Satisfaction, time saving and experience will lead to positive perception on adoption of computers. The reason behind e-filing adoption is easing of tax filing and tax payment management, (Sharmin and Islam, 2013). Mishra and Sharma (2013) held that electronic tax filing does not only assist in online submission and filing of returns but also tax payment using internet so these perceived usefulness push people to adopt e-filing system.

Perception of ease of use

Aziz and Idris (2016) defined perception of ease of use as the level at which a person believes he/she can use e-filing without problems. Mishra and Sharma (2013) suggested that perceived ease of use can be measured in terms of effort that one needs to put so as to accomplish task using e-services. However, Azam, Qiang and Sharif (2013) and Venkatesh et al. (2013) held that perception of ease of use has a small effect but still significant in influencing people's intention to use e-filing. According to SARS e-filing (2013), if e-filing system is developed with features that assist users in calculation of tax, no one feel threatened when using it and the intention for its use will increase.

Behavioural intention

Maji and Pal (2017) suggested e-filing adoption is influenced by the behavioural intention to use e-filing. This is according to the Theory of Planned Behaviour. It explained how attitude, subjective norm and perceived behavioural control affect the behavioural intention to use e-filing. Perceived behavioural control is someone's belief of his or her self-ability in the existence or absence of sources or opportunities needed to perform a task (Tallaha and Shukor, 2014). Santhanamery and Ramayah (2014) added that, it is related to the understanding of one's ability to undertake a course of action to handle a certain event. He also said that unavailability or shortage of external sources needed for e-filing like computers, internet and technological assistance will reduce tax payers' intention to use the ZIMRA e-services platform.

Aladwani (2013) suggested that subjective norm is when behaviour depends or influenced by the perception of those close to them. This happens when action becomes part of culture in the community and people will do the same, Mostafa & El-Masry (2013). It usually starts

from the influencing behaviours in the economy. If employer or nearby company believes e-filing is useful (reduce visiting ZIMRA to submit tax returns) then these perceptions will influence others to adopt it. Reddick and Roy (2013) held that perceived subjective norm have a positive correlation with the intention to use-filing. E-filing adoption is also affected by people's attitudes towards e-filing. Maji and Pal (2017) suggested that attitude is the degree to which actual behaviour is negatively or positively valued or perceived by the individual.

Tax general knowledge

Mohd (2013) stated that knowledge of tax affect tax compliance behaviour negatively or positively. Shift from the Formal Assessment System to the Self-Assessment System spearheaded the need for knowledge of tax law to tax payers. Basic knowledge that is important is the one regarding terminology and items for allowable deductions, exemptions, claimable rebates and taxable income (Baru, 2016). This will enable someone to fill and complete tax returns without depending on others. Mohani (2013) suggested that the increase in tax knowledge leads to increase in tax compliance and thereby reducing tax evasion.

According to Berhan (2013), low level of tax knowledge cause people to employ or hire tax practitioners to fill returns for them online. By so doing they will be avoiding the complexity of calculating tax. These complexities arise due to use of specialised jargon and use of many different groups of tax forms. Poor knowledge of tax law can also affect accuracy of returns submitted online (Palil and Mustapha, 2014). Change in tax policies can affect general tax knowledge, for example change of goods that fall under standard rated, zero rated and exempt supplies will cause complications in VAT calculation.

E-filing system automatically calculate tax to be paid after capturing of data in other sub-areas so if wrong information is provided the tax to be paid will also be incorrect. If tax knowledge is increased number of e-filing users will also increase as people will not have fear of providing incorrect information.

2.3 Other benefits of using electronic filing tax system

In the journal of E-governance 36, 125-135 Singh and Singh (2013) stated that there are so many benefits associated with e-filing of tax returns. Advantages that were stipulated are given below.

According to Harold (2011), computer-generated returns, transmitted electronically, generally are easier to process than paper returns; since the information on the forms does not have to be keyed in, number by number, by authority staff into the service's computers hence there is less chance of errors. Electronic transmittal is instantaneous, bypassing the frustrating vagaries of the postal system and the client receives confirmation within a day or two that the return not only was received by the tax authority, but was received accurately.

Muita (2011) held that for tax authorities, electronic filing lightens the workload and reduces operational costs – such as the costs of processing, storing and handling tax returns. Tallaha and Shukor (2014) also agreed with Singh and Singh (2013) that e-filing reduce the effort and cost needed to capture data. Before adoption of e-filing, there was need to capture all returns submitted manually into the system for further processing and the cost and effort for this has been reduced through introduction of the e-services. Taxpayers also enjoy better returns through use of e-filing system through use of tax preparation programs that provide information about tax benefits.

Tax returns and business accounts should be kept for at least six years and it was always difficult to keep hard copies for such a period. According to Reddick and Roy (2013), use of e-filing enabled safe record keeping and no more problems of physical space for filing hard copies in offices. Apart from this, risk of documents being destroyed by fire or other natural disasters is minimised. Apart from this e-filing enables easy tracking of documents. This is because reaturns filed electronically create a permanent record for use in future. Reddick and Roy (2013) added that, when a question rises in future regarding tax returns there is no need to go through cabinets of files but it is retrieved from the computer.

According to Waweru (2013), e-filing system enhances timely access to accurate and relevant information, which is a prerequisite for good planning, programming, implementation as well as monitoring and evaluation which forms the key component in development. Suluo (2013) held that interface between Tax authorities and taxpayers is also reduced

E-filing of tax returns enhanced accuracy of data since taxpayers are the ones that enter the data, Tallaha and Shukor (2014). Aladwani (2013) added that the objective of e-governance is to avoid forcing business community and citizens to come to Government offices and provide more and more services at the place of their choice, be it offices or homes. E-filing fulfilled this e-governance objective. It creates a Virtual office for delivering services electronically at time and place convenient to all, (Mostafa and El-Masry, 2013).

According to Tallaha and Shukor (2014), e-filing system is designed in such a way that a return cannot be submitted if it is incompletely filled, so this reduced the submission of incomplete tax returns.

2.4 Challenges of using e-filing system

According to Wamathu (2013), taxpayers tend to e-file near the tax deadline and this may lead to system crashes if the e-filing system is not tailored to accommodate this trend. Hang ups of the system lead to taxpayers being unable to file tax returns without assistance, Tallaha and Shukor (2014). Tallaha and Shukor (2014) further stated that e-filing system can be found down at the time taxpayers want to submit their returns and they end missing tax due dates and regarding e-filing as not reliable.

If taxpayers do not have computer skills and do not have access to internet infrastructure use of e-filing will remain low, thereby reducing tax compliance, Auyat (2013). He further argued that the two have a direct effect on use of e-filing and compliance. Lack of adequate computer skills makes electronic filing system expensive. Auyat (2013) found a positive correlation between tax compliance and computer literacy level. Inability to use e-filing force taxpayers to engage third parties for assistance in return for payment. These third parties can be internet café attendants and tax consultants who charge exorbitant fees. The end result is e-filing will become a challenge to taxpayers leading to decrease in tax compliance levels. Other taxpayers who are computer illiterate submit inaccurate information and take prolonged time to submit returns online leading to missing of due dates. Mandola (2013) held that lack of accessibility to internet is also a challenge to e-filing use.

Wamathu (2014) suggested that, psychological and time risks could possibly be prevalent for taxpayers who are not Information Technology literate. They may find themselves frustrated or anxious if a lot of time is spent learning about the e-filing system and then find that the system does not function as they had hoped it would. Sheikh (2015) suggested that privacy risk may possibly be a significant risk for e-filing adoption; this is because e-filing involves the transmission of taxpayers' confidential information through the internet.

Akello (2014) reported that e-filing faces challenges such as intermittent power supply and internet outages. However, the e-tax is hosted on a central server, which means that it's not affected by power or network outages even when power or the Internet is off in some parts of the country.

Tallaha and Shukor (2014) held that there is a challenge of forgetting log in credentials and this may affect lodging of tax returns in time. He carried out a survey on challenges of using e-filing using a sample 73 taxpayers in Malaysia and discovered that many taxpayers fail to submit tax returns online after forgetting their log in passwords.

2.5 Impact of perception of risk associated with e-filing on compliance

Gwaro, Maina and Kwasira (2016) defined perceived risk as the belief by citizens that they can incur a loss while using electronic tax filing system. It is also defined as the perception on reliability by taxpayers on the system's usefulness and the way their personal data is controlled on the online environment, Gwaro, Maina and Kwasira (2016). He further stated that taxpayers are reluctant to use e-filing there by reducing tax compliance because they are afraid of business risks that arise when business information is given to third parties for returns e-filing. Taxpayers are worried of third parties accessing their personal information concerning tax without their permission.

Muhagi (2012) held that taxpayers are afraid of losing data privacy through electronic tax filing. This is because taxpayers need to reveal their personal financial details concerning the business like the income derived. Many people are reluctant to reveal such information to people who are not connected with their businesses due to the fear that they can be robbed. Fear of these challenges caused many taxpayers not to comply with their taxes as they fail to submit their tax returns online.

Azmi, Kamarulzaman and Hamid (2012) discovered that many taxpayers are of the view that e-filing is not popular because of the perception of risk associated with electronic tax filing system. The lack of effort to eradicate taxpayers' perceptions of risk associated with e-filing discourages tax e-filing service adoption. He analyzed data from 249 taxpayers in Malaysia and found out that there is a positive relationship between perceived risk and e-filing adoption which affects tax compliance. Confidentiality of the information used during e-filing is also of main concern to many taxpayers. Mandola (2013) identified three risk factors associated with electronic filing of tax returns which are privacy risk, financial audit risk and performance risk. Results revealed that only just financial audit risk and performance risk had a significant impact on e-filing.

Gwaro, Maina and Kwasira (2016) defined privacy risk as the concern regarding safeguard of data submitted online during e-filing of returns since third parties can access the information

without the owner's permission. He also defined performance risk as the likelihood of the e-filing system failing to meet its promises. Performance risk cause unplanned cost if the system problems increase time and costs of filing returns online.

2.6 Impact of tax e-filing on compliance

Ssetuba (2012) suggested that tax compliance comprises ability to pay tax and the reporting of tax information correctly and in time. He emphasized that tax compliance is mainly based on accuracy of tax returns and payment of taxes in time. There is voluntary compliance and involuntary compliance. Voluntary tax compliance does not require enforcement whilst involuntary compliance requires enforcement. Reddick and Roy (2013) held that e-filing enhances tax compliance because it ensures all mandatory fields are filled before proceeding to the next level. Mandola (2013) also added that e-filing reduced unintentional errors and omission of required information.

According to Muita (2011), taxpayers regard manual returns tedious to file and tax authorities also regard it tedious to reconcile so e-filing was introduced to ensure timely reconciliation and accuracy of data collected since e-filing enables tax returns reconciliation and validation automatically. Compliance can be affected by taxpayers' attitudes towards taxes and once somebody developed negative attitude towards the tediousness of manual tax filing system it is difficult to comply with taxes.

Main aim of many countries' tax reforms is to ensure voluntary tax compliance and e-filing does this (Khadijar, 2013). In Zimbabwe many tax returns are being filed towards due dates that are mandatory for both returns and tax payments and failure to this causes non-compliance and gives rise to penalties. Muturi and Kiarie (2015) states that, taxpayers should embrace e-filing system in order to enhance tax compliance. He also found a strong correlation ($R=0.903$) between e-filing and tax compliance.

Gwaro, Maina and Kwasira (2016) held that level of computer literacy and accessibility to internet has a great effect on the use of e-filing. Impact of e-filing on compliance depends upon the literacy rate and this means that if computer literacy is poor there will be poor tax compliance. Mandola (2013) suggested that lack of understanding regarding information is required in e-filing force people to engage third parties and others eventually resort to non-comply if the charges are exorbitant. Taxpayers are also of afraid of losing their privacy to third parties if they cannot understand and use e-filing without problems. Some taxpayers

who cannot use e-filing opt to avoid engaging tax practitioners in fear of security risky of their financial data. This can even lead them to being robbed.

According to Mugo (2013), the e-services system should be capable of efficiently operate during peak times like days that are closer to deadlines. If the system is not capable of operating during peak times this change perception of taxpayers towards e-filing and they will perceive it to be unreliable. Once negative attitude towards e-filing has developed, e-filing cannot positively affect tax compliance (Mandola, 2013). Electronic tax filing system should be stable so that users can rely on the system.

Edward and Ambrose (2017) carried a research on the impact of e-filing on tax compliance in Kenya taxpayers and found out that electronic tax filing system do affect levels of tax compliance. They used sample of 316 as representatives of target population and used simple random sampling. The conclusion was reached after analyzing data collected using questionnaires. Muturi and Kiarie (2015) also added that e-filing has a great influence on tax compliance in Meru country, Kenya. They used structured questionnaires covering a sample of 60 taxpayers.

2.7 Impact of e-filing on tax revenue collection

Maisiba and Atambo (2016) carried a research on the effect of e-filing system on the revenue collection of Kenya Revenue Authority (KRA) and found out that e-filing reduces inefficiencies connected with costs of travelling to and from KRA offices for doing taxes thereby reducing costs of compliance. He also held that electronic filing system increases tax revenue collection. Revenue collection is improved by activities including registration, tax payment and returns filing which increased since the inception of e-filing. Maisiba and Atambo (2016) used questionnaires as the main data collection instrument and used a target population 102 respondents comprising KRA employees and taxpayers.

Gideon and Aluis (2013) held that for national revenue collection scheme to be efficient, it is effort of each public administration system together with sound fiscal management. Basing their research on Zimbabwe's public revenue collection they argued that the operational and structural frameworks which governs national revenue authority should be reviewed. Apart from this they recommended the introduction of the e-services which Zimbabwe Revenue Authority (ZIMRA) introduced in 2015. This was meant to increase tax revenue collection.

According to the ZIMRA performance report for the year 2016, net collections amounted to \$US3.248 billion in 2016 and \$US3.50 billion in 2015 which shows a decrease of 7.22%. In a meeting held on 25 July 2016 ZIMRA chairperson said e-filing users increased in 2016 as compared to 2015. Despite the increase in number of e-filing users, revenue collected decreased by 7.22% and this concluded that revenue collection is influenced by other factors other than e-filing system like economic status and population growth. This is supported Mohd (2013) who held that increase of revenue collection is not related to electronic tax system but other factors like stable economy, population growth and increase in donor borrowing. He emphasised that electronic tax system has an insignificant impact on tax revenue collection.

