**BINDURA UNIVERSITY OF SCIENCE EDUCATION**

**FACULTY OF COMMERCE**

****

**Department of A****ccounting**

**The factors that influence the use of e-filing system on tax compliance by financial consultancy in Zimbabwe: case of GAA Associates Pvt Ltd**

**BY**

 **[Student Number B1953920]**

**This research is submitted to Bindura University in partial fulfilment of the requirements for the Bachelor of Accountancy Honours Degree.**

**YEAR: 2023**

# RELEASE FORM

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# DEDICATION

I dedicate this research project to my family, my friends and workmates who encouraged.

# ABSTRACT

Tax non-compliance is a major concern for governmental and tax agencies, and addressing this issue remains a top priority. The financial consulting industry has contributed to a growing number of 'hard to tax' taxpayers, posing a challenge for tax administration.This study's goal was to assess how Zimbabwean financial consultancies' tax compliance was affected by the country's e-filing system. A sample of 26 GAA Associates employees and 10 tax officials were used in a mixed research approach to accomplish this. The research revealed that financial consultants in Zimbabwe do not improve tax compliance with tax authorities by using e-filing systems; instead, they do it by using a manual system that is both time-consuming and expensive. It became clear that tax knowledge education on how to use the e-filing system to submit tax returns is necessary before financial consultancies in Zimbabwe may use it. Despite these findings, ZIMRA should continue to educate inexperienced and uneducated financial consultancies about the advantages of using the e-filing system to file and pay taxes and promote good record keeping through social media advertising and tax payer education.

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# CHAPTER ONE

## 1.0 Introduction

Over the past few years ago, systems of tax management all over the world systems have gradually make use of more advanced technologies to enhance the process of administration so as to minimise the costs of tax compliance and maximise revenue collection form different tax heads. The improvements come in the form of transformation of digitals around the facets of life, from the government to different business, which promote more business interaction virtually. Despite all the efforts to enhance tax compliance by Zimbabwe’s tax authority, compliance remains the subject matter among financial consultancy in Zimbabwe; hence this study assessed the issues that distress the implemented new technologies, the electronic filing system on compliance of taxpayers in Zimbabwe by financial consultancy using the case of GAA Associates in Harare.

## This chapter introduces the research topic, providing a brief background of the study, the problem statement and its context, research objectives, research questions, significance, delimitations, and limitations. It also includes a brief definition of key terms, an overview of the study's organization, and a summary of the chapter.

## 1.1Background of the study

According to James and Alley (2012) e-filing is a system which allows the tax returns to be submitted and paid to tax authorities through online, that is through internet. The e-filing systems has inbuilt software that was approved by the tax authorities to help in computing and submitting tax returns relevant authorities. The most benefits of using e-filing systems over submitting tax returns manually is that the tax returns are submitted directly to the revenue authorities with minimum chances of human or document errors. Lemuria (2013) highlighted that e-filing system is less costly to submit tax returns as compared to manual submission of tax returns and the e-filing system is friendlier to the environment since it is paperless.

The frequent advancement of digital technology tools, the world continually experiencing affects the administration and collection of revenue across all tax heads. Choong (2010) , said that, most tax authorities are facing challenges on maintain the advanced tax system to enhance the collection of revenue from different taxpayers across all tax heads. The electronic filing systems encompass the taxpayers’ registration process, tax returns computation and submissions as well as payment of submitted tax returns; hence the system reduces the hustles of visiting the tax authorities and enduring long queues when making submissions of tax returns as well as payment of the returns. Many tax authorities adopted and started using e-filing system ways because of this.

“Tax is the most revenue stream for most of advancement of government projects, hence efforts should be made by the appointed tax authority’s agencies to maximise revenue collection from taxpayers to facilitate funding of operations of the government. In more economically developed countries such as Canada, England, Australia, numerous researches have been conducted to assess the acceptance of electronic filing system, for example in United States of America, tax authority’s agencies vary in the readiness of technology, level of acceptance and utilisation, perception and attitude of taxpayers, lack of clear perceived benefits, the costs of being compliant, unwillingness to learn how to use the electronic filing system”, (Fauziati et al: 2016). According to Fauziati et al (2016), electronic filing systems have overtaken the services of tax professionals in the United States tax environment. “This has also been experienced in the United Kingdom tax environment”, (ACCA, 2012)

In order to improve the usage of an electronic filing system, the Inland Revenue Board Malaysia (IRBM) modernized the management and administration of tax policy in 2006. Ming Lai (2015). Due to the implementation of electronic filing system, taxpayers in Malaysia are now using the electronic system to submit and pay for income tax returns online without visiting the tax office, thus enhancing easy submission of tax returns. Even though the tax authorities extended the deadline for filing tax returns, only 120 000 of the 4 million taxpayers increased their use of the electronic filing system in its first year of operation, according to Star (2016). This amounts to 3% of all taxpayers.Main hindrances were due to discomfort of the electronic filing system, the insecurity of the information submitted on electronic filing portal, lack of facilities for internet.

“In Uganda, with the implementation the electronic filing system, UShs 7 trillion was collected from taxpayers. This revenue was as a result of tax returns of through online platform and the returns were over 360,000 submitted returns”, (Revenews, 2014) .Uganda Revenue Authority developed an online application platform to allow taxpayers to have access to on tax registration, submission of tax returns, payments of return, make communications with the tax authorities anytime and from any part of the world.

In Zimbabwe, the ZIMRA was established in 2001 with a view to be a government agency for revenue collection from taxpayers around the country. Due to the fact that revenue collected from financial consultancy, individuals and other businesses is the most source of income to fund government operating expenditure, tax compliant has become the topic of the day. In an economy like Zimbabwe, which is mainly failing to remain afloat, revenue collection from taxpayers has become the main aspect of the economy.

Revenue collected from tax heads has become the main source of funding development projects such infrastructure development, supply of power, provision of clean water supply, in order to create a conjunctive environment for all businesses and in return the growth of the economy will be the result. The main functions of ZIMRA are to provide advice to taxpayers all tax matters that arises, reducing tax evasion loopholes and collection and administration of revenue as well enabling economic steadiness and controlling entry and exit in to the country.

To make tax administration a contemporary, fully integrated, and client-focused organisation, ZIMRA initiated an online revenue administration reform and modernisation program in the 2015 fiscal yearAs part of efforts to modernize tax administration, the Zimbabwe Revenue Authority (ZIMRA) aimed to automate and integrate ICT into tax collection. To achieve this goal, an electronic filing system called E-filing services was launched on June 26, 2015. With the introduction of the E-filing system, ZIMRA also automated the issuance of special personal identifying numbers (PINs) through the electronic registration (e-registration) module. Initially, registered taxpayers were able to use E-filing services to electronically submit their tax returns for VAT, PAYE, Income Tax, and tax clearance procedures. However, over time, the system has become the primary tool for both individual and corporate taxpayers to submit their tax returns.

The actual tax income obtained is contrasted with the money that the minister of finance anticipated to receive from financial consulting in 2021 in Table 1.1 below. Despite the introduction of the e-services platform, certain tax heads failed to meet the goal they were given, demonstrating the non-compliance of many financial consultancies

**Table 1.1 Comparison of 2021 revenues against the targets of financial consultancies in Harare**

|  |  |  |  |
| --- | --- | --- | --- |
| **Tax Head** | **ZWL$(M)****Target** | **ZWL$(M)****Actual** | **ZWL$ (M)****Variance** |
| **Value Added Tax** | 722.78 | 630.88 | -91.90 |
| **Pay As You Earn** | 208.75 | 194.46 | -14.29 |
| **Corporate Tax** | 112.00 | 106.17 | **-5.83** |

**Source: 2021 ZIMRA revenue performance report**

Several tax heads missed their goals due to financial consultancies' noncompliance, which contributed to overall negative deviations in 2021. Financial consulting receives fines and interest for late or nonexistent tax payments and return submissions, which raises the amount owed to ZIMRA. If tax returns are submitted after the deadline, the financial consultancy will be charged a $30/day penalty. The extent of non-compliance has significantly impacted tax authorities' ability to collect money from many financial consultancies and resulted in the loss of a sizable sum of money that could have been collected. According to the revenue performance report for 2021, the PAYE for 2021 had a negative variance of ZWL$14.29 million and the corporate tax had a negative variance of ZWL$5.83 million from US$115.47 million. In the 2021 report, ZIMRA's chairperson claimed that financial consultancy non-compliance was to blame for the decline.

The focus of this research was to assess the factors that influence the use of Electronic filing system on tax compliance by financial consultancy since its implementation up to date. The research also sought to recommend the motivators that ZIMRA can put in place so as to encourage financial consultancies to fully make use the Electronic-filing system and remain compliant to tax authorities

## 1.2 Statement of the problem

## In spite of Zimbabwe's adoption of the electronic filing system, financial consultancies there are not compliant. Due to their failure to make tax payments, financial consulting companies frequently fail to submit tax returns on time or at all. Financial consulting will continue to steal money from the government that could have been used to fund other social and economic activities if the issue is not addressed, therefore this study evaluated the variables that affect the usage of e-filing on tax compliance by financial consultancy.

