AN ANALYSIS INTO THE EFFECTIVENESS OF ELECTRONIC TAX REGISTERS ON VAT COMPLIANCE AND REVENUE COLLECTION IN ZIMBABWE (2014).

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ABSTRACT

The study focussed on evaluation of the effectiveness of the electronic tax registers on VAT compliance and revenue collection in Zimbabwe. The objectives of the study were to evaluate the feasibility of ETRs in enhancing VAT compliance and its ability to reduce tax evasion, effect of income level on VAT compliance and factors which affects businesses’ compliance, benefits of an automated tax processing system and the importance of compliance to government and operators. An appropriate mixed approach of descriptive and exploratory research design were used to facilitate meaningful and interpretation of data. Case study method was used in the study to gather data for the purposes of evaluating respondents’ perceptions, opinions and suggestions of the electronic tax register system. From the target population of 105 subjects from the VAT registered operators, Tax experts and ZIMRA a sample of 37 respondents was chosen in the study all from Harare. Questionnaires were used to gather primary data. Excel and SPSS were used to analyse data. Graphs and tables were used for data presentation. The study found that ETRs have increased the rate of compliance of operators, the level of compliance of taxpayers increased when they started to use ETRs. It further found out that income level of taxpayers influences their level of compliance. Research findings have shown that compliance increases business opportunities for operators. The study recommended that taxpayers assistance initiatives should be established to keep them cope with present business environment requirements. It further recommended that ZIMRA and government should be supportive for key successful system implementation.