Sagas, Nelimalyani and Kimaiyo (2015), did an assessment of the impact of electronic tax register on revenue collection by Kenya Revenue Authority western region, Kenya. Findings from their study indicated that 75% of the respondents were of the opinion that e-filing has helped to curb cases of tax evasion and 86% of the respondents were of the opinion that e-filing has helped to increase revenue collection due to their efficient nature.

Ayodeji (2014) looked at the impact of electronic tax systems on tax administration in Nigeria. He argued that boosting the internally generated revenue necessitates the adoption of electronic tax systems technologies to drive tax administration and concluded that electronic tax systems plays an important role in the increase of internally generated revenue in Nigeria. This was done by ensuring compliance thereby boosting productivity and economic activities in the country. It is a change agent for accelerated growth and poverty reduction in Nigeria and the whole of African continent at large.

Muturi and Kiarie (2016) suggested that, measures like shifting to electronic taxpayer registration system improves tax administration and tax collection. He added that there is a positive relationship between increase in registered taxpayers and tax revenue collection.

2.8 Practices to ensure tax compliance

Fischer model categorized factors that affect tax compliance into 4 groups being tax system/structure (audit probability, complexity of tax laws, penalties and tax rates), attitudes and perceptions, non-compliance opportunity and demographic (Gangl, Hofmann and Kirchler, 2015).

2.8.1 Audit probability and Penalties

Mohdali, Isa and Yusoff (2014) stated that in general threat of punishment like high audit probabilities and penalties improve compliance. He mentioned that tax authorities use fear as a way to force taxpayers to comply provided that taxpayers use cost-benefit analysis on comparing costs and benefits associated with evading tax. Many previous studies revealed a positive correlation between compliance and audit likelihood. Impact of audit probabilities varies depending on groups of taxpayers, for example it has little impact on salaried taxpayers than sole proprietors.

Mohdali, Isa and Yusoff (2014) agreed that penalties have influence on tax compliance but Kedir (2015) disagreed. Penalties cause individuals not to disclose their correct earnings because the possibility of losing is smaller than that of gaining.

2.8.2 Fair tax rate

People tend to under declare their earnings if the tax rate increase there by leading them to be less compliant (Mohd, Mohd and Wan, 2013). However, Schneider (2013) and Young et al. (2016) disagreed with this, saying there is still low rate of tax compliance even if the tax rate is stable.

2.8.3 Tax complexity

In general, the rate of compliance decreases when the tax laws are complicated. Morrow and Stinson (2016) suggested that tax complexity causes omissions, misinterpretation of rules and unintentional errors when reporting. There is a negative correlation between tax complexity and compliance so making tax system less complicated enhance tax compliance.

2.8.4 Tax administration sufficient resources

If tax administration resources are limited some violation of tax laws will go unnoticed (Stam and Verbeeten, 2017). These resources can be in form of inadequate staff number or if the staff with required skills and knowledge are insufficient, lack of funds and poor infrastructure. Kirchler, Kogler, and Muehlbacher (2014) and Saad (2014) suggested that if tax administration is not done frequently taxpayers will feel that the probability of being caught when evading tax is very low.

2.8.5 Naming and shaming

Van Rooij (2015) held that if tax offenders are named and shamed it will reduce wide spread of tax evasion. This can be done by publicizing everyone who does corruption and does not comply with tax laws.

2.8.6 Empowering taxpayers with tax knowledge

Young et al. (2016) suggested that it is difficult to know the need and importance of paying tax if you are not educated about it. Filing tax returns and calculation of tax liability requires adequate knowledge hence tax knowledge is very important in encouraging tax compliance. Saad (2014) held that tax knowledge is an important element in a voluntary compliance tax system.

2.8.7 Increasing alerts and unannounced visits

According to Khole (2014), taxpayers need to receive customized letters alerting them with vital information like when due dates has approached without a tax return submitted and payment made. Due to the introduction of the e-filing system alerts are now send through email. In the case that information submitted differs from the usual that used to be submitted alerts for explanation of variances should be send to clients, Mohammed et al (2013). According to Chan and Young (2014) tax authorities should also engage in unannounced visits to business premises and inspect the books of accounts and match with the ones being submitted. For salaried taxes they can ask employees privately their salaries and confirm if correct PAYE is being paid.

2.8.8 Prosecution

All non-compliance cases involving large amounts of money, persistent tax evasion or criminal activity should be associated with prosecution, (Downs and Stetson, 2014).

2.8.9 Use of self-assessment tax system

According to Tallaha and Shukor (2014) self-assessment system (SAS) change tax management burden from the authority to the taxpayers. Taxpayers are responsible for calculation of tax liability, filing of returns and payment of taxes. Sarker (2013) suggested that the objective of SAS is to minimize processing costs in tax collection, increase tax compliance and enhance tax administration system so as to increase tax enforcement

effectiveness. E-filing fits well with SAS implementation as it promotes higher voluntary tax compliance, Tallaha and Shukor (2014).

2.8.10 Rewarding honest taxpayers

Fadi, Martin and Roberta (2016) held that recompense is a paramount tool in encouraging taxpayers. Honesty taxpayers should be given rewards as a token of appreciation and this motivate them to continue complying with taxes. Ahmed et al (2012) added that these rewards can be inform of certificates from tax authorities to taxpayers acknowledging them complying. These certificates improve taxpayers' fame and image so they will respond positively.

2.9 Research gap

Atika (2012) found out from his study that tax e-filing system is part of revenue collection reforms whose main is to enhance tax collections and tax efficiency. He held that tax revenue has been increasing rapidly as a result of tax electronic system. However, Wasao (2014) held that despite introduction of tax electronic system, challenges still exist though not much than the increased revenue collection indicators that are being enjoyed. He emphasized that e-filing system is only an efficient tool when it is used properly.

As a result of the contradiction above, this research therefore examines the impact of tax e-filing system on compliance and revenue collection.

2.10 Summary

Chapter two reviewed the relevant previous studies that was done for factors that affect adoption of e-filing, benefits and challenges of e-filing, practices to ensure tax compliance and impact of tax e-services on revenue collection. This was done to come up with a well-supported research. Many scholars suggested that tax e-filing has an insignificant impact on revenue collection. Chapter three is on research methodology.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter describes clearly in detail the methodology used in doing the research. It explains the research design, instruments of research, procedures of data collection and data analysis. It also includes description of ways that were used to present data. The methods and methodology used sought to add new knowledge regarding the impact of electronic tax filing system on compliance and revenue collection in Zimbabwe Revenue Authority. The chapter is concluded with a summary at the end.

3.1 Research design

According to Kumar (2012) research design is a plan or structure used to achieve research objectives and it gives the steps taken to maintain research soundness and outlines the format and structure used to carry out the research. He further stated that research design is a stage of planning made by picturing its practicability. Singh (2013) held that research design is a set of decisions making up the master plan which specifies procedures and methods of collecting and analyzing information needed.

The importance of studying research design is the matching of objectives of the research with suitable research design. It also enables collection of required data with minimal effort, expenditures and time, Diana (2016). Research design can be qualitative or quantitative and these two are complimentary. Descriptive design, experimental design and case study design are other types of research design. Descriptive research approach was used as it is most applicable to the area of research in answering questions of circumstances surrounding the viability of e-filing in ensuring tax compliance and its impact on revenue collection.

3.1.1 Quantitative Research Design

Quantitative research design is defined by Kumar (2014) as the study of relationships among variables to find if objectives are met and includes the use of calculation in detail analyzing data collected. Abawi (2015) described quantitative research as a method that explains, describes and tests relationship particularly cause-and-effect relationship.

Merits of quantitative research method

- ❖ This method is revolutionary since it represents an innovative way of addressing problems.
- ❖ Conclusions can be done with accuracy because quantitative research design is highly valid and reliable, Hughes (2014).

Demerits of quantitative research method

- ❖ Since it is based on figures it is not up to date always and needs regular updating.
- ❖ It is expensive since it needs a software for analyzing data and it may not be always accessible for use.
- ❖ It might be time consuming as it requires capturing of data and its analysis before presentation.

3.1.2 Qualitative research method

Rusere (2012) defined it as a way which overlook statistics in favour of narrative data. Narrative data can be public speeches in form of printed articles and video tapes that can be analysed to come up with verbal conclusion rather than statistical conclusion.

Merits of qualitative research method

- ❖ It is cheap since the setting is familiar and natural.

Demerits of qualitative research method

- ❖ It is tedious and time consuming since responses can take long time.
- ❖ It is susceptible to subjective opinion for it is more concerned with qualitative facts than measurements.
- ❖ It relies much on the researcher's expertise and can easily be affected by researcher's prejudice.

3.1.3 Mixed Approach

The use of both quantitative approach and qualitative is referred to as mixed approach. According to Kumar (2014) mixed approach can also be defined as triangulation method and it enables problem under study to be thoroughly understood. The researcher used mixed approach.

Justification for mixed approach.

The advantage of mixed approach is that it enables the integration of results from both quantitative and qualitative approach for the provision of more data that one method would not do alone. However, it is time consuming, but the research worked overtime to ensure the validity and reliability of the research findings.

3.2 Case study

Harare ZIMRA branch was used as a case study to explain the viability of e-services in ensuring tax compliance and its impact on revenue collection. Cresswell (2013) defined case study as a concentrated and thorough study done on a unit like a firm or a corporate stressing issues that contributes to its collapse or success.

3.2.1 Justification of using case study

Kumar (2012) held that case study approach gives the research value since it provides more room to the researcher to acquire more data and evidence from different sources found within the company. This method is very important since it gives reality not mere unsubstantiated facts. According to Bryman (2015), case studies are powerful means of portraying strategies to outsiders since a reference point is there.

3.3 Research population

Individuals with one or more common characteristics that the researcher has interest are defined as the research population, Simiyu (2013). It can also be defined as a data-set of likely observations from a certain study. This research used Harare ZIMRA branch based employees and the research population consisted had 45 respondents being employees working in the e-services department, employees working in the compliance section, others from debt management department and others from tax consultants firms. Common characteristic from this target population is that they all have knowledge in e-filing and tax compliance issues.

Table 3.1 Target population and sample size

Participants	Research population	Sample		Interviews
		Size	Percentage	
E-services department	12	10	83	2
Compliance department	9	6	67	1
Debt management department	10	7	70	1
Finance department	10	7	70	1
Human resources department	4	3	75	
Total	45	32	71	5

3.3.1 Justification of population

The researcher chose respondents from e-services department because they have expected knowledge about factors affecting adoption of e-filing and its benefits and challenges. Respondents from compliance department were considered important to give their views regarding impact of e-filing on tax compliance and respondents from debt management were paramount as they provide information regarding payments and non-payments of various tax heads. Representatives from tax consultants are heavily involved in submitting tax returns on behalf of their clients so they had important information about e-filing needed by the researcher.

3.4 Sampling

Sampling is a process of choosing a number of individuals that represent selected large group of the study, Kariuki (2013). The sample selected becomes the basis of estimating a situation, fact or outcome concerning the bigger group. There are many different techniques of

sampling like random sampling, stratified sampling, systematic sampling, cluster sampling, convenience sampling, stratified random sampling and judgmental sampling. The researcher used judgmental sampling.

3.4.1 Judgmental sampling

This is a technique based on opinion of the personnel regarding what is a representative of the population under the study. Judgmental sampling can also be defined as purposive sampling. Yin (2013) held that judgmental sampling is done with the aim in mind and involves use of specific predetermined groups for gathering data. The research applied judgmental sampling and used the finance department as a critical case since all departments report to it on issues regarding tax.

3.4.2 Justification for judgmental sampling

Researcher used this technique believing that using authority can provide more useful results rather than involving the whole population. Judgmental sampling technique also prevents use of irrelevant and unnecessary items in the sample. According to Karuna (2012), one who is doing the sampling uses her/his experience and knowledge to select the sample.

3.5 Types of data

Data is defined as qualitative or quantitative values from a variable in form of numbers, words, images, ideas or facts, Kumar (2013). It is important to consider the source of data before relying on it for a certain situation. Primary data and secondary data are the two types of data and classified according to the source. The researcher used both primary data and secondary data to get a wide range of data regarding the topic.

3.5.1 Primary data

According to Simuyu (2013) primary data is the data collected in the field for the first time. It is first hand data gathered directly from respondents through inspection, surveys, observations, interviews and use of questionnaires. According to www.fhssrsc.byu.edu (27/07/17; 2:25pm) primary data has original data collected from first hand original sources and has not yet been published.

3.5.2 Merits of primary data

- ❖ It is reliable, objective and authentic because it is original and free from alterations (Kumar, 2013).
- ❖ It is not difficult to interpret since it focuses on particular issues.
- ❖ It provides up-to-date data gathered for the problem at hand.

3.5.3 Demerits of primary data

- ❖ Primary data is expensive to collect and time consuming.
- ❖ Inaccurate feedback can be given.
- ❖ It requires confidentiality, permission and authorization.

3.5.4 Secondary data

According to Kariuki (2013) secondary data refers to data that has been already published, that is, data manufactured by other people. Secondary data used include data from newspapers and company journals. It can be used where it is unnecessary to use primary data.

3.5.5 Merits of secondary data

- ❖ According to Kumar (2013) secondary data is less costly as compared to primary data since it is easily accessible and gives important background to refine the research problem.
- ❖ Secondary data also act as a guideline and benchmark for research.
- ❖ It is less time consuming since data is already available.

3.6 Research instruments

Annum (2015) defined research instruments as tools utilized to collect data and information needed to answer the problem under study. Observations, reading, questionnaires and interviews are types of research instruments. Interviews and questionnaires are the two tools used for this research.

3.6.1 Questionnaires

Questionnaires are same draft questions given to respondents for them to answer. Answers that are obtained from questionnaires are primary data. McDonald and Headlam (2012) said that the term questionnaires comes from gathering of questions meant to answer the problem under review. The researcher used questionnaires designed to find whether ZIMRA electronic tax system was viable in ensuring compliance and its impact on revenue collection.

3.6.2 Justification for questionnaires

Questionnaires can be used to collect data from a large sample. Since questions are presented on a paper, confidentiality is maintained and no bias of the interviewer when using questionnaires. Steward (2012) suggested that confidentiality is maintained when using questionnaires. Questionnaires are also inexpensive. Apart from this high quality data can be obtained from respondents since there is enough time to read and understand the questions. Data obtained from questionnaires can be easily converted into information that is useful.

3.6.3 Interviews

According to Abawi (2013) interviews involves asking questions and recording or listening to individuals' responses. In-depth interviews, focused group discussions, structured interviews and semi-structured interviews are four types of interviews.