## 1.3 Research Objectives

### 1.3.1 Main objectives

To assess the factors that influences the use of e-filing system on tax compliance by financial consultancy.

### 1.3.2 Specific objectives

1. To identify the benefits of using e-filing system on tax compliance by financial consultancy.
2. To determine the challenges of using e-filing system on tax compliance by financial consultancy.
3. To assess the strategies for addressing the challenges of using the e-filing system to improve tax compliance among financial consultancies.

## 1.4 Research Questions

### 1.4.1 Main research question

 What are the factors that affect the adoption and utilization of the electronic filing system for promoting tax compliance among financial consultancies?

### 1.4.2 Specific research questions

1. What are the benefits of using electronic filing system on tax compliance by financial consultancy?

1. What are the challenges of using electronic filing system on tax compliance by financial consultancy?
2. What are the strategies for addressing the challenges of using electronic filing systems to improve tax compliance among financial consultancies?

## 1.5 Significance of the study

The following would be the beneficiaries of this study

### 1.5.1 The Researcher:

The researcher gained an insight and appreciation on the effects of tax avoidance and evasion on the government revenue collection because of e-filing. The study was of the utmost importance to the researcher since it increased their knowledge and provides them the chance to put theory into exercise, or apply what they have learned to the actual world where research abilities are highly valued.

### 1.5.2 Bindura University

The research study would be a key document and valuable material for literature at Bindura University. Future Bindura University staff and students who will be interested in conducting research on this or related topics can review the literature provided by the study.

### 1.5.3 The academia

The research study benefits the academia through its contribution to existing literature on the effects of e-filing of tax returns by financial consultancy on revenue collection by ZIMRA. In addition, the results of the study added to the existing body of knowledge regarding effects of e-filing on tax compliance by financial consultancy and useful to other academics who utilize it for literature reviews while conducting similar-themed research.

### 1.5.4 To the Government

Findings on this research may assist the financial consultancy in Zimbabwe on how to further invest in financial consultancy and come up with strategies to capacitate financial consultancy to enable them to lodge tax returns online with ZIMRA. ZIMRA could use the results to initiate policies that seek to enhance revenue collection from financial consultancy.

### 1.5.5 GAA Associates

Practical solutions will be yielded from the research which enlightens GAA Associates and other financial consultancy on the need to establish measures to alleviate the effects of tax non-compliance. Moreover, it gives management a better insight on how to ensure that their organisation remain fully tax compliant.

## 1.6 Assumptions

The research study was conducted based on certain assumptions, including the assumption that non-compliance by financial consultancies regarding e-filing of tax returns would persist in the foreseeable future. The respondents work together and provide an honest assessment based on their best knowledge. The responders were eager to participate and offer accurate, timely, and trustworthy data. The researcher maintained full independence throughout the study, and the subject of the research was not influenced by any external factors.The researcher has enough financial resources to meet the expenses in carrying out the research.

## 1.7 Delimitations of the study

The scope of the researcher's study was restricted to the examination of factors that affect the use of the e-filing system for promoting tax compliance by GAA Associates, a financial consultancy located in Harare, during the period from 2020 to 2022.

## 1.8 Limitations of the study

The presence of red tape and confidentiality which could limit the amount of data the researcher would be able to access directly from GAA Associates. To mitigate this challenge, the researcher would convince the employees from GAA Associates that the information collected would be used for academic purposes only and where necessary, publicly available sources such as the press, Websites, journal articles, business magazines and internet sites will be used.

Financial and time resources would also limit the ability of the researcher to analyse the whole population at GAA Associates. The researcher would select a reasonable sample that is believed to fairly represent the population under study.

## 1.9 Definition of terms

**Financial resources**

"Financial resources are assets that will produce cash in the normal course of business and have been acquired or are in control as a result of previous transactions or events," (Alaniz) 2022.

**Tax compliance**

Tax compliance is defined as "the ability of an individual to act in a manner consistent with the "spirit" and "letter" of the tax legislation and administration without the need for enforcement activity," Alley and James (2012).

## 1.10 Organisation of the study

The research will consist 5 chapters. The backdrop of the research problem, the research objectives, the research questions that were addressed by the research and the rationale for the research are all provided in the first chapter. The literature on the subject of the investigation will be examined in Chapter 2 together with the secondary data that is available to support the study. The third chapter, which discusses research methodology, is concerned with how the researcher would collect the data for this study. Data from both field surveys and secondary sources of data was presented, analyzed, and the results were noted in chapter 4. Lastly, Chapter 5 draws conclusions about the findings and offer suggestions for further research on the subject.

## 1.11 Chapter Summary

This chapter presents an overview of the study's purpose, background, problem statement, research objectives and questions, significance, and limitations. These components provide a strong basis for an unbiased review of the relevant literature on the factors influencing the use of e-filing systems on tax compliance by financial consultancies in Zimbabwe. The subsequent chapter critically analyzes the research issue and situates it within the conceptual framework presented in Chapter two.

# SCHAPTER TWOS

# LLITERATURE REVIEWW

## 2.0 Introduction

A literature review is an academic writing that provides a contextualized and comprehensive overview of the existing academic literature on a particular topic. It involves a critical evaluation of the sources and is regarded as a literature review rather than a literature report. In this chapter, the conceptual framework, relevant theories, and empirical analysis of the factors influencing tax compliance among financial consultancies are discussed. The literature review has helped the researcher gain a better understanding of how other researchers have approached the research problem and the recommendations they have made.

## 2.1 (Conceptual framework)

Figure 1 presents the conceptual framework, which illustrates the factors discussed in this study that affect the frequency of use of the E-filing system by financial consultancy firms in Zimbabwe to comply with tax regulations. There are the following four independent variables: The way financial consulting views the e-filing system, how they see submitting returns through it, and how straightforward they think the system is to use when doing so define how they view technology. The e-filing system's interoperability, dependability, responsiveness, and usability are all signs of how user-friendly it is. Access to the internet, taking into consideration its cost and the country's overall internet penetration, is a further independent variable in the study.

Due to their knowledge of tax law, the technical competence of financial consultancy finance staff to file returns is an independent variable that is connected to their appreciative of tax system. The conditional variables for this study are the financial consultancy's use of an electronic filing system in Zimbabwe for tax compliance.

**Independent variables**

**(Taxpayers’ perception towards technology)**

• The level of assertiveness towards e-filing technology.

• The perceived usefulness of the E-filing system

• Perceived ease of use of E-filing system

**(User friendliness of the system)**

• Harmony

• Reliability and responsiveness

 • Easy to use

 **Dependent variables**

**Tax compliance**

VAT

PAYE

Corporate Tax

Withholding Tax

**(Access to internet)**

• Cost

• Internet Penetration

 • Knowledge and skill of internet use

**E-filing system E-filing**

 **System**

**(Technical skills of filing returns)**

 • Familiarity with the taxation system.

• Understanding of taxation

**Figure 1: Conceptual Framework**

## 2.2 “Electronic tax system”

According to Wasao (2014), an electronic tax system is a web-based platform that allows taxpayers to access all services provided by a tax authority, such as registering for a business partner number, filing returns, and requesting a tax compliance certificate. In 2015, ZIMRA implemented a computerized taxing system as one of such electronic tax technologies. According to Alouis and Geodon (2013), one of the government electronic services that many industrialized nations now offer is tax e-filing.

In accordance with this method, taxpayers must specify that they are in charge of online tax filing and are accountable for paying taxes to the government. Despite the growing usage of tax e-filing systems, previous researchers claim that governments have not yet built an integrated online tax system that is dependable because of the high perceived risk by taxpayers in undeveloped nations.

## 2.3 “Factors that influence the use of electronic filing system on tax compliance”

 Nienaber and Jankerparsad (2016), the United States of America was the first nation to use the concept of filing tax returns electronically in 1986. With time, the concept extended to several countries as a result of its adoption, including Taiwan, Malaysia, Sweden, and Austria. Notwithstanding the benefits of electronic filing, Firms in Zimbabwe have not yet decided to adopt it. The chance of using an electronic filing system, according to Tallaha and Shukor (2014), is mostly influenced by how useful the system is seen to be, how easy it is for users to use, how likely users are to actually use it, and their general grasp of taxes.

### 2.3.1 “Taxpayers’ perception towards E-filing system”

The attitude and opinions of taxpayers about the e-filing system are one of the major factors influencing the utilisation of the system for tax compliance. According to Rogers' (1983) the implementation of an electronic filing technology in Kenya is being viewed as unique technique because its users find it to be cutting-edge. Financial consulting in Zimbabwe is just starting to adopt the e-filing system. Early adopters are financial consultancies in Zimbabwe that have already started adopting the system.

According to the DOI theory, 'first adopters' of an invention share certain traits. Several studies have shown that taxpayers who utilize online services fit the criteria of early adopters, who are typically experienced users with relatively high incomes (Rogers 1983). (Streib, 2003). Zimbabwe is still having trouble using an electronic filing system for taxes that is compliant, according to a financial consultancy. Many financial consulting firms are neglecting to implement e-filing systems in order to continue to be in compliance with ZIMRA. The fact that revenue goals from all tax heads have not been met in recent years is evidence of this.

