

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

Tafadzwa Musumbani, Sitsha Lovemore and Wadesango Newman

Abstract

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