3.6.4 Merits of interviews

- ❖ Interviews create a friendly environment between interviewee and interviewer leading to more information even those not asked but significant being given by the interviewee.
- ❖ It allows face to face communication where feedback is given instantly and interviewer can ask for more clarity on unclear issues.
- ❖ Through using interviews there is no chance of non-response.
- ❖ Facial expressions and other non-verbal ways of communication can aid in making interviewee to understand the questions.

3.6.5 Demerits of interviews

- ❖ Results can be affected since it is tiresome to interview a large number of people.
- ❖ According to Abawi (2015), results can be biased due to too much interaction with interviewees.
- ❖ Results cannot be easily compared since the wording interviews cannot be done uniformly.
- ❖ It is expensive and time consuming.

3.7 Types of questions

A sentence directed to someone in an interrogative way is described as a question. Open ended questions and close ended questions are the two types of questions.

3.7.1 Open ended question

Open ended questions are those unstructured questions that one can answer in her or his own words and they do not have suggested answers like multiple choice questions. In these type of questions respondents can express their opinions without being influenced by the one asking. Open ended questions usually start with what, which, how or why and they require respondents to critically think. According to Kumar (2013), open questions are asked to get more data to the researcher from the respondents.

These type of questions allow respondents to include their feelings, attitude and their understanding in the area under study. When using open questions there is no chance of respondents disregarding the questions and just choose an answer and a respondent is unlikely to forget answers he or she has to choose from. Bias of suggesting answers to respondents is avoided through use of open ended questions.

However open ended questions requires extensive coding. Comparison and statistical analysis is also difficult since different answers are given by respondents. Kumar (2013) suggested that irrelevant responses can be given.

3.7.2 Closed ended question

This is when a list of possible answers are provided and respondents required to choose, for example to give True or False. Unlike in open ended questions, closed ended questions are structured.

The advantage of using closed ended is that less time is consumed because alternatives are already given as guidelines. Apart from this, it is easy to analyse and compare. Closed ended questions can be easily used for computer analysis. However, these types of questions confine respondents to offered alternatives and respondents with no knowledge about the problem still answer.

3.8 Likert scale

Likert scaled was defined by Cresswell (2013) as a scale for agreement that is used in questionnaires. It is a way of translating qualitative data into quantitative data so as to enable statistical analysis. For the purpose of this study, likert scale was used to design questionnaires.

3.1 Likert scale rating

Strongly agree	5
Agree	4
Uncertain	3
Disagree	2
Strongly disagree	1

Source:

3.9 Reliability and Validity

3.9.1 Reliability

Reliability of research findings refers to the study's soundness when looking at appropriateness and application of procedures used and integrity of the conclusion made. According to Curationis (2013), reliability is mainly concerned with using data gathering methods that produce consistent results. To ensure reliability, primary data and secondary data regarding tax e-filing and compliance were collected to support results and findings.

3.9.2 Validity

Validity is defined as how a test can measure what it is meant to measure. Tallaha and Shukor (2014) mentioned that there is external validity and internal validity. In data collection validity ensures that the findings are a true representation to the claims of the researcher. The extent to which a research study is considered to be a very good test of hypothesis or research question of the research is referred to as an internal validity. External validity is about whether or not the study done can be generalized beyond the immediate sample of study.

3.10 Data presentation and analysis

3.10.1 Data presentation

Research findings can be presented either verbally which involves narration and description of procedures used to get results or through the use of tables, graphical representations and other statistical values. The researcher used pie charts, bar charts, ratios and tables to present data found from questionnaires and gave explanations of responses obtained from interviews.

3.10.2 Data analysis

The process by which raw data is transformed into usable information is called data analysis. Rabinowitz (2015) defined data analysis as examination of data so as to show patterns, trends and relationships. After collection, data is edited, coded, classified and tabulated for analysis. Percentiles and ratios are some of the data analyzing methods used by the researcher.

3.11 Ethical considerations

The society's public interest should be taken into account sometimes even beyond researcher's legal obligations, Saunders (2013). Researchers' actions should not affect others' negatively. To satisfy this statement the researcher asked responsible authorities for permission to collect data from the targeted respondents. Acknowledgements to previous authors was also done through in text referencing so as to avoid plagiarism which affect them negatively.

3.12 Summary

Chapter Three describes the research methodology used to carry out the study. The descriptive mixed research method was used by the researcher. A case study approach was also used with Harare ZIMRA branch used as a case study for this research. Methods of sampling, target population, types of data used and instruments of data collection are also explained in this chapter. Apart from this, it also outlines the reliability and validity of the data used. The next chapter is about presentation and analysis of research findings.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.0 Introduction

Chapter Four is about data presentation and analysis of the findings from the research undertaken so as to come up with the conclusion from the investigation on the viability of tax e-services in ensuring tax compliance and its impact in revenue collection using a case of ZIMRA Harare branch. Pie charts, bar charts, graphs and tables were used to present the data. Research findings were analysed in line with the research objectives.

4.1 Response rate

In order to carry out the research 35 questionnaires were distributed to ZIMRA staff employees of various departments and to the tax consultancy firms. Responses that were returned are shown by the table below.

Table 4.1 Questionnaire response rate

Department	Questionnaires distributed	Questionnaires returned	Rate of response
Finance department	5	5	100 %
E-services department	10	9	90 %
Compliance department	5	5	100 %
Tax consultancy firms	7	6	86 %
Debt management department	6	5	83 %
Human resources department	2	2	100 %
Total	35	32	91 %

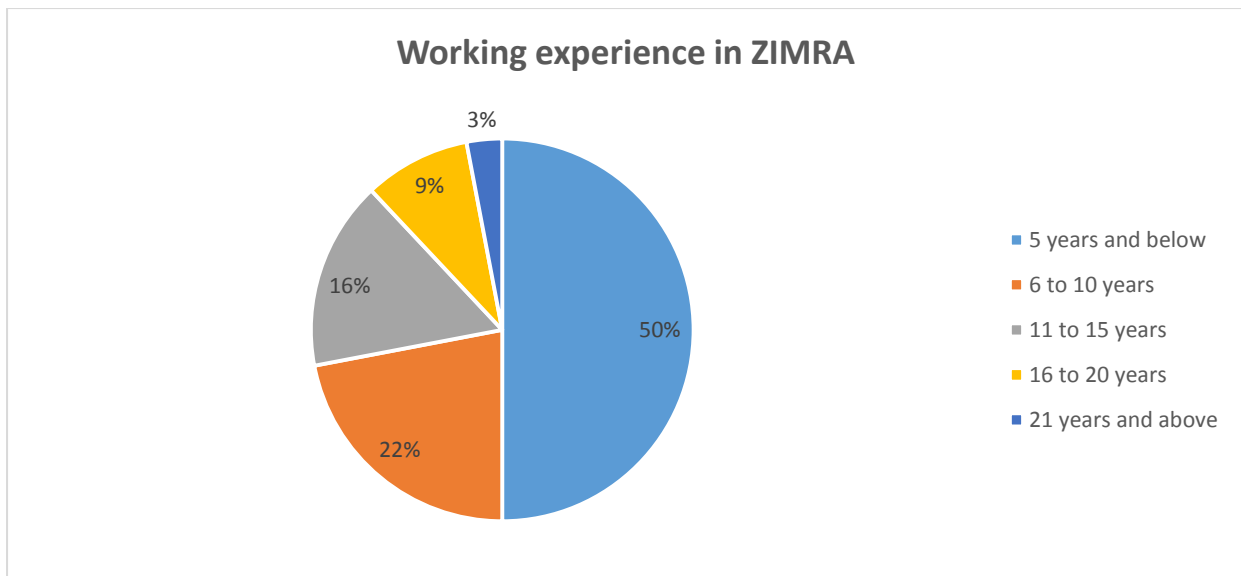
As shown by table 4.1 above, finance department, human resources department and compliance department all obtained a response rate of 100% followed by e-services department with 90%, tax consultancy firms with 86 % and finally debt management department with 83 %. The overall response rate is 91 % which is good and acceptable for making conclusion and recommendations. According to Cresswell (2013), a response rate that is 50% and above is ideal for academic researches and can represent the whole population.

All respondents were asked to indicate their years of experience working at ZIMRA and the table 4.2 below shows their years of experience.

Table 4.2 Experience in ZIMRA

	5 years and below	6 to 10 years	11 to 15 years	16 to 20 years	21 years and above	Total
Frequency	16	7	5	3	1	32

Fig 4.1 Experience analysis



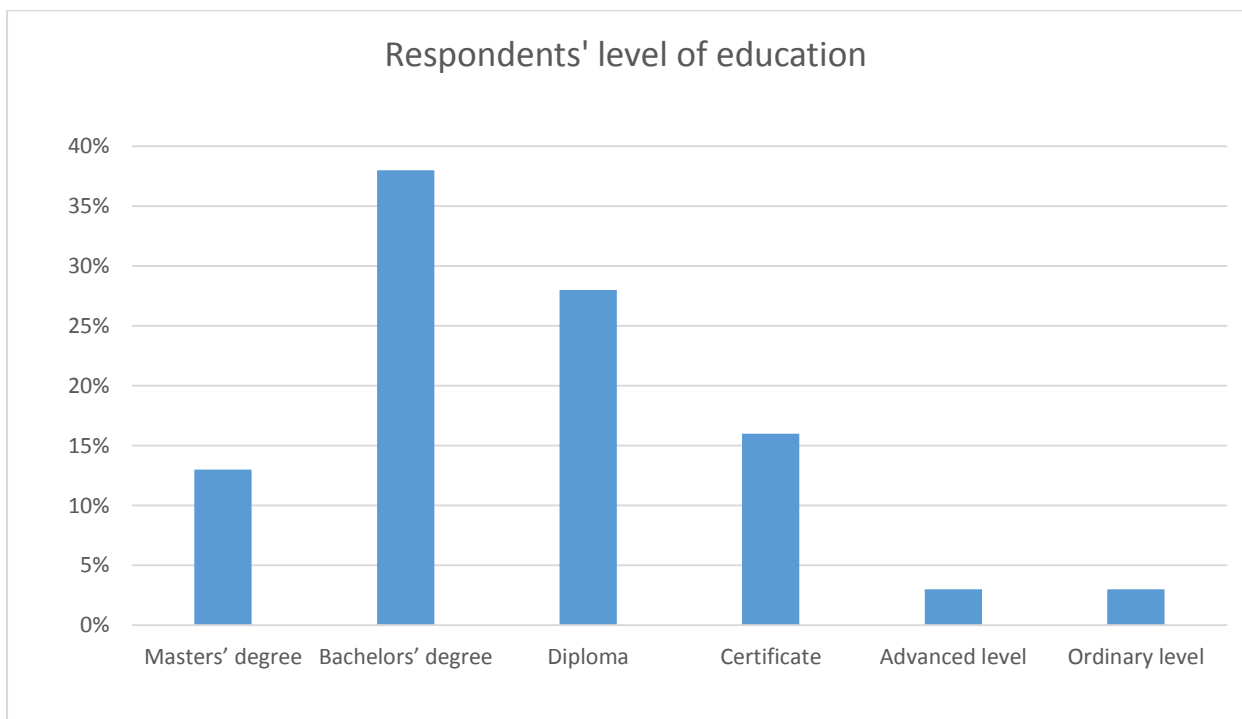
The pie chart above shows that 50% (16/32) of the respondents have been working at ZIMRA for not more than 5 years. Respondents who have been working at ZIMRA for 6 to 10 years constitutes 22% (7/32), those with experience of 11 to 15 years constitutes 16% (5/32), those with experience in ZIMRA of 16 to 20 years constitutes 9% (3/32) and finally those with

experience of 21 years and above occupied the 3 % (1/32). 72% of the Respondents with less than 10 years constitute 72% (23/32) whilst 28% (9/32) have experience of more than 10 years. However, responses obtained can be relied upon since there is no experience that is below the three years of training program.

Table 4.3 Respondents’ academic qualifications

	Masters’ degree	Bachelors’ degree	Diploma	Certificate	Advanced level	Ordinary level	Total
Frequency	4	12	9	5	1	1	32

Fig 4.2 Analysis of respondents’ level of education



As shown by the table and bar chart above the level of education of the respondents with the highest frequency is the degree class with a frequency of 12. They constitute 38% (12/32) of the respondents and those respondents with advanced levels and ordinary levels have 3% (1/32) each. Respondents who are holders of diplomas constitutes 28% (9/32), followed by those with national certificates at 16% (5/32) and holders of Masters Degrees constitutes 13% (4/32). Respondents that have at least a certificate as their highest level of education constitute 94% (30/32) and this makes them relevant respondents for the analysis of viability

of tax e-services in ensuring taxpayers' compliance and its impact on revenue collection since taxation is mostly taught at levels after advanced level.

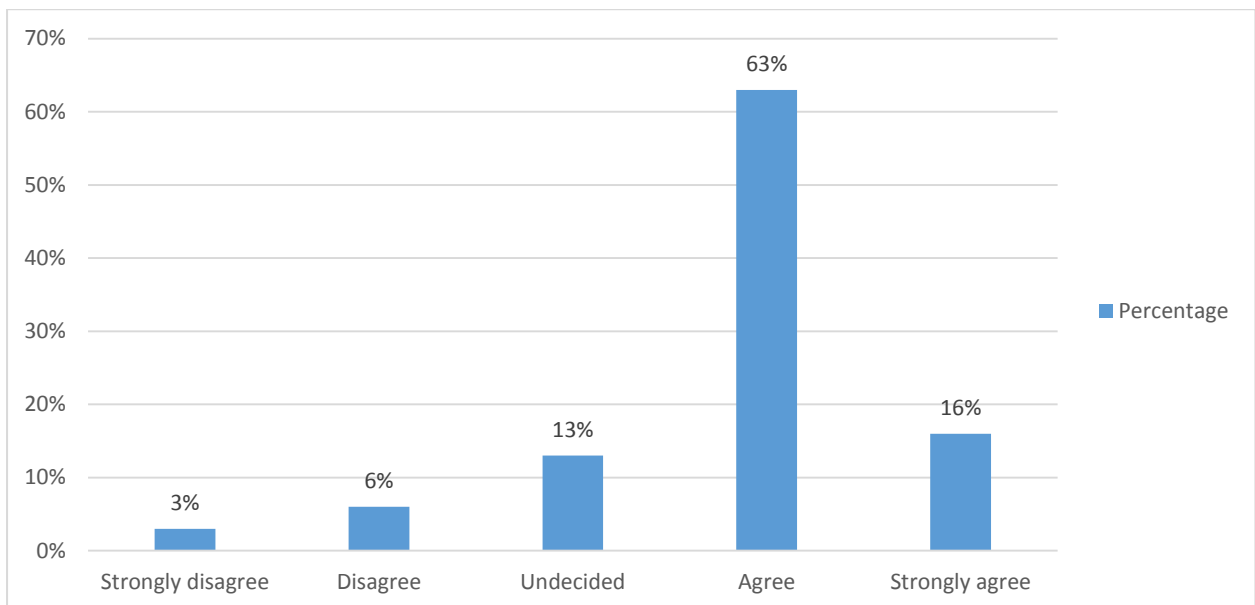
4.2 Effect of tax e-filing on compliance

Respondents were asked to give their views on whether tax e-filing had improved tax compliance and the data that was obtained is given on table 4.4 below.