 First adopters' of an invention share certain traits. Many studies have shown that taxpayers who utilize online services fit the criteria of early adopters, who are typically skilled users. (Rogers 1983). Zimbabwe is still having trouble getting financial consultancy to use e-filing systems for tax compliance. To continue to be in compliance with ZIMRA, many financial consultancies are failing to implement electronic filing systems. The fact that revenue goals from all tax heads have not been met in recent years is evidence of this.

Michael Boone (2012) carried out survey in 8 various American cities to identify the issues that most effectively explain if taxpayers adopt the invented technology of e-filing and its influences that enhances the satisfactory level of taxpayer’s. He takes into account the theories of adoption of technology, claims that an upgraded version of the e-filing system appears to offer a very reliable framework for examining the aspects that influence the use of state e-filing systems (Boone, 2012). He was able to verify his original hypothesis that people are more likely to file their state tax returns using a specific filing way (amid electronic-filing and manual filing) if they believe it to be easier to use based on the survey he distributed to 1,000 taxpayers in 8 various American cities. According to Boone's research, people are more likely to employ their favorite filing style if they think it would be helpful. Boone's research was constrained, though, because there weren't enough participants who are using the invented electronic state system to make any conclusive statements about the reasons why.

The research carried out by Schaupp (2013) also validated the suggestion that computer anxiety the disquiet that develops if a person is given the option of using an electronic system has an adverse impact on a person's intention to utilize the electronic-filing system. The sample that Carter and Schaupp selected for their research had limited diversity, despite the fact that their analysis produced valid results. The user's view of the e-filing system is still the utmost reliable predictor of taxpayer intention, according to the findings (Mahadeo, 2014).

### 2.3.2 “User friendliness of the system”

The research pursued towards ascertaining the degree which taxpayers' use the e-filing for tax compliance is influenced by its usability. After using the e-service system online, taxpayers may or may not find it convenient and useful. Because the service is provided online and taxpayers are unable to engage directly with tax staff or see or touch the tax forms, the taxpayers' electronic filing system may not operate as intended. Taxpayers may also be responsible for the effort and time needed to learn the invented electronic system and make adjustments for any service interruptions (Sweeney et al., 2016). During the deadlines periods for electronic-filing different tax heads, such as Value Added Tax , Pay As You Earn., and others, the system used for the e-filing of tax returns must be capable and efficient enough to handgrip a huge of data processing ( 10th of every month).

As a result, the service provider must make sure that the e-filing system is capable of handling the heavy data processing during the month(s) of tax submission in order to ensure system operates correctly and effective throughout the tax returns submission, henceforth it is probable that the user will accept and use the e-filing system if it is compatible with his or her way of life and work and meets their needs, i.e., the taxpayer can file their tax return with the least amount of difficulty, on time, and using the assets at their disposal.

According to study done in Kuwait, a nation similar to Kenya, to ascertain the behavior and views of taxpayers about the adoption of e-filing system, online systems are really simple to use, mostly when guidance’s are available (Awadhi, 2014). More than half (63%) of participants in a qualitative study that involved a number of focus groups agreed that any electronic systems had to be less difficult to use by people who are less experienced to use internet, which is typical, especially in developing countries. One limitation of the study is that its respondents were undergraduates and graduates rather than taxpayers, who do not have required knowledge.

### 2.3.3 Access to internet

As a nation, Zimbabwe's internet usage is mostly restricted to metropolitan regions, and the cost has not yet been widely seen as affordable. However, only a small number of people who have access to the internet have the knowledge and expertise necessary to effectively use it. This is why the researcher has chosen to investigate how financial consultants use e-filing systems and how easy it is to use the internet and affordable internet connections. Boone highlighted computer availability and level of compatible as issues impacting use of electronic-filing in the USA cities in his survey on state agencies of revenue and their electronic-filing methods for income taxes (Boone, 2012). He tested the assumption that the frequent a person's access to internet at home or at work, the high it is probable that the financial consultancy taxpayers will file taxes online (Bandura, 2016). Same survey also demonstrated that taxpayers with high-speed internet connections who work for financial consultancies are equally probable to submit returns through electronic-filing.

Ambali (2019) asserts that people's decisions to continue using the government-provided system may be influenced by the fact that there are holes in the IT infrastructure. The findings of his study, which concentrated on pinpointing the root causes and issues with the electronic file system, show how important it is for users to see technology as secure and beneficial. In addition, more IT infrastructures and other incentives, according to his article, have to be provided to entice users of the electronic-filing system. The same paper increases a legitimate apprehension regarding governments’ employees, particularly the staff of the revenue agency, and argues that in order for e-filing to be a successful policy program, an efficient program for taxpayers that can help facilitate people's willingness for the system is required. As a result, in order to change how the public views the e-filing system, the agency's staff must perform well (Ambali, 2019).

Kangave affirms that certain filing techniques, such as those used in Canada to improve tax administration, may be expensive for Ugandan taxpayers. For instance, it's still quite expensive to access the internet, and the percentage of illiteracy is still very high. Furthermore, a large number of literate Ugandans lack access to computers (Kangave, 2015). The purpose of this study is to ascertain how internet connectivity and the cost of using the e-filing system impact financial consultancies' use of e-filing for tax compliance in Zimbabwe. This situation applies to a large number of Zimbabwean financial consultancy taxpayers.

### 2.3.4 Technical skills of filing returns

Little research has been done to date on how taxpayers' technical ability in completing and filing tax forms affects their use of the e-filing system, particularly in developing countries like Zimbabwe. Kahan claims that empirical research has demonstrated the necessity of tax officials' support and cooperation for an effective e-filing system (Kahan, 2012). In their research to identify the motivating factors, obstacles, and issues in invention of electronic-filing, Lai and Choong hypothesized that an electronic-filing system must be invented by tax experts as they possess adequate knowledge on usability to enhance the use of electronic filing system. According to this researcher, financial consultancies in developing countries, especially Zimbabwe, turn to preparing their own tax returns even though they might not be familiar with tax law or the idea of submitting tax returns electronically because hiring tax specialists is more expensive in these countries.

Che Azmi (2012) draws attention to the technological aspect of submitting tax returns as a challenge for financial consultancy with concern to its acceptability and utilization. His research put forth a conceptual model to help us better understand how perceived risk affects consumer behavior throughout the adoption process. In the context of tax e-filing, his research attempted to investigate the connection between professed risks and its components in the technological acceptance model. The study supported idea that financial risk, which measures financial loss as a result of using an e-filing system, will affect taxpayers' perception of the risk of adopting electronic-filing. Financial risk measures financial loss as a result of using an electronic-filing system, such as inputting in indelicate information in tax returns that could result in an incorrect calculation of tax due. In order to determine if Medium and Small taxpayers in Zimbabwe adopt and use the e-filing system, this study looked at the relationship between technical proficiency in filing returns.

## 2.4 “Benefits of using electronic filing tax system”

‘According to Singh’ and Singh (2013), electronically submitting tax returns has a lot of advantages.

###  2.4.1 Easy to submit tax returns

Harold (2012) highlighted that electronically generated tax returns that are submitted online are typically easy to administer than manual returns because there is a lower risk of error because the data on the forms does not need to be manually entered into the service's computers by authority staff one at a time.

### 2.4.2 E-filing system reduce workload and operational costs

According to Muita (2011), financial consultancies can better manage their workload and spend less money submitting, storage, and management of tax returns electronically. The time and money required for data gathering are reduced by e-filing, according to Singh and Singh (2013) and Tallaha and Shukor (2014). All manually submitted returns had to be entered into the system for additional processing prior to the installation of e-filing; however, the cost and effort involved have decreased with the introduction of e-services. When using the e-filing system and tax preparation software that provides information on tax benefits, taxpayers also benefit from stronger returns.

### 2.4.3 Easy record keeping

Reddick and Roy (2013), electronic-filing made record keeping secure and did away with the necessity for physical filing cabinets in offices. In addition, there is a reduced chance of document destruction due to fire or other natural disasters. Additionally, e-filing makes document tracking simple. This is due to the fact that electronically filed tax returns produce a ‘enduring record for reference in future. According to Reddick and Roy (2013)’, if a query about tax returns arises in the future, there is no need to go through file cabinets; instead, the information may be found on the computer.

### 2.4.4 (E-filing system enhances easy access to accurate and relevant information)

 Waweru (2013), electronic-filing systems enhance quick access to correct and important data, which is required for efficient execution of tax returns information. Submission of tax returns electronically improves data accurateness since clients submit tax information (Shukor and Tallah 2014). According to Aladwani (2013), the objective of electronic-governance system is to supply a growing number of services at the location of the customer's choosing, whether it is workplaces or residences, and to avoid requiring the business community and people to visit government offices. This goal of electronic governance was achieved through the e-filing system. It establishes a virtual office for the electronic delivery of services at a time and location that is convenient for everyone. Shukor (2014) claim that the electronic-filing system's design prevents incompletely filled returns from being filed, which decreased the filing of inaccurate returns.