Table 4.4 E-filing system saved time in returns filing.

	Strongly disagree	Disagree	Undecided	Agree	Strongly agree	Total
Frequency	1	2	4	20	5	32

Fig 4.3 E-filing system saved time in returns filing.



The results above show that 63% of the respondents agreed that tax e-filing saves time in returns filing and 16% also strongly agreed that tax e-filing saves time. It saves time because there are no more movements to and from ZIMRA offices to file returns and this is now being done at taxpayers' offices or homes. However, 13% of the respondents were undecided, 6% disagreed and 3% strongly disagreed. Majority of respondents agreed that is 79% (63%+16%) so it is concluded that e-filing enhance tax compliance since returns are filed in

time using e-filing system. Khadijar (2013) supported this saying, the main objective of many nations' tax reforms is to encourage voluntary compliance with taxes and e-filing does this.

Table 4.5 Accurate information was filed through e-filing.

	Strongly disagree	Disagree	Undecided	Agree	Strongly agree	Total
Frequency	1	4	8	5	14	32

Fig 4.4. Accurate information was filed through e-filing.

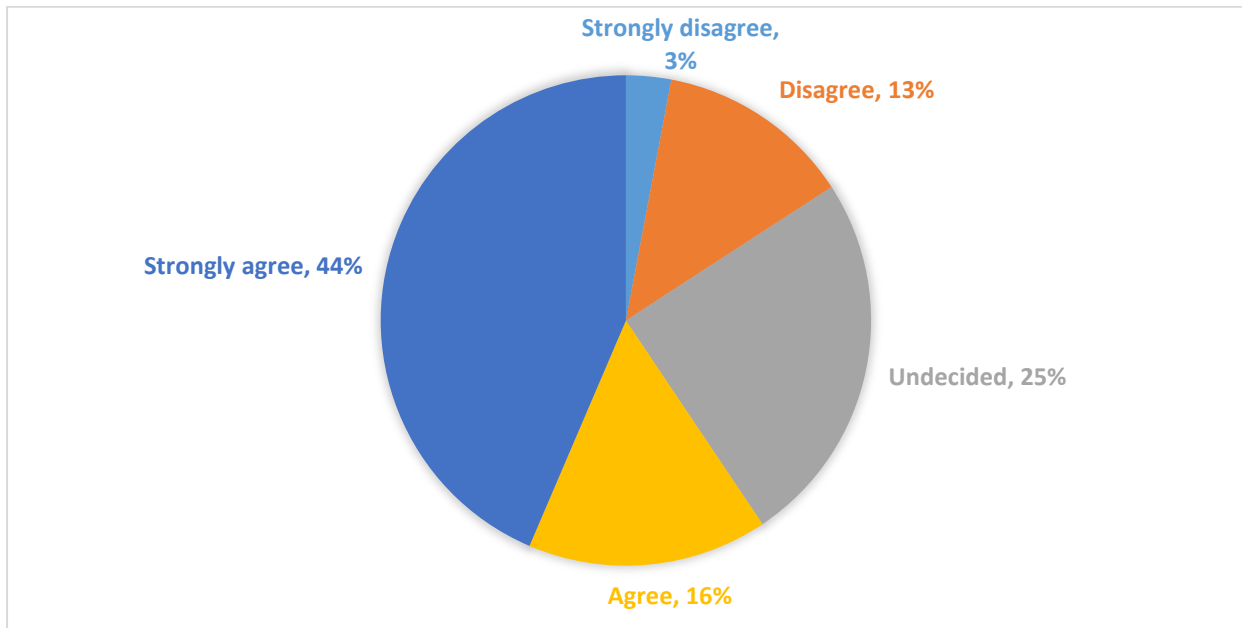


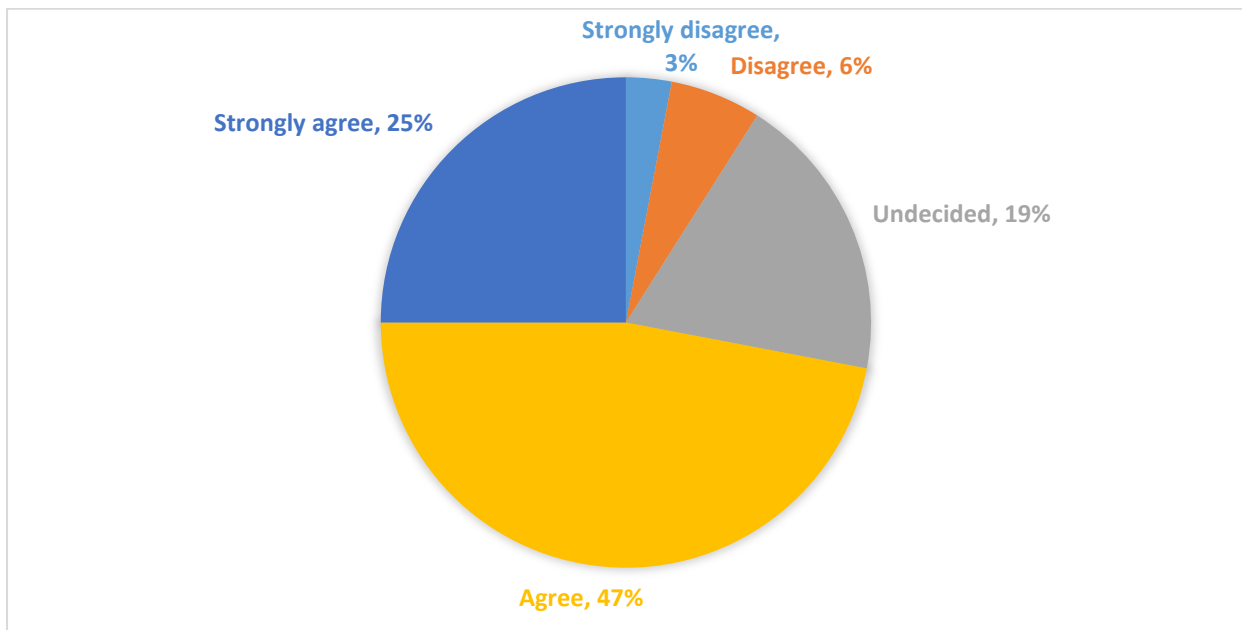
Fig 4.4 above shows that 60% (44%+16%) of the respondents agreed that use of e-filing enables taxpayers to file accurate information. This is because the system automatically calculates the tax liability once the gross amount is entered. Those in disagreement constitutes 16% (13%+3%) of the respondents and 25% of the respondents are undecided regarding this issue. Since the majority of the respondents agreed it can be concluded that electronic filing system ensure tax compliance since accurate information is provided on

returns. This is supported by Tallaha and Shukor (2014) who said that e-filing of tax returns enhances accuracy of data since taxpayers are the ones that enter the data.

Table 4.6 Taxpayers incurred little costs in filing tax returns online.

	Strongly disagree	Disagree	Undecided	Agree	Strongly agree	Total
Frequency	1	2	6	15	8	32

Fig 4.5 Taxpayers incurred little costs in filing tax returns online.



As shown from fig 4.5, 72% (25%+47%) of respondents agreed that use of electronic filing system enables taxpayers to incur little costs. Little costs are incurred since transport costs to visit ZIMRA offices are reduced through use of e-filing. It also shows that 9% (3%+6%) of the respondents disagreed and 19% are neutral regarding this issue. It can be concluded that electronic filing system ensure tax compliance since compliance costs are minimized.

Table 4.7 Electronic tax filing system enhanced voluntary tax compliance.

	Strongly disagree	Disagree	Undecided	Agree	Strongly agree	Total
Frequency	2	2	8	12	8	32

Fig 4.6 Electronic tax filing system enhanced voluntary tax compliance.

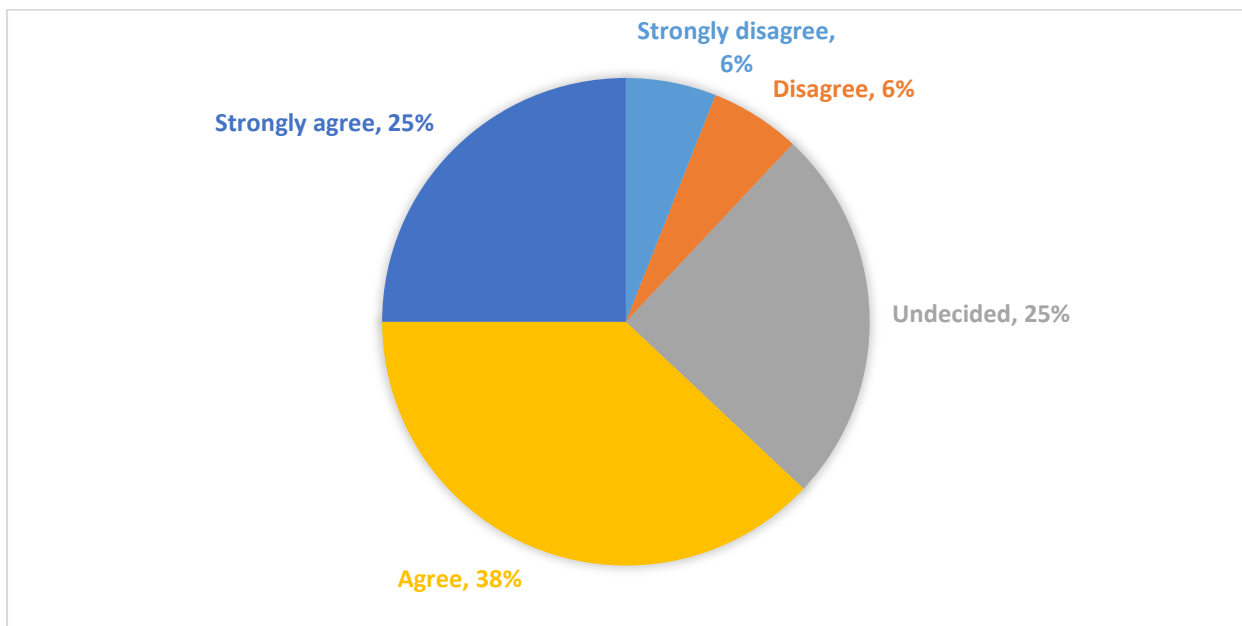


Fig 4.6 illustrates that 63% (25%+39%) of respondents agreed that electronic tax filing system enhance voluntary tax compliance. The reason is that tax management burden is taken from the authority to the taxpayers. Taxpayers became responsible for calculation of tax liability, filing of returns and payment of taxes. It also shows that 12% (6%+6%) of respondents disagreed that e-filing system ensure voluntary tax compliance and 25% of the respondents were undecided. Conclusion that can be obtained is that, e-filing system ensures voluntary tax compliance since the majority agreed. This is supported by who said that the main aim of many countries' tax reforms is to ensure voluntary tax compliance and e-filing does this. Tallaha and Shukor (2014) also added that e-filing fits well with SAS implementation as it promotes higher voluntary tax compliance.

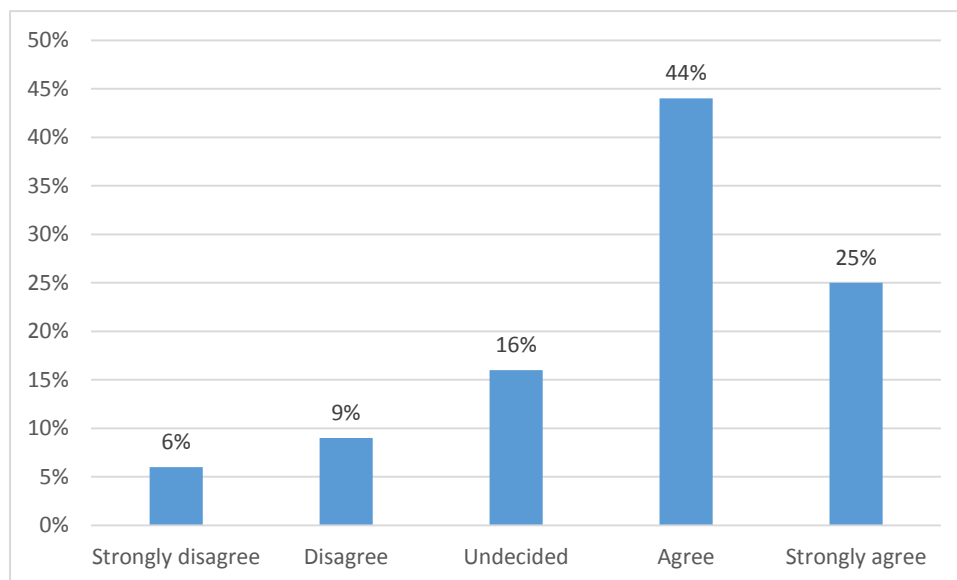
4.3 Impact of e-services on tax revenue in 2015 and 2016

Respondents were given questionnaires asking for views on whether e-filing enabled increase in revenue collection.

Table 4.8 E-filing reduced tax administration costs.

	Strongly disagree	Disagree	Undecided	Agree	Strongly agree	Total
Frequency	2	3	5	14	8	32

Fig 4.7 E-filing system reduced tax administration costs.