## 2.5 ‘Challenges of using e-filing system’

Wamathu (2013), close to the deadlines, taxpayers commonly file their tax forms electronically. If the electronic-filing system is not built to manage the trends, system failures may occur. Due to technological issues, taxpayers are unable to file their own tax returns (Shukor and Tallah) (2014). Tallaha and Shukor (2014) claims that when taxpayers need to file tax returns electronically, the system may be inaccessible. As a result, they may miss the deadline and believe that e-filing is unreliable.

If taxpayers lack computer skills and accessibility to internet, their adoption of electronic-filing will remain at its lowest, which will lead to lower levels of tax compliance (Auyat) (2013). He added that the 2 directly affect compliance and the adoption of e-filing. The cost of an electronic filing system is increased by inadequate computer abilities.

### 2.5.1 Computer literacy level of taxpayers

According to Auyat (2013), computer literacy and tax compliance go hand in hand. Taxpayers who are unable to file electronically must pay third parties for their services. These third parties might be employees of internet cafes and exorbitantly expensive tax advisors. Overall, this will make it challenging for taxpayers to use the electronic filing system, which will lower the rate of tax compliance. Some taxpayers with limited computer proficiency take a long time to submit incomplete forms online, which results in missed deadlines. Mandola (2013) claimed that a problem with internet accessibility prevents people from using electronic filing. Taxpayers who lack computer literacy may face time and psychological risks, according to Wamathu (2014).

### 2.5.2 Privacy risk

Sheikh (2015) claimed that electronic-filing involves sending taxpayers' private information over the internet; it may put the implementation of the practice in jeopardy owing to privacy concerns. Akello (2014) asserts that intermittent electricity and internet accessibility are problems with e-filing. Shukor (2014) assert that it can be challenging to recall log-in details, which may delay the timely submission of tax returns. He conducted a poll on the difficulties of using e-filing with a sample of 73 Malaysian taxpayers, and found that many taxpayers forget to file their tax forms online.

## 2.6 ‘Theoretical framework’

### 2.6.1 Economic Based Theory

In order to advance the economic-based theory, which was first put forth by Becker in his publications from 1968, a number of researchers have looked at numerous variables and disputed the 11 conclusions established by the predecessor. According to Becker, he evaluated economic theory in terms of how it connected to crime. This suggests that taxpayers are just concerned with their own interests. The cost-benefit analysis of switching to an e-filing system, among other harbouring considerations, prevents taxpayers from achieving maximal compliance levels, in accordance with economic or deterrence theory.

The conclusions of Becker were contradicted by studies by Allingham and Sandmo (1972), who asserted that taxpayers frequently attempt to maximize their gains. Process-based incentives and rewards are emphasized in the economic theory of deterrence.

Economically based theory typically places an emphasis on economic factors such costs incurred, chances of being discovered, and potential fines for taxpayers who break particular rules. Most business people's main objective is to reduce expenses, and when they succeed in this goal or their fine for getting caught is lower, they frequently overlook the significance ‘of tax compliance. According to Trivedi and Shehata (2005)’, taxpayers frequently make revisions to their returns to suit them because they love playing the audit lottery. Consequently, the greatest tactic to prevent deterrence if a taxpayer has been found guilty of acts of omission or commission is to raise fines and penalties.

The new study backs up the claim because it shows that despite taxpayers' awareness of fines and penalties and their attitudes toward risk, compliance levels among small traders have not increased. The bulk of the financial consultants in this group do not pay taxes, which is why this is the case. In order to understand how fines and penalties impact it, it is important to assess their level of compliance. Slemrod (1989) noted that one compliance cost related to filing returns was the theory's failure to account for different taxpayer scenarios.

Several research have shown that a system that includes both coercive and persuasive methods can assist reduce deterrence and increase compliance.‘Falkinger and Walther (1991) more data is needed to address the gaps in non-compliance because the research has not been conclusive. Also, there is a need to raise this group's compliance level.’

### 2.6.2 Fiscal and Psychological Theories

Schmolders' (1959) writings provided the theoretical framework by presuming that taxpayers place a higher value on their own interests than those of the community. The paintings, he reasoned, represented various cultural perspectives. In addition to the financial and psychological aspects, it deals with attitudes, ideas, and social customs. It should be noted, in conclusion, that the theory focuses primarily on irrational human behavior. Schmolders noted that as a result, taxpayers have various viewpoints on various issues depending on their attitude toward taxes.

Strampel (1969), who contends that the accuracy of the assessments made by the tax authorities may result in lower levels of tax compliance, supported this idea. In contrast, Kinsey (1986) thought that a mere willingness to cooperate would result in higher levels of tax compliance. When knowledge and education are combined with a number of human behavior elements, the degree of compliance can be positively influenced.

Return on tax paid is one element that affects tax compliance levels. According to Spicer (1974), the majority of the time, taxpayers consider how their contributions have helped the community or the government. According to Ajzen and Fishbein's theory of reasoned action (TRA), taxpayers' behavior is influenced by their objectives and motivations as well as their impression of what society may think of them. Ideas in psychology place a strong emphasis on a person's morality and integrity.

### 2.6.3 ‘Technology Acceptance Model (TAM)’

The Technology Acceptance Model (TAM) adaptation theory suggests that an individual's intention to use a tax filing system is influenced by two factors: perceived usefulness, which refers to the extent to which a person believes that using the system will enhance job performance, and perceived ease of use, which refers to the extent to which a person believes that using the system will be simple (Venkatesh, 2000). According to the TAM theory, perceived usefulness and perceived ease of use act as mediators between the intention to use and external factors, such as system attributes, development process, and training.

## 2.7 Empirical Review

**Oladipupo & Obazee (2018), ‘Examine the effects of taxpayers knowledge and penalties on tax compliance’**

In a survey-based research study, Oladipupo and Obazee (2018) investigated the influence of taxpayers' knowledge and penalties on tax compliance among small and medium-sized firms in Nigeria. The researchers employed the Ordinary Least Squares approach to analyze the survey data and found that tax knowledge had a significant and positive effect on tax compliance. The study also suggested that tax knowledge is more effective in promoting tax compliance than other forms of information. Therefore, small- and medium-sized business owners should strive to improve their understanding and adherence to tax regulations, which would benefit both governments and taxpayers.

Loo et al. (2019) carried out a study on South Korea and Turkey to assess the design, complexity, and user-friendliness of tax authority websites, as well as the ease with which taxpayers could file their tax returns and access their tax status information. The study was motivated by the use of accounting specialists by SMEs to compensate for their lack of experience. It is important to note that the mere presence of an electronic tax filing system does not guarantee its usefulness to taxpayers; its effectiveness and capability must also be taken into account (Loo et al., 2019).

The reasons why young Indian professionals file their income taxes electronically were studied by Amitabh et al. (2017). In an effort to increase compliance, the aim of his survey was to ascertain how Indians professionals will respond to filing returns for tax electronically or manually. According to a regression research, the antecedents for Indians experts were apparent tax system easiness, and compatibility.

**Swistak (2015), Impact of tax penalties on enhancing tax compliance**

(Swistak (2015) conducted a study on the impact of tax fines in Rwanda and discovered that unregistered enterprises were unaffected by fines and continued to operate outside the tax system. Similarly, Omagulu (2016) arrived at a similar conclusion in his investigation on the tax compliance of financial consultancies in Tanzania, attributing the difficulties to the Tanzanian government's challenges in taxing small and medium-sized businesses. Slemrod (2015) agreed that operating in an environment with tax fines could be challenging, but his research was carried out in Sudan, where the government views tax fines as an abuse of authority. Torgler (2014) and Tullock (2017) claimed that tax penalties do not benefit SMEs or compel them to learn about taxes. Instead, taxpayers are responsible for complying with the law. According to Kristina (2013), sanctions can increase resentment against compliance and the authorities, resulting in non-compliance.)

**Dubin, Graetz & Wilde (2013), Assessment of variables influencing income tax reporting**

Dubin, Graetz, and Wilde (2013) conducted a study using state-level, time-series, and cross-sectional data from the IRS's Annual Report for the years 1997–2000 to estimate the impact of audit rates on income tax reporting variables. The study found that higher audit rates often had a positive effect on income tax filing, although the effect varied by audit class and was not always statistically significant. Additionally, the study revealed a spillover effect of tax audits, indicating that as audit rates increased, tax payments from taxpayers who were not personally audited also increased

**Kimingu and Kileva’s (2017), Impact of computer literacy on improving tax literacy and compliance**

Kimingu and Kileva's (2017) research on ways to improve tax literacy and tax compliance among SMEs predicts that the education component will address non-compliance behaviors among Tanzania's Small and Medium Businesses (SMEs). Similar to this, Christina, Deboral, and Gray (2013) discovered that non-compliance may be intentional due to compliance attitudes or unintentional when the taxpayer is not aware of his or her tax obligations or fails to fulfill those obligations because they are not aware of the applicable tax laws and procedures. According to Normala (2017), tax education is expected to promote a culture of tax compliance by assisting taxpayers in understanding tax laws and processes.

**Hanefah (2014), Impact of behavioral change and tax law on enhancing tax compliance**

Hanefah (2014) went on to say that the main objectives of the majority of education programs are frequently behavioral change and tax law compliance, and that tax education alters tax payer behavior. Svetna and Taumo (2017) contend that in light of this, theories of learning, theories of behavior analysis, and the detrimental consequences of tax education in Uganda all significantly contribute to this conclusion. The modify theory, which makes the assumption that when a behavior-related issue occurs, there should be changeable components that contribute to the issue, was used by Armstrong (2013) to anticipate how tax payers may modify their behavior.

Information, attitudes, aspirations, interpersonal support, organizational settings, and environmental factors are a few examples of items that could have moderating effects.

The hypothesis states that education is necessary to modify the modifiable factors, and that it will also influence taxpayers' behavior. A person's decisions are impacted by education, which alters their behavior (Denis and Mehila, 2012). It significantly affects how a tax payer changes their behavior (Campbell: 2015).

## 2.8 Research gap

Further research is required to ascertain how taxes could be improved and how taxpayers view their own compliance behavior in light of the findings. Although the research focused mostly on taxpayer behavior, one can still wonder how to increase revenue collection by influencing taxpayer perception. Tax education and awareness: In this metropolitan area, the majority of studies on tax awareness and the rules governing tax compliance have not been done. Additionally, scholars have not been able to come up with a clear-cut technique of comprehending taxes difficulties as they relate to financial consulting.

Because most research on compliance costs concentrated exclusively on corporate income tax and neglected to take other forms of taxes into account as presumptive taxes, it was impossible to estimate the actual cost borne by taxpayers. The majority of research on the alleged advantages of tax evasion has focused more on psychological than moral considerations, and only for the benefit of multinational firms and financial consulting. Technology (online filing): Rather of focusing on the individual or the target audience, much study has been conducted on the system, or the steps and guidelines to be followed.

## 2.9 Chapter Summary

Reviewed in this chapter is the literature related to electronic filing and tax compliance. The effectiveness of e-filing system on enhancement of tax compliance by financial consultancies, the benefits it has had on tax compliance, the factors that influence the use of e-filing system for tax compliance have been assessed with the supporting literature from other researchers.

# ‘CHAPTER THREE’

# ‘RESEARCH METHODOLOGY’

## 3.0 ‘Introduction’

This chapter looked at the techniques the researcher used to attempt to gather the necessary data on the variables that affect how financial consultants in Zimbabwe use the e-filing system to comply with tax laws. For the research technique and design that were used, this chapter gave clarifications and justifications. This chapter focused on the sample strategy and the study's target population. This chapter covered the research tools that were utilized to obtain pertinent data from the selected respondents as well as the justification for their selection. Discussions on data dependability and validity that also considered ethical implications wrapped up the chapter.

## 3.1 Research method

According to Kumar (2014), the mixed approach also offers a full understanding of the problem at hand and is referred to as the triangulation method. The study employed a mixed methodology. A mixed approach allows the integration of results from both quantitative and qualitative approaches with the goal of delivering more data than one method could provide on its own. Although it takes time, the research team went above and above to ensure the reliability and accuracy of the findings.

## 3.2 Research Design

Since survey research is the most effective way to get primary data from financial professionals, survey research was used in this study. It gives the researcher the opportunity to obtain both the individuals' perspectives and professional opinions. The research design is the overarching plan for how the researcher responds to pre-set study questions. It contains specific objectives that are derived from your research question(s), a list of the sources you intend to use for data collection, consideration of the constraints you inescapably encounter and discussion of ethical issues (Saunders, Lewis, & Thornhill, 2009).

### 3.2.1 Advantages

. Survey research design allows the researcher to target the respondents of choice. In order to gather data that was instantly helpful, survey research allows the researcher to employ questionnaires, tests, open-ended questions, and multiple-choice questions.

### 3.2.2 Disadvantages

 Surveys are associated with high probability of getting unfaithful responses. An emotional response relating the set subject might not be seen when surveys are used. There is a good probability that some questionnaires may go unreturned when survey research is used to obtain data.

## 3.3 Target Population

The complete group of people that the study aims to use to condense its findings is referred to as the target population (Cooper & Schindler 2008). The study included a population of employees from GAA Associates. As a result, the sample population for this research consisted of 40 Zimra employees based in Kurima House Harare domestic taxation office and 60 employees from GAA Associates.

## 3.4 Sample size

The number of people that are selected to take part in a research study is known as the sample size (Michael, 2011). In order to guarantee accurate and reliable results, a sample size of more than 30 participants and less than 500 participants is considered appropriate in academic research (Michael, 2011). Hence the population size of this research was 100 employees from GAA Associates and Zimra officials. The respondents selected should also have been employed by GAA Associates for over 5 years so that they can provide accurate insights of the period before and after e-filing systems were implemented. The sample size was decided using the formulas proposed by Daniel (1999) and Cochran (1977). Eq. (1)'s formula for an unknown population size is as follows:

$n= \frac{Z^{2}P(1-P)}{d^{2}} $(1)

Where n represents the size of the sample, Z represents the statistics indicating the degree of confidence, P represents the probable frequency or proportion (expressed as a percentage; if 50%, P = 0.5), while d is the exactness (expressed as a percentage; if 6%, d = 0.1633). Z statistic (Z): 95% level of confidence has a Z value of 1.96. 95% confidence intervals (CI) are used by the scholars to present the outcomes of the research. The estimated sample size for the GAA Associates' 95% confidence interval was 36, with a 5% margin of error. There were 36 people in the total sample size. These 36 participants where 26 were from GAA Associates and 10 from Zimra officials

**Table 3.1: Sample size**

|  |  |  |
| --- | --- | --- |
| (Targeted group) | (Population) | Sample population |
| GAA Associates | 60 | 26 |
| Zimra Employees | 40 | 10 |
| **Total** | **100** | **36** |

**Source: GAA Associates reports**

## 3.5 Sampling techniques

Sampling is the practise of choosing an appropriate representatives subset of a research populace in order to identify characteristics of the source population as a whole. Purposive sampling, as opposed to random sampling, was used for the study because the employees are not all distributed equally throughout Harare. In order to create a sample that is adequate for formulating the best possible opinions on the factors that influence the use of electronic-filing systems on the compliance of taxes, the research used its own judgment to select employees in the finance department from GAA Associates. Employees who participated in or directly contribute to the computation of various taxes, the electronic filing of tax returns, and the payment of returns through online platforms are those who should be taken into consideration for this study. As some responders send the researcher to other employees he is not familiar with, snowballing sampling was also used (Saunders, 2007).

## 3.6 Data gathering Instruments

For the purpose of this study, the researcher used both questionnaires and interviews as data collection instruments.

### 3.6.1 Questionnaires

Respondents are given similar sample questions to answer. According to McDonald and Headlam (2012), the term "questionnaire" is a group of questions intended to gather relevant information concerning the study. The use of questionnaires serves as a thorough primary data collection technique. The questionnaires that are given to respondents include both closed and open questions. The questionnaires were made in such a way that responders won't need to give their identities because of commercial confidentiality laws and the sensitivity of organizational data. You can use questionnaires to get information from a large sample. When employing questionnaires, anonymity is upheld and interviewer bias is removed because the questions are provided on paper. Steward (2012) suggested keeping questionnaire responses private. Additionally, polls don't cost a lot of money. Additionally, respondents can provide high-quality data since they have ample time to read and comprehend the questions. Results of surveys can be easily transformed into informative data.

#### 3.6.1.1 Merits of questionnaires

Although time was mentioned as a constraint on the study in chapter one, this research tool allowed the researcher to survey the sample population in the shortest amount of time. The researcher highlighted that questionnaires are the best technique to collect honest replies from the target group since they provide the respondent with privacy and let the participant answer in a very comfortable setting (Kothari 2014). They provided the respondents enough time to consider the question and provide sincere answers. Given that the questions were self-administered and left open-ended, they allow for participant error and provide qualitative data.

###  3.6.2 Interviews

Unstructured interviews, some conducted over the phone, were conducted to further explore the thoughts of some of the respondents. The researcher had the opportunity to clarify any important points that the questionnaire did not adequately cover during the interviews. Additionally, interviews used to attempt and address the issues with questionnaires, such as lower level employees being assigned to reply to questions intended for specialists. These include ensuring that a large amount of ground is covered and recording of answers is clear and straight forward. Structured interviews are good for explanatory research and through interviews one can gain access to a wider sample as data categories are predetermined and coded together with questions. Some interviewees do not take lightly the presence of interviewer as some prefer anonymity and respect of private life. Personal interviews are at times costly in time and money Moreover; recording of comments is a delicate issue because of great variety of answers and their complexity.

#### 3.6.2.1 Merits of interviews

 Interviews create a pleasant affiliation with the respondents which enhance the respondents to give more important aspects of the study. Interviews allow hand to hand interface with respondents which enables quick response and the aptitude for researcher to elicit further explanations on ambiguous responses. Interviews eliminated the possibility of non-response.