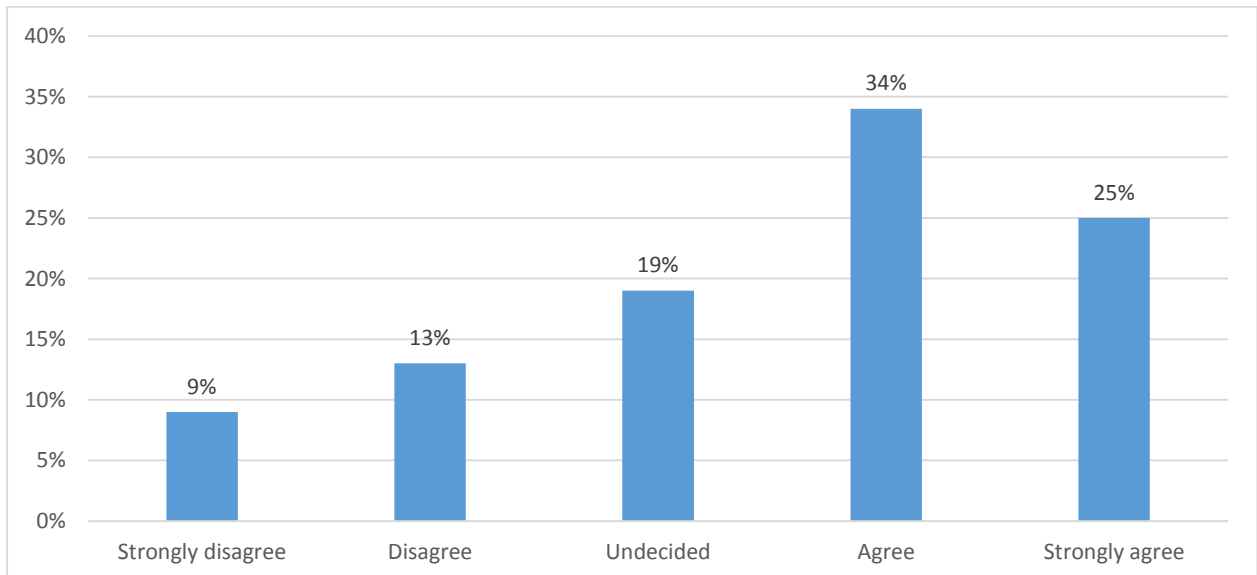
The findings show that 69% (44%+25%) agreed that e-filing system reduced tax administration costs to ZIMRA. This is because the costs used to be incurred by ZIMRA when keying in the returns submitted manually are no more since returns submitted online automatically update to the ZIMRA system. 15% (9%+5%) of the respondents disagreed with this and 16% were undecided. Since the majority that is 69% agreed it can be concluded that e-filing system ensure increase of tax revenue collection efficiency since costs are minimized. Muita (2011) also supported this saying electronic filing lightens the workload

and reduces operational costs – such as the costs of processing, storing and handling tax returns.

Table 4.94 Many taxpayers registered with ZIMRA through the online facility.

	Strongly disagree	Disagree	Undecided	Agree	Strongly agree	Total
Frequency	3	4	6	11	8	32

Table 4.84 Many taxpayers registered with ZIMRA through the online facility.



Results from the above bar chart show that 59% (34%+25%) agreed that many taxpayers registered with ZIMRA and given business partner numbers (BPN) since the inception of e-filing in 2015. The increase is due to the simplification of the registration through the e-filing system and many taxpayers are now able to register without help of tax consultants. Respondents who disagreed with this constitute 22% (13%+9%) and 19% were undecided. Since the majority agreed it can be concluded that e-filing system enables the increase in tax revenue collection since it enables registration of new taxpayers. This is supported by Muturi

and Kiarie (2016) who added that there is a positive relationship between increase in registered taxpayers and tax revenue collection.

Table 4.10 Returns filing increased since the introduction of e-filing.

	Strongly disagree	Disagree	Undecided	Agree	Strongly agree	Total
Frequency	4	5	2	7	14	32

Fig 4.9 Returns filing increased since the introduction of e-filing.

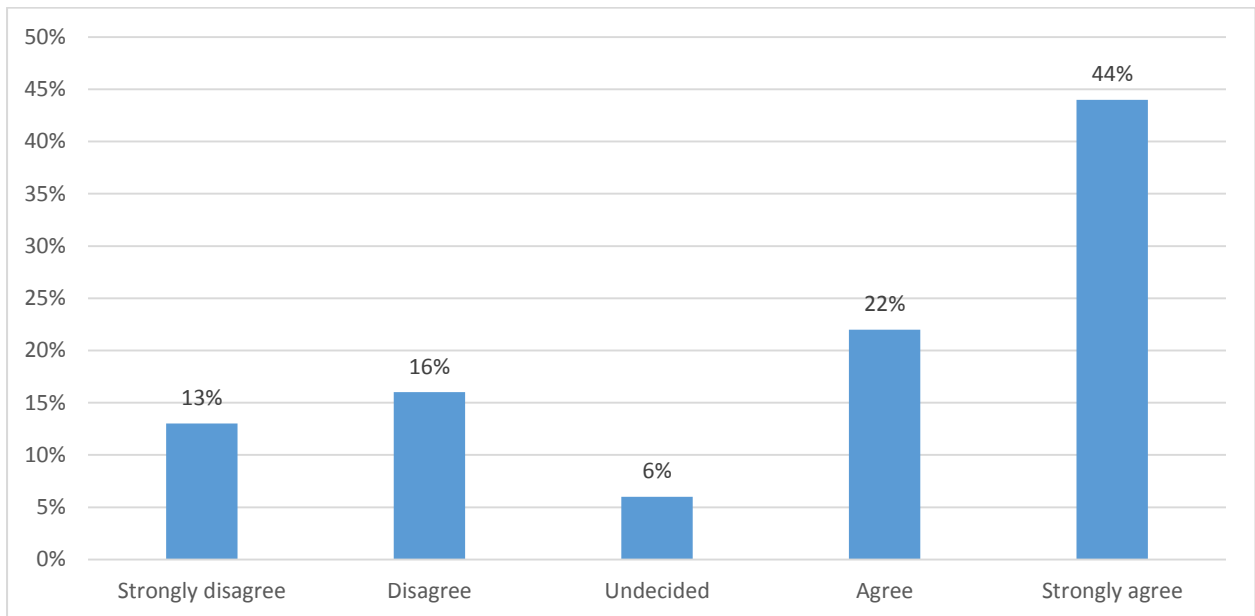


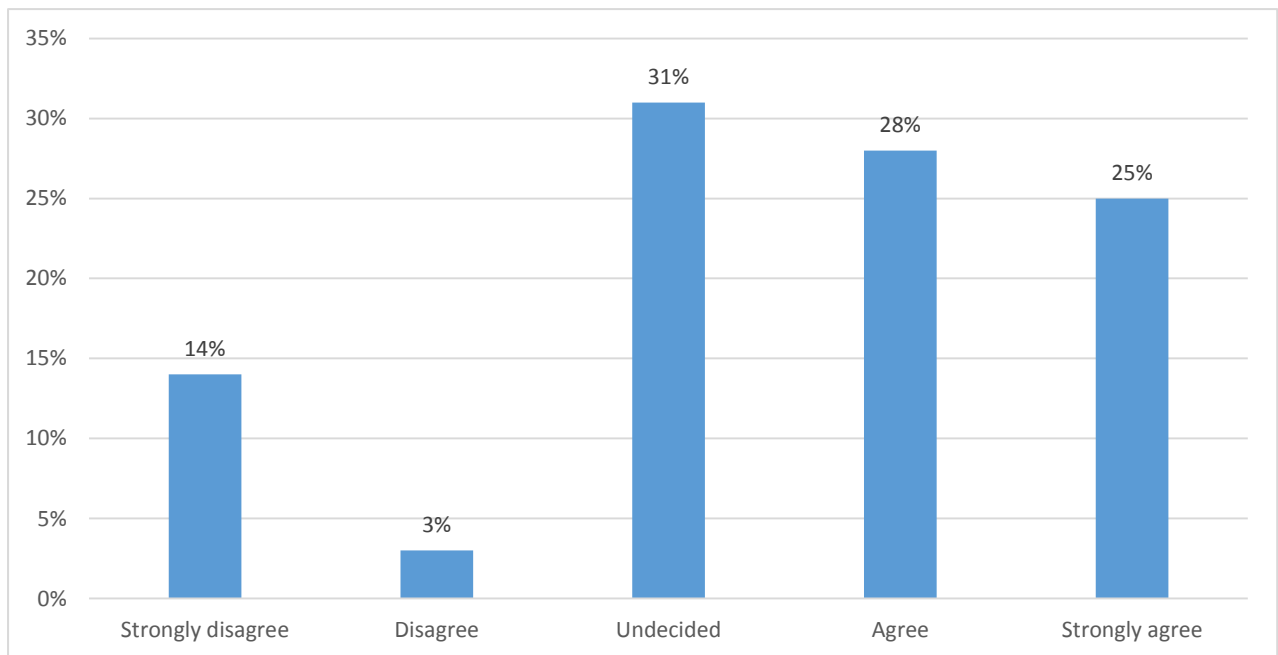
Fig 4.9 shows that 66% (44%+22%) of the respondents agreed that returns submitted to ZIMRA increased since the introduction of e-filing in 2015. Many taxpayers perceive e-filing to be useful and ease to use when filing returns and this is the reason returns submitted increased. 29% (16%+13%) of the respondents disagreed that returns increased because of e-filing introduction. Respondents who were undecided regarding this issue constitute 6%.

Majority of the respondents agreed hence it can be concluded that e-filing increase tax revenue collection since many taxpayers report their earnings to ZIMRA.

Table 4.11 Use of internet to pay taxes led to payment of taxes in time.

	Strongly disagree	Disagree	Undecided	Agree	Strongly agree	Total
Frequency	4	1	10	9	8	32

Fig 4.10 Use of internet to pay taxes led to payment of taxes in time.



Results from the above bar chart show that 53% (28%+25%) of the respondents agreed that use of internet that is e-payment which is usually associated with e-filing ensure payment of taxes in time. Those who disagreed with this constitute 17% (14%+3%) of the respondents and 31% were undecided. It can be concluded that ZIMRA should introduce e-payment

system since it increases tax revenue collection. Findings above are supported by Gideon and Aluis (2013) who held that for national revenue collection scheme to be efficient, it is effort of each public administration system together with sound fiscal management.

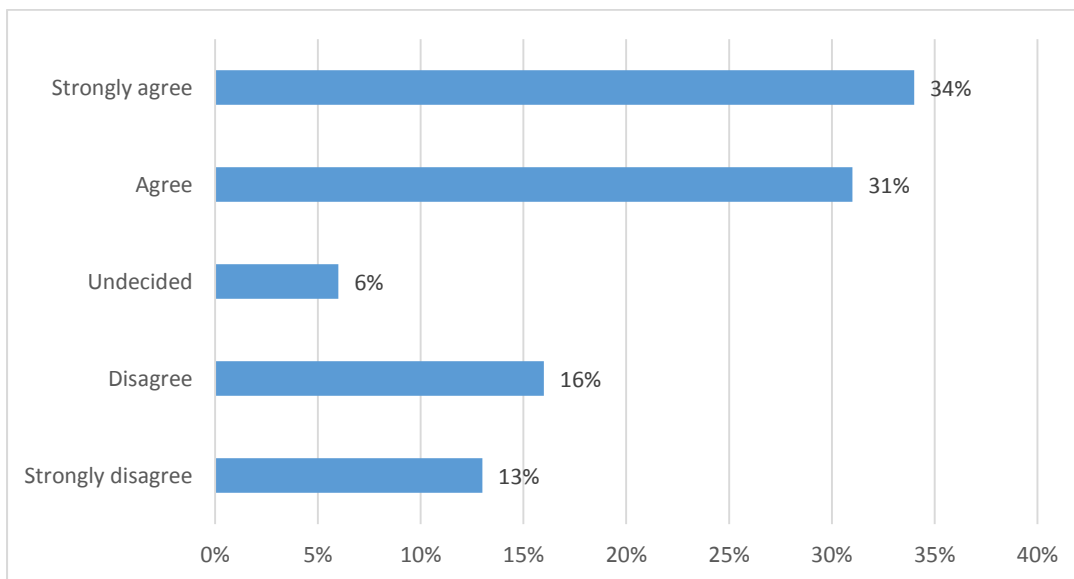
4.4 Effect of perception of security risks associated with e-filing on tax compliance.

The following responses were found from respondents regarding perceived security risks associated with e-filing.

Table 4.12 Information given to third parties during online tax filing put business at risk.

	Strongly disagree	Disagree	Undecided	Agree	Strongly agree	Total
Frequency	4	5	2	10	11	32

Fig 4.11 Information given to third parties during online tax filing put business at security risk.



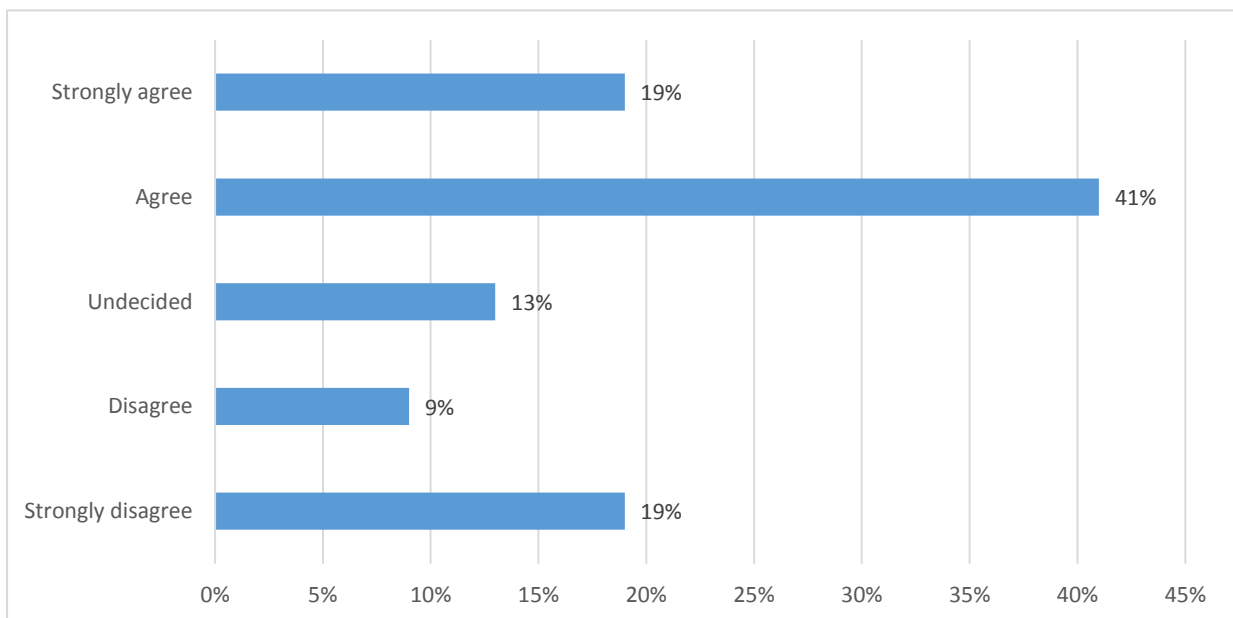
The bar chart above shows 65% (34%+31%) of the respondents agreed that information given to third parties during online tax filing put business at security risk. This is

attributed to the fact that information presented discussed on financial performance of their businesses which could be revealed by third parties to criminals. Respondents who were not in agreement constitute 29% (16%+13%) and 6% were undecided. It can be concluded that taxpayers are afraid of putting their businesses at risk through the use of e-filing. Gwaro, Maina and Kwasira (2016) supported this saying taxpayers are reluctant to use e-filing there by reducing tax compliance because they are afraid of business risks that arise when business information is given to third parties for returns e-filing

Table 4.13 Online submission of tax returns led to leak information to competitors.