#### 3.6.2.2 Demerits of interviews

 Since it is exhausting to interview a lot of people, quality of results may be affected. Abawi (2015) asserts that excessive contact with interviewees can skew results. Since wording interviews cannot be conducted consistently, results cannot be readily compared. It takes a lot of time and it’s expensive.

## 3.7 Data collection procedures

 The researcher employed the two data kinds in order to guarantee the accuracy of the information gleaned from the investigation. The information for this study come from both primary and secondary sources, as detailed below:

### 3.7.1 Secondary Data

 Secondary data is defined as "already available and collected information" by Jewel (1997). This indicates that the information was gathered earlier than this study and for a different objective. The researcher's primary focus was on reports on tax filing and payment, as well as reports from e-filing systems. These variables were examined in light of the goals of the e-filing system for tax compliance.

###  3.7.2 Primary Data

 Primary data is a term used to describe original data that was gathered especially for addressing the issue at hand. This data is crucial for the study source. The researcher used primary data to understand documentary analytic data in order to gather accurate information on the likely elements that affect the usage of e-filing systems on tax compliance by financial consultancies.

## 3.8 Validity and reliability

### 3.8.1 Validity of Data

To increase the validity of the data, various data sources and gathering techniques were used (Yin, 2009). As a result, the strengths of the other data sources more than made up for the limitations of any one data source. All questionnaires that were submitted by respondents had their accuracy and comprehensiveness of data replies checked. The two elements of the validity definition are obvious. First off, the measuring device actually measures the subject matter. Second, the idea is being precisely measured. Results cannot be relied confidently unless the test is reliable for the specific purpose for which it is being used. The study makes sure that each question was relevant to the issue and the study's aims in order to add validity to it. Zohrabi (2013), the writer exhorts researchers to put in extra effort to provide accurate and dependable data. Validity is measured by Martelli (2015) as the plain demonstration of an observation. The researcher compared all the data collected for research objectives to increase the research's reliability and validity. According to Marshall, the term "trustworthiness" is used in qualitative research to refer to the validity and dependability of data obtained using the quantitative technique.

### 3.8.2 Reliability of data

 To evaluate the reliability of the Likert-scale items in the questionnaires that were used to gather primary data, the Cronbach's alpha score, a statistical test, was computed. Theoretically, the research questions that were used to gather the study's data were considered successful if the alpha value is higher than 0.7. It can be concluded that the research's questions are valid for evaluating the variables that affect how financial consultancy in Zimbabwe use the e-filing system to comply with tax laws.

## 3.9 Ethical Considerations

The confidentiality of the data requested from respondents was the main ethical issue. The guarantee that information gathered through this study won't be shared with outside parties that could end up in the hands of competitors and undermine their digitization strategy is necessary for financial consultancy. This was handled by reviewing interview questions and generalizing them to fit the information that has been formally shared with the public. The researcher was also asked the organization to sign a confidentiality agreement that he uphold throughout the entire learning process. By doing this, it is ensured that all knowledge acquired via work and learning is kept private in accordance with organizational norms. All study participants were given the utmost secrecy and anonymity, it is guaranteed. This is being done to lessen the possibility that some participants were overly provided "positive answers" in an effort to please their superiors. In order to calm these worries, the researcher includes an introductory letter with the questionnaire that describes the scope and goals of the study.

##  3.10 Data analysis and presentation

This study's data was analyzed with Microsoft Excel 2010. A window-based tool called Microsoft Excel can be used for data entry, analysis, and the creation of tables and graphs. Large data sets can be handled by Microsoft Excel, which can also execute all of the analyses discussed in the article in addition to many other tasks. It is frequently employed in business, accounting, and finance. Because most of the data being analyzed was of a quantitative type, it was used. Because the computation and presentation of statistics are made relatively simple, it is simple to use. In order to display the diverse responses of the respondents for the primary themes in the questions, the researcher organized the data according to frequency for the Likert-scale questions and exhibits the data using tables, bar graphs, and pie charts. We'll utilize these graphs because they're quite easy to understand. The data was presented with an eye toward addressing the research purpose and research questions of determining the elements that affect how financial consulting firms in Zimbabwe use the e-filing system for tax compliance.

## 3.11 Chapter summary

 The researcher style that was employed to collect the relevant information from response was described in this chapter. This chapter clearly lays out the research approach, research tool, and sample size used to gather data on the evaluation of the influence of electronic-filing system on tax compliance on financial consultants. The following chapter deals with data display and analysis.

# ‘CHAPTER FOUR’

# ‘DATA PRESENTATION AND ANALYSIS’

##  4.0 (Introduction)

Chapter 4, statistics are presented and study findings are analyzed in order to draw conclusions about the variables that affect financial consulting firms in Zimbabwe's use of the e-filing system for tax compliance.

## 4.1 Questionnaire response rate

 The researcher managed to send out 108 questionnaires to the selected respondents from GAA Associates in Zimbabwe and Zimra Officials at Kurima house in Harare. A total of 108 questionnaires were completed and collected, representing a 100% response rate.

**Table 4.1 Questionnaire response rate**

|  |  |  |  |
| --- | --- | --- | --- |
| **Respondents** | **Questionnaires sent** | **Questionnaires returned** | **Response Rate %** |
| Directors | 6 | 6 | 100 |
| Finance clerks | 20 | 20 | 100 |
| Zimra Officials | 10 | 10 | 100 |
| **Total** | **36** | **36** | **100** |

Wegener and Babbie (1993) considered a response rate of fifty percent as adequate while that of sixty percent as good. Since the response rate is 100 percent (100%), the researcher proceeded to analyse the data in this case.

## 4.2 Demographic data

###  4.2.1 Level of qualification

**Table 4.2 Level of highest qualification**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Qualification** | **Diploma** |  **Degree** | **Masters’ Degree** | **Professional** |
| **GAA Associates**  | 3 | 10 | 5 | 8 |
| **Zimra Officials** | 3 | 2 | 2 | 3 |
| **Total** | **6** | **12** | **7** | **11** |

According to the table above, the respondents' highest frequency of educational level is the degree class, with a frequency of 12. They constitute 46.29% (50/108) of the respondents. Respondents who are holders of diplomas constitutes 23.15% (25/108), followed by those with professional certificate at 18.52% (20/108) and holders of Masters Degrees constitutes 12.04% (13/108). The study's conclusions demonstrate that the respondents had a sufficient level of education to carry out their given responsibilities successfully and efficiently and to make wise decisions.

### 4.2.2 Working Experience

Additionally, the researcher attempted to learn more about GAA Associates personnel' prior employment history, financial consultancy in Zimbabwe and Zimra tax officials to determine experience on using E-filing system. The following table depicts the information.

**Table 4.3: Working Experience**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Number of Years** | **5-10 years** | **11-15 years** | **16-20 years** | **Above 20 years** |
| GAA Associates | 10 | 6 | 8 | 2 |
| Zimra Officials | 4 | 3 | 3 | 0 |
| **Total** | **14** | **9** | **11** | **2** |

Results in Table 4.3 above indicates that 40 GAA Associates employees and 10 Zimra officials have 5-10 years working experience, 10 respondents from GAA Associates and 10 respondents from Zimra officials have 11-15 years working experience in GAA Associates and Zimra respectively, 15 from GAA Associates respondents and 10 respondents from Zimra officials have work experience ranging between 16-20 years while only 13 respondents out 78 respondents from GAA Associates have working experience above 20 years, this is because they are owners of the business. This aided to obtaining credible data from a bigger number of chosen respondents who were highly knowledgeable about factors that influence the use of e-filing system on tax compliance by financial consultancies in Zimbabwe.

## 4.3 RESEARCH FINDINGS

### 4.3.1 Factors that influence the use of e-filing system on tax compliance

Finding the variables that affect Zimbabwean financial consultants' usage of the e-filing system for tax compliance was one of the research's main objectives. **Source; primary**

**Figure 4.1 Factors that influence the use of e-filing system on tax compliance**

The respondents highlighted that the perception of taxpayers towards e-filing system has an influence on the tax compliance of the financial consultancies. The view is supported by the results presented in **figure 4.1** which shows that 60% and 15% of the involved respondents strongly agree and agree respectively that the use of e-filing system to enhance tax compliance is influenced by the perception of the taxpayers towards using the e-filing system as some taxpayers from financial consultancies has a negative perception towards the e-filing system hence they end up not being tax compliant. Only 15% of the respondents were neutral to the question, while 10% of the respondents disagree that the perceptions of the taxpayers have influence on the use of e-filing system on tax compliance.

Moreso respondents highly regarded that user friendliness of the e-filing system is another factor that influences the use of e-filing system on tax compliance, this supported by the results presented in **figure 4.1** which shows that 80% and 10% of the respondents strongly agree and agree to the question. Only 5% of the respondents were neutral and 5% were in disagreement that user friendliness of the e-filing system influences the use of e-filing system on tax compliance. The system's usability has a significant impact on how widely it is adopted and used by taxpayers (Kamarulzaman, 2010).

The results shown in table above 55% strongly agree and 20% agree that access to internet has influence on the use of e-filing system on tax compliance, while 5% of the respondents were neutral and only 20% of the total respondents disagree that access to internet has influence on the use of e-filing system on tax compliance. The results presented above shows that access to internet has a positive influence on the use of e-filing system to enhance tax compliance by financial consultancies in Zimbabwe.

The findings shows that 70% and 15% of the chosen respondents strongly agree and agree respectively that the technical skills of filing tax returns has influence on the use of e-filing system on tax compliance. 5% of the respondents were neutral, while only 10% of the respondents were in disagreement with the fact that technical skills on filing tax returns through e-filing system has influence on the use of e-filing on tax compliance. Che Azmi and Kamarulzaman also note the technological component of the filing procedure as a problem for taxpayers with regard to its acceptance and use in their research of the Malaysian e-filing system (Kamarulzaman, 2010).

### 4.3.2 Benefits of using e-filing system on tax compliance

**Source; primary source**

**Figure 4.2 Benefits of using e-filing system on tax compliance**

From the results of the findings presented in **Figure 4.2 above**, 70% and 20% of the respondents strongly agree and agree that it’s much easier to submit tax returns through e-filing system. 5% of respondents were in neutral state, while only 5% of the total respondents were in disagreement that they can submit tax returns on e-filing without assistance.

More so the results from the respondents show that using e-services to submit tax returns reduce workload and operational costs. 50% and 25% of the respondents show that using e-services reduce workload and operational costs for being tax compliant. However 5% of the respondents were in neutral position about e-services reducing workload and operational costs, while 20% of the respondents indicated that they were in disagreement with the statement that e-filing services reduce workload and operational costs of financial consultancies when submitting tax returns to Zimra.

The findings show that e-filing system facilitates easy record keeping system of tax returns information since the tax returns are submitted online which is easier to retrieve anytime. 65% of respondents strongly agree and 25% of the respondents agree that e-filing system makes it easier for recording keeping of tax informantion. 5% of the respondents were neutral and other 5% were in disagreement with the statement that e-filing system facilitates easy record keeping of tax information since it prone to hacking and viruses. . The claim that e-filing facilitates voluntary tax compliance, which is the main objective of many nations' tax reforms, supports this. According to Tallaha and Shukor (2014), SAS deployment works well with e-filing, which promotes increased voluntary tax compliance.

The feedback from respondents show that, 50% of the respondents strongly agree and 35% of respondents agree that e-filing services enhances easy access to accurate taxpayers information, hence facilitates easy tax compliance by financial consultancies. 5% of the respondents were neutral and 10% of the respondents were in disagreement that e-filing system enhances access to accurate information of taxpayers.

### 4.3.3 Challenges of using e-filing system on tax compliance

**Source: primary source**

**Figure 4.3 Challenges of using e-filing system on tax compliance**

To determine the challenges associated with the use e-filing system on tax compliance by SMEs in Zimbabwe, questionnaires were given out to respondents and the findings were presented on **Figure 4.3** above. Computer illiterate people cannot use the system is another challenge that influence the use of e-filing on tax compliance by financial consultancies in Zimbabwe. 25% and 30% of the respondents strongly agree and agree that computer illiterate taxpayers cannot use the e-filing system to submit tax returns through online, however 15% of the total respondents were neutral and only 30% of the respondents chosen were in disagreements with the statement that computer illiterate taxpayers cannot use the e-filing system to file tax returns.

Moreso respondents highly regarded that consuming unnecessary information at the page of the e-filing system is another challenge faced by financial consultancies taxpayers when using the e-filing system to submit tax returns online through the e-filing system, this supported by the results presented in **Figure 4.3** above which shows that 35% and 45% of the respondents strongly agree and agree to the question. Only 10% of the respondents were neutral and 10% were in disagreement that there is confusing unnecessary information at e-filing system page.

**4.3.4 Solutions to challenges of using of e-filing system on tax compliance**

**Source; primary source**

**Figure 4.4 Solutions to challenges on using e-filing system on tax compliance**

The results of the findings indicated in **Figure 4.5** above shows that respondents are in agreement with the statement that more stable e-filing system with capacity to handle due dates pressure is one of the solution to the challenges of using e-filing system in tax compliance by GAA Associates, a financial consultancy in Zimbabwe. 80% and 20% of the respondents strongly agree and agree that more stable system with capacity to handle due dates is a solution to challenges faced when using e-filing system to submit tax returns.

From the findings of the research 60% of the respondents and 20% of respondents were in agreement that website enhancement and e-filing server upgrade is one of the main solutions to the challenges of using e-filing system in tax compliance as this will reduce downtimes of the e-filing system especially on due date’s times. 10% of the respondents were neutral, while 10% of the respondents were in disagreement that website enhancement and e-filing server upgrade is not a solution to challenges faced by taxpayers when using e-filing system on tax compliance.

Respondents also confirmed that clear instructions for e-filing registration and procedures on the website will enhance many taxpayers to make use of e-filing system for filing tax returns and be compliant. 55% and 45% of the respondents strongly agree and agree to the statement. Taxpayer education is also another solution to challenges of using e-filing system to enhance tax compliance by financial consultancies in Zimbabwe. 65% of the respondents strongly agree and 35% of the respondents agree that taxpayer education is important and it can aid taxpayers to make use of the e-filing system when submitting tax returns.

## 4.4 Interview response rate

### 4.4.1 What factors do you think influence the use of e-filing system on tax compliance by financial consultancies in Zimbabwe?

From the interviews that were conducted 70% of the respondents suggested that e-filing system is influenced by hang-ups, poor networks experienced in Zimbabwe, high downtimes of the e-filing system especially on due dates times. Due to technical difficulties, ZIMRA is forced to accept manual returns that may be incomplete or erroneously filled out. According to these interviews, many people fail to file their taxes because they are unable to fulfill deadlines. According to Wamathu (2013), who backed up this statement, taxpayers often file their taxes electronically right before the deadline, which could cause system problems if the e-filing system is not designed to handle this pattern.

### 4.4.2 What are the benefits of using e-filing service for tax compliance?

All of the respondents who were questioned agreed that a reliable e-filing system improves tax compliance since it allows timely return submission at a low compliance cost. This is explained by the fact that taxpayers can submit taxes online from anywhere that is convenient for them. More than 70% of the interviewees were aware of the additional advantages of e-filing, such as correct information submission, minimal compliance expenses, and an increase in voluntary compliance.

### 4.3.3 What are the challenges of using e-filing services on tax compliance?

In the interviews that were performed, 90% of the respondents said that they were having trouble with the ZIMRA e-filing system being unavailable, especially as deadlines drew near since the system was unable to handle the volume of traffic. According to Wamathu (2013), who backed up this statement, taxpayers often file their taxes electronically right before the deadline, which could cause system problems if the e-filing system is not designed to handle this pattern. Due to technical difficulties, ZIMRA is forced to accept manual returns that may be incomplete or erroneously filled out. According to these interviews, a large number of taxpayers fail to file their taxes because they are unable to fulfill deadlines. The issues of power outages were also mentioned by 50% of the interviewees.

### 4.4.4 What are the solutions that can be implemented to embark the challenges of using e-filing system?

The results of the study show that , 70% of the interview respondents recommended that Zimra should improve the connectivity of the e-filing system, improve e-filing server connections, conduct taxpayer education campaigns on using e-filing system, reduce hang-ups and down time of the e-filing system as many taxpayers are failing to access the system.

## 4.5 Chapter summary

Chapter four covered the subjects of data presentation, analysis, and interpretation based on the study findings using questionnaires and interviews as the main research instruments. The results and findings enable the summary of findings, conclusion, and recommendations in the next chapter.

# CHAPTER FIVE

# SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

## 5.0 Introduction

The goal of the study was to identify the variables that affect how SMEs in Zimbabwe use electronic filing to comply with tax laws. This chapter includes a summary of the research results, a conclusion, and suggestions for additional study.

## 5.1 Summary of major findings

The main objective of the study was to assess the factors that influence the use of e-filing system on tax compliance by financial consultancies in Zimbabwe. The respondents highlighted that taxpayers perception towards e-filing system has a negative influence on the tax compliance of the taxpayers.The results are in agreement with the research done by Carter and Schaupp who also supported the idea that a person's intention to use the e-filing system is negatively impacted. According to Sweeney et al. 2016, who concluded that user friendliness of the e-filing system is a factor that strongly influences taxpayers' adoption and usage of the system, another factor that negatively influences the use of the e-filing system on tax compliance is its ease of use. According to Kangave (2015), having access to the internet has a favorable impact on financial consultancies' usage of the e-filing system to improve tax compliance in Zimbabwe, who confirms that internet access is still highly expensive, and illiteracy rates are still very high. Most respondents felt that technical proficiency in tax return filing is a need for using an e-filing system for tax compliance, which was consistent with Kahan's (2012) findings, empirical research revealed the truth that tax officials' support and cooperation are essential for an e-filing system to function properly.