	Strongly disagree	Disagree	Undecided	Agree	Strongly agree	Total
Frequency	6	3	4	13	6	32

Fig 4.12 Online submission of tax returns led to leak information to competitors.



The results from the fig 4.10 above show that 60% (41%+19%) of the respondents agreed that information can leak to competitors through using e-filing. It also shows that 28% (9%+19%) of the respondents disagreed and 13% were undecided. Since the majority

agreed, it can be concluded that many taxpayers do not use e-filing there by reducing compliance level because they fear that their data may be revealed to their competitors.

Table 4.14 Personal security is put at risk if business information is revealed to third parties during tax e-filing.

	Strongly disagree	Disagree	Undecided	Agree	Strongly agree	Total
Frequency	3	6	2	13	8	32

Fig 4.13 Personal security is put at risk if business information is revealed to third parties during tax e-filing.

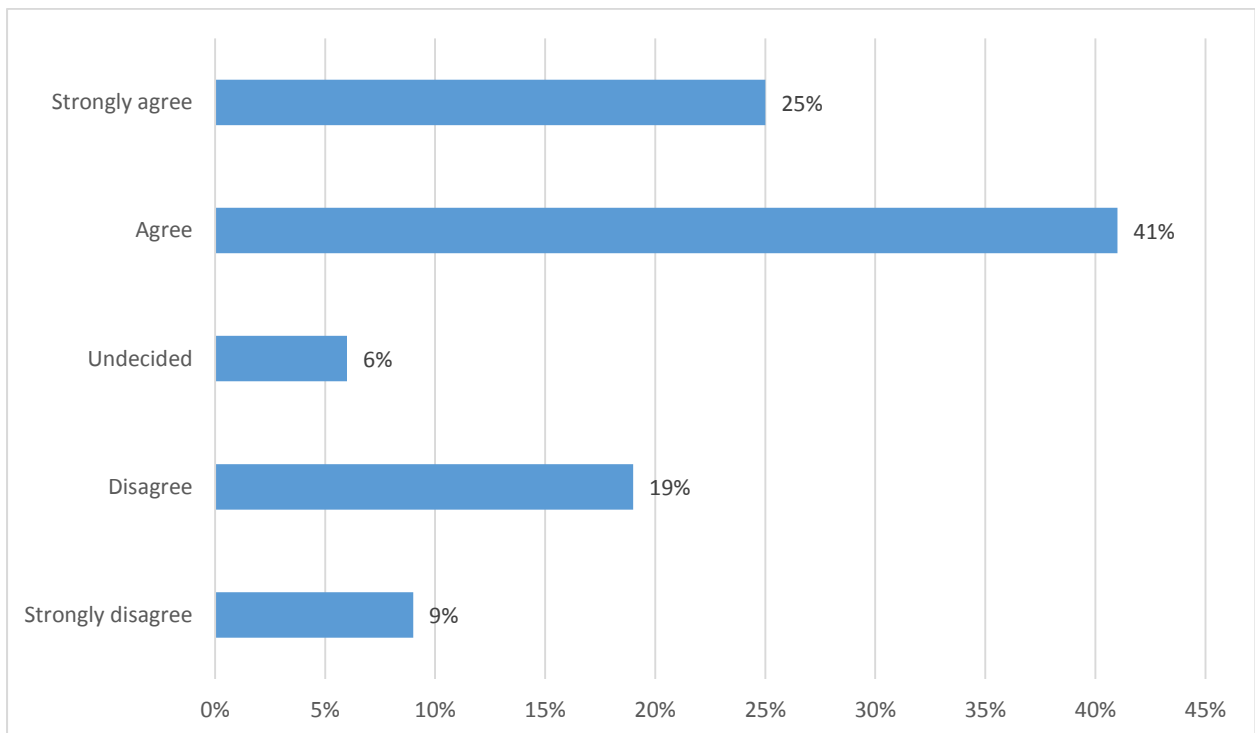


Fig 4.13 shows that 66% (25%+41%) of the respondents agreed that personal security may be put at risk through use e-filing when information is given to third parties. This is due to the

fact that their information may find its way to criminals. It also shows that 28% (9%+19%) of the respondents disagreed and 6% were undecided. Majority of them agreed, hence it can be concluded that taxpayers are unwilling to use e-filing due to the fear to put their security at risk thereby reducing tax compliance.

Table 4.15 Business information given to third parties may be handled unprofessionally.

	Strongly disagree	Disagree	Undecided	Agree	Strongly agree	Total
Frequency	9	1	4	11	7	32

Fig 4.14 Business information given to third parties may be handled unprofessionally.

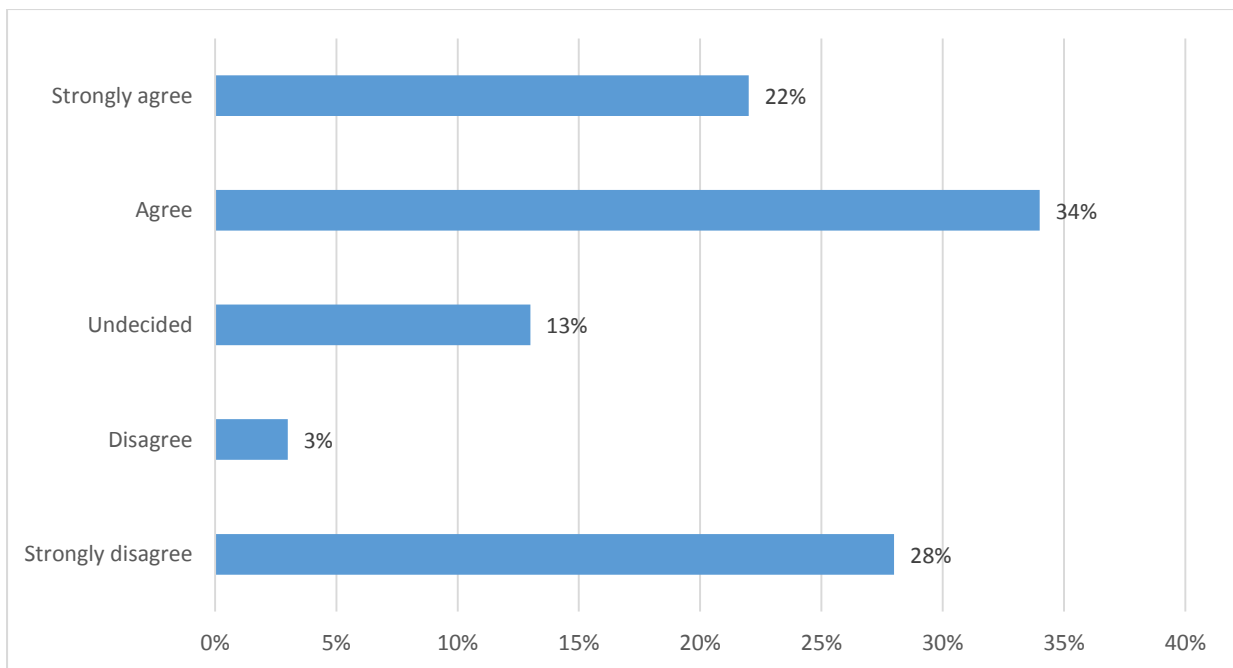


Fig 4.14 above shows that 56% (22%+34%) of the respondents are in agreement that business information given to third parties may be handled unprofessionally. It also shows that 28% (28%+3%) of the respondents disagreed and 13% were undecided. The majority of the respondents agreed and it can be concluded that some taxpayers have the fear that their business information may be handled unprofessionally when given to third parties.

4.5 Impact of challenges of using electronic tax filing system on tax compliance.

Table 4.16 E-filing system hang ups caused delay in filing returns online.

	Strongly disagree	Disagree	Undecided	Agree	Strongly agree	Total
Frequency	2	4	0	16	10	32

Fig 4.15 E-filing system hang ups caused delay in filing returns online.

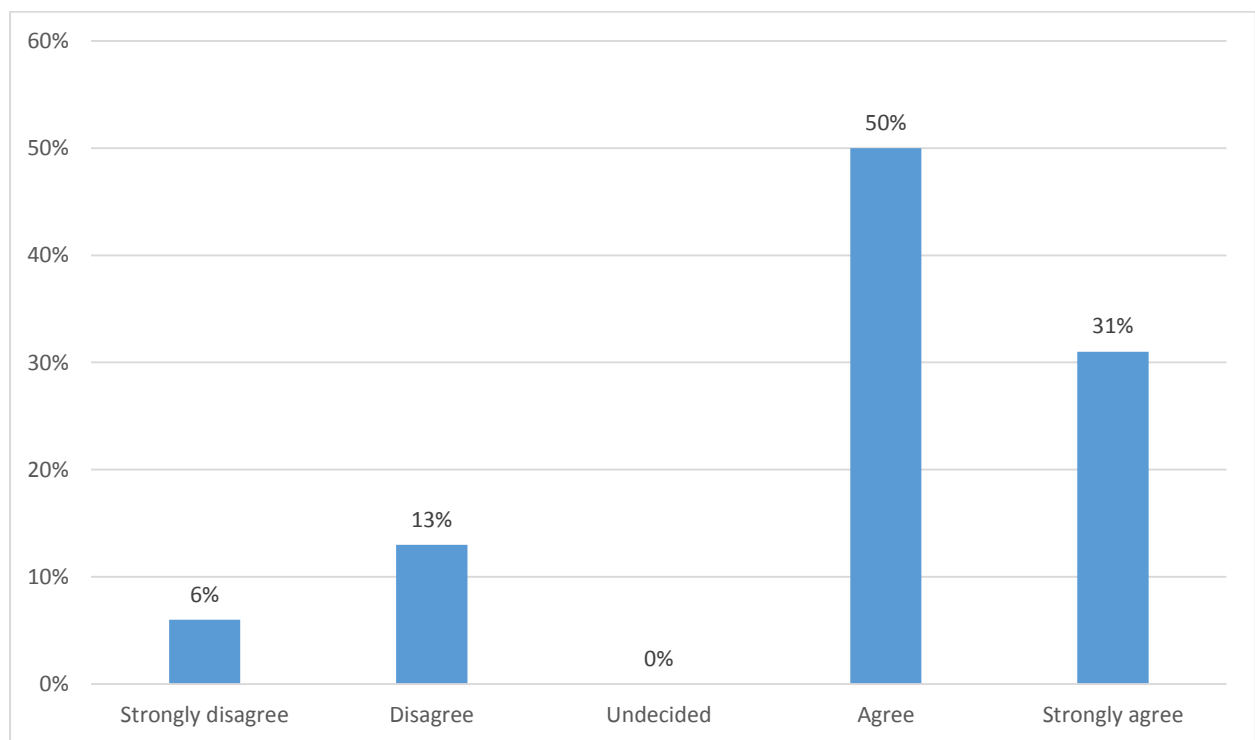
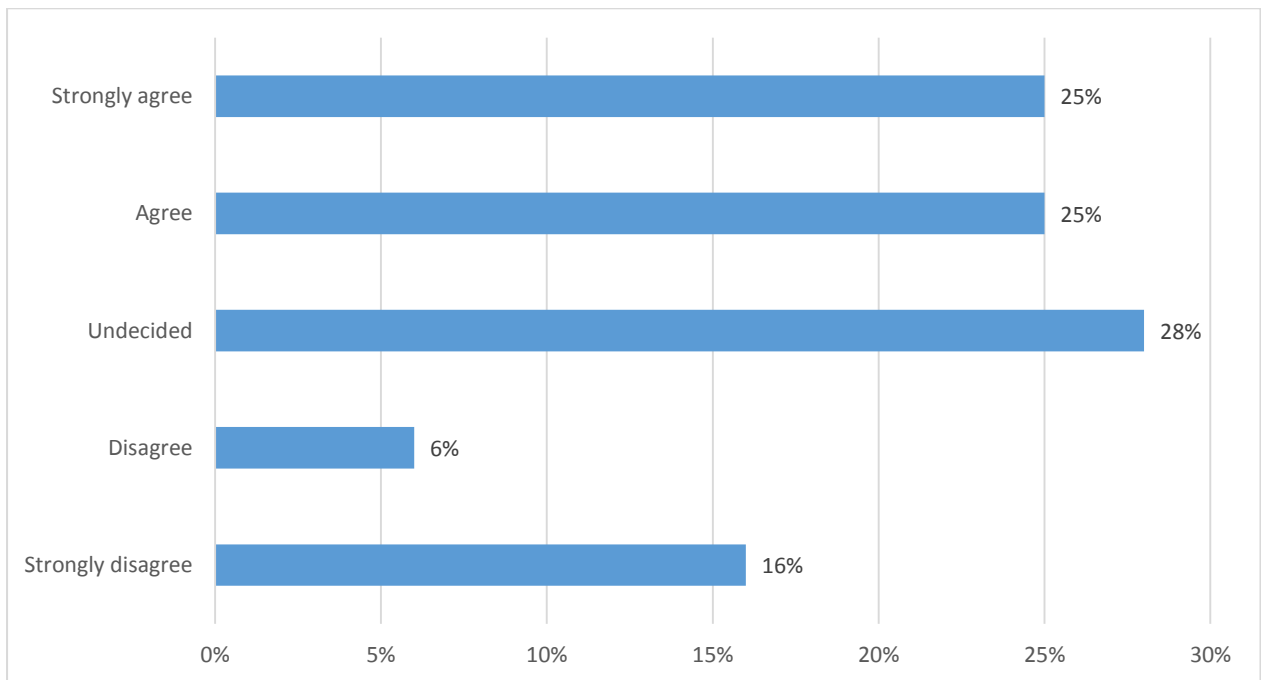


Figure 4.15 illustrates that 81% (50%+31%) of the respondents agreed that e-filing system hang ups caused delay in filing returns online. This is attributed to the fact that such delays leads to taxpayers postponing on scheduled times to do their tax returns. In contrast, 19% (6%+13%) of the respondents disagreed. Since the majority agreed it can be concluded that system delays is a challenge to e-filing that affect tax compliance. Tallaha and Shukor (2014) supported this saying e-filing system can be found down at the time taxpayers want to submit their returns and they end missing tax due dates and regarding e-filing as not reliable.

Table 4.17 Taxpayers became unwilling to file returns due to system hang ups.

	Strongly disagree	Disagree	Undecided	Agree	Strongly agree	Total
Frequency	5	2	9	8	8	32

Fig 4.16 Taxpayers became unwilling to file returns due to system hang ups.



50% of the respondents agreed that taxpayers may become unwilling to file returns due to system hang ups. This is due to the frustration experienced when there are incidences of system challenges. In contrast, 22% (16%+6%) of the respondents disagreed and 6% were undecided. Since the majority agreed it can be concluded that noncompliance by some taxpayers is caused by unwillingness to file returns due to system hang ups by taxpayers.

Table 4.18 If the system is down taxpayers will not e-file returns without assistance.

	Strongly disagree	Disagree	Undecided	Agree	Strongly agree	Total
Frequency	4	6	3	14	5	32

Fig 4.17 If the system is down taxpayers will not e-file returns without assistance.

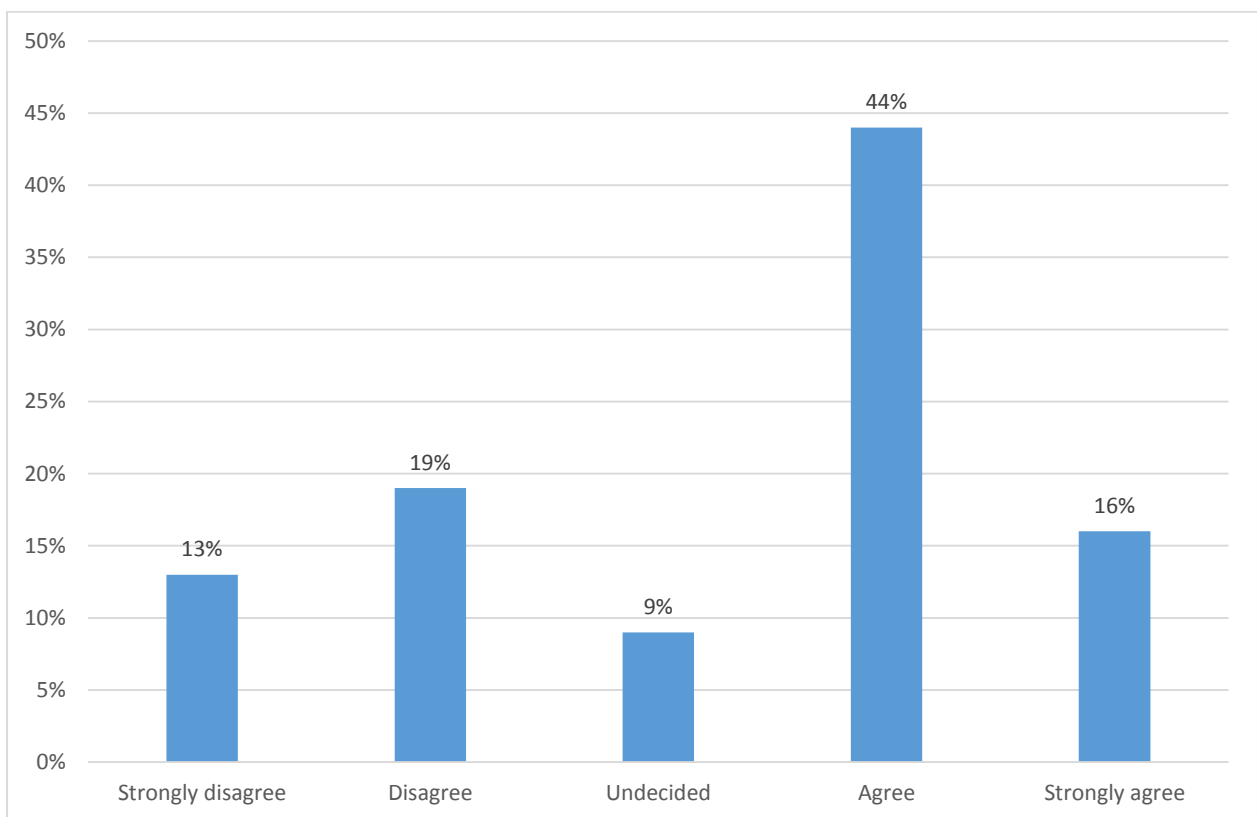


Table 4.17 above illustrates that 60% (16%+44%) of the respondents are in agreement that if the system is down taxpayers will not e-file returns without assistance. This is because taxpayers find it time consuming and they end up outsourcing the service from tax practitioners. Those who disagreed constitute 32% (19%+13%) and 9% were undecided. It can be concluded that system hang ups can lead to decrease in tax compliance levels through use of e-filing.

Table 4.19 There is need for money to pay third parties due to hang up of the system.

	Strongly disagree	Disagree	Undecided	Agree	Strongly agree	Total
Frequency	13	6	7	5	1	32

Fig 4.18 There is need for money to pay third parties due to hang up of the system.

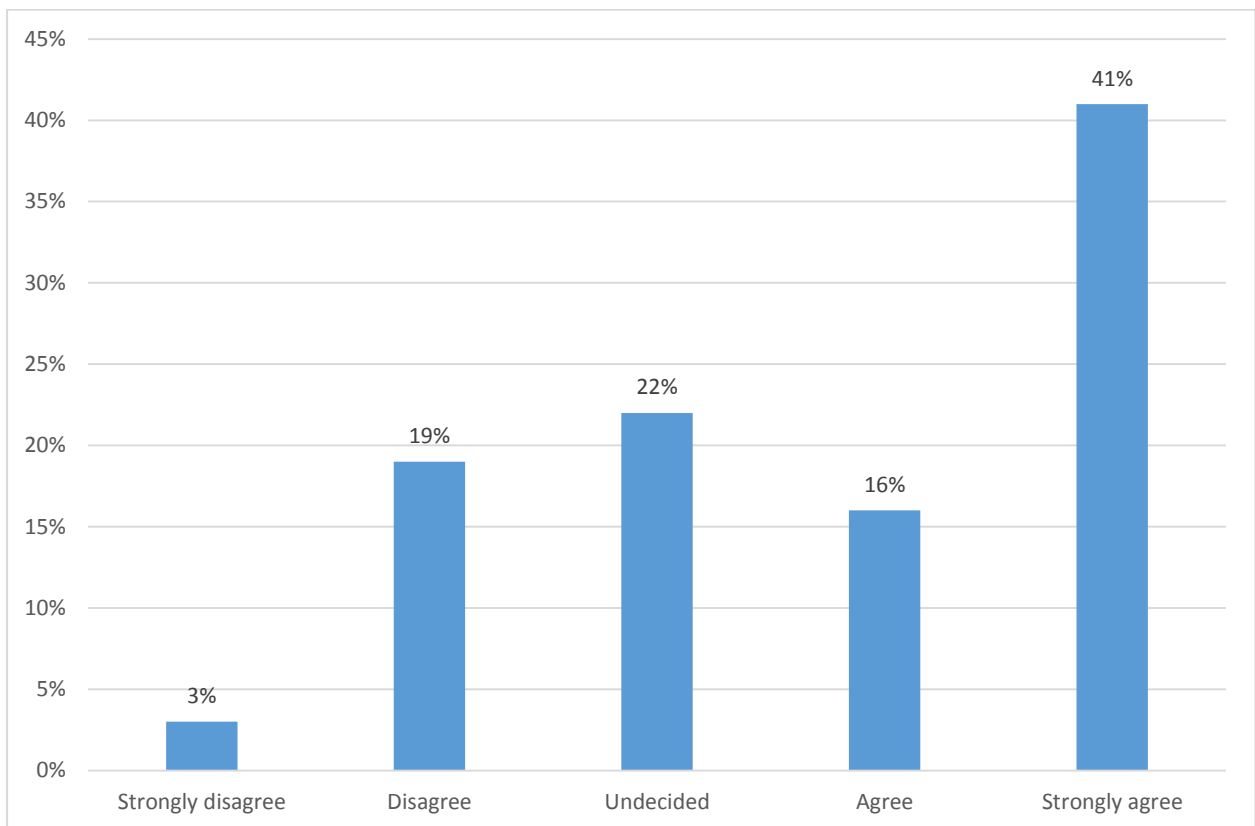


Fig 4.18 shows that only 57% (16%+41%) of the respondents agreed that there is need for money to pay third parties due to hang ups of the system. This is because most of the third party assistance is sought from the cyber attendants who operate on commercial basis. In contrast, 23% (3%+19%) of the respondents disagreed and 22% were undecided. This can be concluded that money is needed to pay third parties due to hang ups of the system.

4.6 Interview response rate

From the five respondents that were targeted four of them were interviewed to make a response rate of 80%. The researcher failed to conduct the other tax consultant representative since his phone was unreachable. Response rate of 80% is reliable to conclude the research from the interviewees.

4.6.1 What is the impact of stable e-filing system on tax compliance?

All the respondents that were interviewed mentioned that stable e-filing system enhance tax compliance since it enables timely filing of returns with little compliance costs. This is attributed to the fact that online submission of returns can be done at taxpayers' convenient places. More than 70% of the interviewees were aware of the other benefits of e-filing that ensure tax compliance including submission of accurate information, incurring of little compliance costs and improvement in voluntary compliance.

4.6.2 How did the introduction of e-services affect tax revenue in 2015 and 2016?

All the respondents suggested that tax revenue during 2015 and 2016 increased as a result of the introduction of the electronic filing system. Majority of the interviews mentioned that the many taxpayers were registered since the inception of the e-filing system there by increasing taxpayers and this automatically leads to improved revenue collection by ZIMRA. Sagas, Nelimalyani and Kimaiyo (2015), supported the interviews using findings from their study that indicated that 75% of the respondents were of the opinion that e-filing has helped to curb cases of tax evasion and 86% of the respondents were of the opinion that e-filing has helped to increase revenue collection due to their efficient nature.

4.6.3 What is the effect of perception of security risks associated with e-filing on tax compliance?

All the respondents that were interviewed showed that many taxpayers are willing to use e-filing but some have fear of perceived security risks associated with the use of e-filing in submitting returns online. More than 80% of the interviews were aware of the perceived risks like reveal of business information to competitors and personal security.

4.6.4 How the challenges of using e-filing affected tax compliance?

From the interviews that were conducted 90% of the respondents suggested that they are facing challenges of the ZIMRA e-filing system being down especially towards the deadlines due to inability of the system to handle congestion. Wamathu (2013) also supported this saying, taxpayers tend to e-file near the tax deadline and this may lead to system crashes if the e-filing system is not tailored to accommodate this trend. Due to system hang ups ZIMRA end up accepting manual returns which can be incorrectly filled or submitted with other important fields empty. These interviews mentioned that many taxpayers end up noncomplying with their taxes due to inability to meet deadlines. Half of the interviewees also suggested that challenges of power cuts are also being experienced.

4.7 Summary

Chapter Four was about data presentation, data analysis and data interpretation from the results that were found using questionnaires and interviews as main research instruments. Results and findings pave way for conclusion and recommendation in the next chapter.

CHAPTER FIVE

SUMMARIES, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter summarized chapter One to Chapter Four and gives conclusions and recommendations that were found from the research that was carried out. The research was done to investigate the viability of electronic tax filing system in ensuring tax compliance and its impact on revenue collection using Harare ZIMRA branch as a case study. Analysis of the research objectives enabled the researcher to come up with conclusions and recommendations which ZIMRA is encouraged to embrace so as to enhance tax compliance.

5.1 Chapter summaries

5.1.1 Chapter 1

In chapter one, the researcher covered the background of the study which explained what led to the research on the investigation on the viability of e-filing in ensuring taxpayers' compliance and its impact on revenue collection. Bonyongwe (ZIMRA Chairperson) mentioned in the 2016 revenue performance report that many taxpayers are not complying with their taxes and she emphasized that is the reason ZIMRA is failing to reach its target for various tax heads. The increase in penalties and interest that are being charged on clients due to late and non-submission of tax returns and payments regardless of introduction of e-filing in 2015 was also the research problem. Chapter One also explained research objectives, research questions, significance of the study, limitations of the study, delimitations of the study and a summary at the end.

5.1.2 Chapter 2

Chapter Two reviewed literature of the study that were related to the objectives of the study mentioned in chapter One. The first objective described the impact of stable e-filing system on tax. The second objective discussed the effect of e-filing on revenue collection by ZIMRA in 2015 and 2016. Many scholars agreed that e-filing has a positive correlation with tax revenue collection. The third objective outlined the effect of perceived security risks associated with e-filing on tax compliance. The research also reviewed literature on challenges of using e-filing and literature on benefits of e-filing. Other factors that have impact on tax compliance were also discussed. Maisiba and Atambo who were in agreement

with Gwaro, Maina and Kwasira that tax e-services ensure better tax compliance and increase tax revenue collection were the most prominent authors used in Chapter 2.

5.1.3 Chapter 3

Chapter Three explained the research methodology, describing the research plan that was used to find results from the field. It explained research instruments used, sources of data, sample used and gave validity and reliability of the choices taken. The research was carried out using both quantitative and qualitative research design.

5.1.4 Chapter 4

Chapter Four is on data analysis, presentation and interpretation. Questionnaires and interviews had a response rate of 91% and 86% respectively. Pie charts, bar graphs and percentiles were used to analyse and present data. Results findings found were compared to results found by previous scholars' and differences were explained where they arose.

5.2 Major findings.

The researcher concluded that there is a positive correlation between e-filing and tax compliance. It was also noted that there is a significant relation between revenue collection and e-filing. Basing on the research objectives, major findings of this research are as follows;

5.2.1 To explain the impact of stable e-filing system on tax compliance.

E-filing has a great impact in ensuring tax compliance if it is stable. This is evidenced by the increase it gives to tax compliance levels through timeliness filing of returns, filing of accurate returns and payment of taxes in time. It also decreases the compliance costs to taxpayers. Taxpayers regard manual returns tedious to file and tax authorities also regard it tedious to reconcile so e-filing was introduced to ensure timely reconciliation and accuracy of data collected since e-filing enables tax returns reconciliation and validation automatically.