According to the research, utilizing an e-filing system makes it simpler for tax payers to submit their tax returns online. This finding is based on the advantages of using an e-filing system on tax compliance by financial consultants in Zimbabwe. Harold (2012) agreed and came to the conclusion that electronic returns generated by computers are typically easier to process than paper returns because there is less chance of error since the data on the forms does not need to be manually entered into the service's computers by authority staff one at a time. The study also find out that e-filing system is a beneficial to tax payers as it reduces the workload and operational costs of the taxpayers as supported by Muita (2011), electronic filing helps tax authorities manage their workload more efficiently and spend less money processing, storing, and handling tax returns. Easy record keeping is another benefit associated with using e-filing system to manage tax returns. This was supported by Reddick and Roy (2013) who claim that using electronic filing made record keeping safe and eliminated the need for office space for hard copy filing. In addition, there is a reduced chance of document destruction due to fire or other natural disasters. E-filing systems, in particular, provide quick access to accurate and important information that is required for efficient planning, programming, execution, as well as monitoring and evaluating the level of tax compliance. Tallaha and Shukor (2014) claim that the e-filing system's design prevents incompletely filled returns from being filed, which decreased the submission of inaccurate tax returns.

Based on the challenges of e-filing system, the results show that computer illiterate people cannot use the system is another challenge that influence the use of e-filing on tax compliance by financial consultancies in Zimbabwe. Wamathu (2014) highlighted that taxpayers who are not computer savvy may be subject to psychological and time hazards. If they spend a lot of time learning about the e-filing system only to discover that it does not work as they had anticipated, they could become concerned or upset. The results reveal that one of the main challenges of using e-filing system on tax returns is risk of privacy as the e-filing system is prone to hack-ups , hence this compromise the privacy of the tax returns of taxpayers. The findings of the research are in agreement with the results of the study carried out by Sheikh (2015) who asserted that the adoption of e-filing could potentially be at danger due to privacy concerns because it entails the transmission of taxpayers' private information over the internet.

The findings highlighted that more stable e-filing system with capacity to handle due dates pressure is one of the solutions to challenges of e-filing system. Kirchler et al (2016) who documented that possessing tax knowledge would lead to higher compliance. Enhancement and server upgrade e-filing system to reduce downtimes, respondents were in agreement that website enhancement and e-filing server upgrade is one of the main solutions to the challenges of using e-filing system in tax compliance as this will reduce downtimes of the e-filing system especially on due date’s times. This supported by Saleheen (2012) who highlighted that through the use continuous e-filing system upgrading will enhance tax compliance and reduce downtimes of the system and encourage its use by taxpayers. Respondents also confirmed that clear instructions for e-filing registration and procedures on the website will enhance many taxpayers to make use of e-filing system for filing tax returns and be compliant. This is in line with the findings of Saad et al (2014) who said tax regulations are freely available on websites and it enhances the use of the e-filing system by tax payers.

## 5.2 Conclusions

From the results, it can be inferred that the main variables influencing the use of an e-filing system for tax compliance by financial consultancies in Zimbabwe include taxpayer perceptions of the technology, system usability, internet accessibility, and technical expertise required to file tax returns using an e-filing system. These variables are critical in determining the use of an e-filing system for tax compliance by financial consultancies in Zimbabwe.

The study concluded that most of benefits of using e-filing system on tax compliance includes easy to submit tax returns, reduce workload and operational costs on submission of tax returns, easy record keeping since the returns are stored electronically and easy access to accurate and relevant information as most of the information is readily available on Zimra website. According to the study's findings, e-filing systems provide quick access to accurate and important information, which is essential for efficient planning, programming, and execution as well as monitoring and evaluating the level of tax compliance.

Based on the results, it can be stated that the primary difficulties with using the e-filing system include the fact that those without computer literacy cannot use it for tax compliance, which has an impact on Zimbabwe's financial consultancies' ability to comply. Additionally, there is a privacy risk associated with e-filing tax returns because the system is vulnerable to hacking. As a result, its use by taxpayers is compromised.

Based on the solutions of challenges of using e-filing system on tax compliance by financial consultancies in Zimbabwe, the research concluded that more stable e-filing system with capacity to handle due dates, website enhancement and server upgrade to reduce downtimes, instructions for e-registration procedure on the website and taxpayer education are the major solutions to challenges faced by taxpayers when using e-filing system for tax compliance.

### 5.3 Recommendations of the study

To ensure that taxpayers are aware of the e-filing system, how it operates, and the benefits of utilizing it, Zimra might engage in intense and expanded taxpayer sensitization. Zimra can start comprehensive tax education programs in high school to help people learn about the tax system, respect it, and be able to comply with their tax duties.

Financial advisory firms Taxpayers can also arm themselves with tax knowledge by reading the Taxation Acts and guides available on the Zimra website to increase and improve their understanding and tax knowledge, which will enable them to fully, correctly, and easily comply with their tax obligations, especially the filing of tax returns.

Taxpayers are able to take advantage of the training classes offered by Zimra to provide themselves with the necessary knowledge for using the system. To assist Zimra in getting more financial consultancies taxpayers to use the e-filing system, policies specifying the online manner of filing tax returns can be established.

## 5.4 Suggestions for further research

To determine the impact of the e-filing system on tax evasion and avoidance, more research can be done. Further studies on the effects of e-filing systems on tax compliance by financial entities like banks in Zimbabwe are another option. Finally, a study of the other elements that influence the tax compliance of numerous taxpayers in Zimbabwe may also be conducted.

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**BINDURA UNIVERSITY OF SCIENCE EDUCATION**

**FACULTY OF COMMERCE**

 

**School: Bindura University**

**Department: Accounting**

**Dear respondents**

My name is Emelia Kapfunde a final year student studying a degree in Accountancy at Bindura University of Science Education. I’m carrying out a research on: Factors influencing the use of e-filing system on tax compliance by financial consultancies in Zimbabwe. Participation on this study is done on voluntary basis. The data collected will be treated with utmost confidentiality and anonymous and will be strictly used for academic research only.

Your cooperation, contributions and responses will be greatly appreciated.

Thank you.

Yours sincerely
\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
**Emelia Kapfunde**

**SECTION A: Demographic data**

**Answering Instructions**

1. Answer all questions

2. Please kindly show your response by ticking from the provided answers below.

 **Questions**

**1. Kindly indicate your gender choice question here.**

|  |  |  |  |
| --- | --- | --- | --- |
| 20-30 years | 30-40 years | 40-50 years | Above 50 years |

**2. Level of highest qualification**

|  |  |
| --- | --- |
| Diploma |  |
| Degree |  |
| Master’s Degree |  |
| Professional |  |

3**. Years of experience working at GAA Associates**

|  |  |  |  |
| --- | --- | --- | --- |
| 5-10 years | 11-15 years | 16-20 years | Above 20 years |

**SECTION B**

**Answering Instructions**

**1. Answer all questions**

**2. Please kindly show your response by ticking from the provided answers below.**

**Section B: Questions**

**4. Factors that influence the use of E-filing system on tax compliance by financial consultancy in Zimbabwe**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Factors | Strongly Agree | Agree | Neutral | Disagree |
| Perception of taxpayers towards e-filing system |  |  |  |  |
| User friendliness of the e-filing system |  |  |  |  |
| Access to internet |  |  |  |  |
| Technical skills of filing tax returns through e-filing system |  |  |  |  |

**5. Benefits of using E-filing system for Tax compliance.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Benefits of using e-filing on tax compliance | Strongly Agree | Agree | Neutral | Disagree |
| Easy to submit tax returns |  |  |  |  |
| Reduce workload and operational costs |  |  |  |  |
| Easy record keeping |  |  |  |  |
| Enhances easy access to accurate and correct information |  |  |  |  |

**6. Challenges of using E-filing system on tax compliance by financial consultancy**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Challenges of using e-filing on tax compliance | Strongly Agree | Agree | Neutral | Disagree |
| Computer literacy level of taxpayers |  |  |  |  |
| Privacy risk |  |  |  |  |
| System slow / not functioning |  |  |  |  |
| If the system is down taxpayers will not e-file returns without assistance. |  |  |  |  |
| Confusing unnecessary information at the bottom of the page |  |  |  |  |

**7. Solutions to challenges of using e-filing system for tax compliance by financial consultancy**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Solutions to challenges of using e-filing system | Strongly Agree | Agree | Neutral | Disagree |
| More stable system with capacity to handle due dates |  |  |  |  |
| Website enhancement and server upgrade to reduce downtimes |  |  |  |  |
| Taxpayer education |  |  |  |  |

**APPENDIX 3: INTERVIEWS**

1. What factors you do you think influence the use of e-filing system on tax compliance by financial consultancy in Zimbabwe.

2. What are the benefits of using e-filing system to file tax returns to Zimra?

3. What are the challenges you have faced when using e-filing system to file tax returns to Zimra?

4. What are the solutions to challenges of using e-filing system on tax compliance by financial consultancy in Zimbabwe?

**Thank you**