5.2.2 To discuss how did the introduction of e-services affect tax revenue in 2015 and 2016.

Basing on the results it was concluded that electronic tax filing has a significant effect on tax revenue collection. Respondents agreed that there is a positive correlation between tax e-filing and tax revenue collection.

5.2.3 To explain the effect of perception of security risks associated with e-filing on tax compliance.

Basing on the research findings it was concluded that e-filing is not being used to its maximum because some taxpayers are afraid of perceived security risks associated with

electronic tax filing system. Perceived security risks which many taxpayers are afraid of include leaking of business information to competitors, personal security risks and unprofessional handling of business information by third parties involved in e-filing.

5.2.4 To discuss how the challenges of using e-filing affect tax compliance.

System hang ups is a major challenge of using e-filing. Positive impacts of e-filing cannot be seen if the system is down especially towards deadlines. This is attributable to the fact that system hang ups cause delay in filing of returns online, taxpayers need assistance to e-file and taxpayers may become unwilling to file returns due to frustration.

5.3 Conclusion

Investigation on the viability of electronic tax filing system in ensuring compliance by taxpayers and its effect on revenue collection using Harare ZIMRA branch as a case study was the key objective of the study. Literature was reviewed, data gathered and presented and findings were given. The research was considered successful as research objectives were addressed.

5.4 Recommendations

According to the results from the study, the recommendations to encourage use of e-filing which enhance tax compliance and improve tax revenue collection efficiency are given below;

- ❖ ZIMRA should come up with ways of bringing awareness of e-filing to taxpayers regarding how it functions and the benefits of using e-filing. Taxpayers will understand it and appreciate it leading to improvement in tax compliance. Training seminars should be held countrywide educating people about e-filing process. Taxation should be taught from high school so that people will have tax knowledge and full understanding of the ZIMRA tax system so that they become tax compliant. This is supported by Mohani (2013) who held that, increase in tax knowledge leads to increase in tax compliance and thereby reducing tax evasion.
- ❖ The electronic tax filing system should be made as simple as possible with clear instructions on how to use e-filing and should also provide guidelines on the website, Maisiba and Aitamba (2016). ZIMRA should include online videos stating how returns are submitted online. There should also be an application to use cellular telephones to easily submit tax returns. Tax registration and filing of returns online should be made easy to taxpayers.

- ❖ Deadlines and working hours should be streamlined in such a way that it suits schedules of taxpayers, Gwaro, Maina and Kwasira (2016).
- ❖ According to Maisiba and Aitamba (2016), taxpayers who are unable to use electronic tax filing system should be given designated areas or centres where they can be assisted on how to use e-filing and the benefits behind its use.
- ❖ E-filing system servers should be upgraded to enable it to be stable and strong enough to avoid breakdowns and lack of accessibility during congestion, Mohani (2013).
- ❖ According to Maisiba and Aitamba (2016), there should be an electronic payment system to enable taxpayers to pay their taxes through the internet there by increasing tax revenue collection. Between 2015 and 2016 ZIMRA had been using the traditional payment system to remit tax payments through banks and this is a hindrance to voluntary tax compliance.
- ❖ Other determinants of tax compliance should also be considered like the 14 aspects that affect tax compliance mentioned by Jackson and Milliron (2013).

5.5 Further research recommendation

Further study should be carried out to find the effect of e-filing system on tax avoidance and tax evasion. Apart from this, they should also be further research on the impact of e-filing system on tax compliance by small firms in Zimbabwe. Finally there should be also an investigation on the other factors that affect tax compliance of many taxpayers in Zimbabwe.

Reference list

Books

Bryman, A. (2015) *Business Research Methods*, Oxford University Press, New York.

Creswell, J.W. (2013). *Qualitative inquiry and research design: Choosing among five approaches*. Thousand Oaks, CA: Sage Publications.

Saunders, M. (2013) *Research Methods for Business Students*, Oxford, London.

Journals

Aladwani, A. M. (2013) *A cross-cultural comparison of Kuwaiti and British citizens' views of e-government interface quality*, *Government Information Quarterly*, 30(1), pp. 74–86.

Aziz, S.A. and Idris, K.M. (2016) *Does design matter in tax e-filing acceptance?* *Procedia - Social and Behavioral Sciences*, 164, pp. 451 – 457.

Baru, A. (2016) *The Impact of Tax Knowledge on Tax Compliance*, *Journal of Advanced Research in Business and Management Studies*, (2)1, pp 22-30.

Bouchnak, C. (2013) *Tunisia's e-government experience and best practices*, 1st regional workshop on e-government best practices.

Chaouali, W., Yahia, I.B., Charfeddine, L. and Triki, A. (2016) *Understanding citizens' adoption of e-filing in developing countries: An empirical investigation*, *Journal of High Technology Management Research*, 27, pp. 161–176.

Charfeddine, L., & Nasri, W. (2013) *The behavior intention of Tunisian banks' customers on using internet banking*, *International Journal of Innovation in the Digital Economy*, 4(1), pp. 16–30.

Chen, J.V., Jubilado, R.J.M., Capistrano, E.P.S. and Yen, D.C. (2015) *Factors affecting online tax filing – An application of the IS Success Model and trust theory*, *Computers in human behavior*, 43, pp. 251-262.

Gwaro, O.T., Maina, K. and Kwasira, J. (2016) Influence of Online Tax Filing on Tax Compliance among Small and Medium Enterprises in Nakuru Town, Kenya , *Journal of Business and Management* VOL 18(10), pp.82-92.

Jankeeparsad, R., Jankeeparsad, T.R. and Nienaber, G (2016) *Acceptance of the electronic method of filing tax returns by South African taxpayers: An explanatory study*, *Journal of Economic and Financial Sciences*, 9(1), pp. 120-136.

Karkin, N., and Janssen, M. (2013) *Evaluating websites from a public value perspective: A review of Turkish local government websites*, *International Journal of Information Management*.

Maji, S.K. and Pal, K. (2017) Factors Affecting the Adoption of e-Filing of Income Tax Returns in India: A Survey, *The IUP Journal of accounting research and audit practices*, 16(1), pp. 46-66.

Mishra, U. and Sharma, M. (2013) Human factors affecting the adaptability of e-governance the Indian public sector, *Journal of E-Go, vernance*, 36, pp. 136–142.

Modugu, K.P. and Anyaduba, J.O. (2014) Impact of tax audit on tax compliance in Nigeria, *International Journal of Business and Social Science*, 5(9), pp. 207-215.

Mohani, A. (2013) Personal income tax non-compliance in Malaysia, PhD thesis, Melbourne, Australia: Victoria University.

Mohd, R. (2013), '*Tax knowledge and tax compliance determinants in self-assessment system*', a thesis submitted to the University of Birmingham for the degree of Doctor of Philosophy, available at <http://www.acta.uob.edu.au/asfc.html> , accessed in March 2011.

Mostafa, M. M., and El-Masry, A. A. (2013) Citizens as consumers: Profiling e-government services' users in Egypt via data mining techniques, *International Journal of Information Management*, 33(4), pp. 627–641.

Palil, R. M. and Mustapha A. M. (2014) Factors affecting tax compliance behavior in self-assessment system, School of Accounting, Faculty of Economics and Business, University Kebangsaan Malaysia, 43600 Bangi, Selangor, Malaysia.

Reddick, C. G., and Roy, J. (2013) Business perceptions and satisfaction with e-government: Findings from a Canadian survey, *Government Information Quarterly*, 30(1), pp. 1–9.

Santhanamery T. and Ramayah, T. (2014) Understanding the effect of demographic and personality traits on the e-filing continuance usage intention in Malaysia, *Global Business Review* 16(1), pp. 1-20.

Sharmin, Z. and Islam, M.S. (2013) Impact of e-governance in public offices: Bangladesh perspective –case study of office of digital controller of accounts, Sylhet, *Journal of E-Governance*, 36, pp. 143–151.

Singh and Singh (2013) E-filing system for tax returns and forms: Landmark e-governance initiative by the government of India, *Journal of E-Governance*, 36, pp. 125–135.

Taipale, S. (2013) The use of e-government services and the Internet: The role of socio-demographic, economic and geographical predictors. *Telecommunications Policy*, 37(4–5), pp. 413–422. Available at <http://dx.doi.org/10.1016/j.telpol.2012.05.005> accessed on 27/7/17.

Tallaha and Shukor (2014) Factors Influencing E-Filing Usage Among Malaysian Taxpayers ,*Jurnal Pengurusan*, 40, pp. 91 -101.

Venkatesh, V., Sykes, T. A., and Venkatraman, S. (2013) Understanding e-government portal use in rural India: Role of demographic and personality characteristics. *Information Systems Journal*. Available at <http://dx.doi.org/10.1111/isj.12008> accessed on 22/7/17.

Wasao, D. (2014) *The Effect of Online Tax System on Tax Compliance among Small Taxpayers in East of Nairobi Tax District*, Unpublished Masters of Science project, University of Nairobi, Kenya.

Weerakkody, V., El-Haddadeh, R., Al-Sobhi, F., Shareef, M. A., and Dwivedi, Y. K. (2013) Examining the influence of intermediaries in facilitating e-government adoption: An empirical investigation, *International Journal of Information Management*, 33(5), pp. 716–725, available at <http://dx.doi.org/10.1016/j.ijinfomgt.2013.05.001> accessed on 2/9/17.

Websites

E-jebaya (2015). (Retrieved May 2015 from) <http://www.impots.finances.gov.tn/>

Turess (2015). La télédéclaration fiscale obligatoire. (Retrieved July 2015 from) <http://www.turess.com/fr/wmc/25146>.

SARS e-filing. (2013) What is e-filing? Available:<http://www.sarseFiling.co.za/AboutPage.aspx>. (Accessed on 27/6/17).

www.fhssrsc.byu.edu (27/07/17; 2:25pm)

Other sources

Zimbabwe Revenue Authority. ZIMRA Revenues Review First Quarter (2012), Harare: ZIMRA

APPENDIX A



Midlands State University
P Bag 9055
Gweru

15 September 2017

To whom it may concern

I am kindly requesting for your cooperation by answering the questionnaire with the research topic: An investigation on the viability of tax e-services in ensuring taxpayers compliance and increased revenue. The research is done in partial fulfilment of Bachelor of Commerce Accounting Degree programme.

All the information will be taken as confidential and will be used only for academic purposes and respondents are not required to write their names.

Your co-operation will be greatly appreciated.

Yours faithfully

Tafara Magarira

Registration Number- R142906E



Midlands State University

Established 2000

Our Hands, Our Minds, Our Destiny

Midlands State University
P Bag 9055
Gweru

15 September 2017

The Human resource manager
Zimbabwe Revenue Authority
Kurima house greater
Harare, Zimbabwe

Dear Sir/Madam

RE: Application for permission to gather research data from your ZIMRA.

I hereby submit a request to conduct a research with the topic: An investigation on the viability of tax e-services in ensuring taxpayers compliance and increased revenue. A case study of Harare ZIMRA branch. The research is done in partial fulfilment of Bachelor of Commerce Accounting Degree programme. All the information will be taken as confidential and will be used only for academic purposes.

May you kindly allow me to distribute the questionnaires to the E-services department, Compliance department and Debt management department.

Your co-operation will be greatly appreciated.

Yours faithfully

Tafara Magarira

Registration Number- R142906E

APPENDIX B

RESEARCH QUESTIONNAIRE

TOPIC: An analysis on the viability of tax e-services in ensuring tax compliance and increased revenue collection.

Instructions

Respondents are expected to answer all questions and should not write their names. Ticks should be used where boxes are provided and where answering space is given, respondents are obliged to fill in the spaces.

SECTION A

1. Gender:

Male	
Female	

2. How old are you?

20 years and below	21-30 years	31-40 years	41-50 years	50 years and above

3. Level of highest qualification.

Masters' degree	Bachelors' degree	Diploma	Certificate	Advanced level	Ordinary level

Other (specify).....

4. Years of experience working at ZIMRA.

5 years and below	6 to 10 years	11 to 15 years	16 to 20 years	21 years and above

5. You work in the department of

E-services department	Compliance department	Debt management department	Finance department	Human resources department

Other (specify).....

SECTION B

6. Electronic tax filing system had a positive impact on tax compliance

	Advantages of using e-filing	Strongly disagree	Disagree	Undecided	Agree	Strongly agree
i	E-filing system saved time in returns filing.					
ii	Accurate information was filed.					
iii	Taxpayers incurred little costs in filing tax returns online.					
iv	Electronic tax filing system enhanced voluntary tax compliance.					

7. Impact of e-services on tax revenue in 2015 and 2016?

	Benefits of e-filing	Strongly disagree	Disagree	Undecided	Agree	Strongly agree
i	E-filing reduced tax administration costs.					
ii	Many taxpayers registered with ZIMRA through the online facility.					
iii	Returns filing increased since the introduction of e-filing.					

iv	Use of internet to pay taxes led to payment of taxes in time.					
----	---	--	--	--	--	--

8. Effect of perception of security risks associated with e-filing on tax compliance.

	Security risks	Strongly disagree	Disagree	Undecided	Agree	Strongly agree
i	Information given to third parties during online tax filing put business at risk.					
ii	Online submission of tax returns led to leak information to competitors.					
iii	Personal security is put at risk if business information is revealed to third parties during tax e-filing.					
iv	Business information given to third parties may be handled unprofessionally.					

9. Impact of challenges of using electronic tax filing system on tax compliance.

	Challenges of using e-filing system.	Strongly disagree	Disagree	Undecided	Agree	Strongly agree
i	E-filing system hang ups caused delay in filing returns online.					
ii	Taxpayers became unwilling to file returns due to system hang ups.					
iii	If the system is down taxpayers will not e-file returns without assistance.					
iv	There is need for money to pay					

	third parties due to hang up of the system.					
--	---	--	--	--	--	--

Add other information and contributions relevant to the topic

.....
.....
.....
.....
.....
.....
.....

Thank you

APPENDIX C

INTERVIEW GUIDE FOR THE RESEARCH

Questions

1. What is the impact of stable e-filing system on tax compliance?
2. How did the introduction of e-services affect tax revenue in 2015 and 2016?
3. What is the effect of perception of security risks associated with e-filing on tax compliance?
4. How the challenges of using e-filing affected tax compliance?