

GREAT ZIMBABWE UNIVERSITY

MUNHUMUTAPA SCHOOL OF COMMERCE



DEPARTMENT OF ACCOUNTING & INFORMATION SYSTEMS

***THE EFFECTS OF COVID-19 ON REVENUE COLLECTION.A CASE STUDY OF ZIMRA
2019-2021***

BY

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**Submitted in Partial Fulfillment of the Requirements of the Master of Professional
Accounting and Corporate Governance.**

MASVINGO

DECEMBER 2023

RELEASE FORM

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TITLE OF PROJECT: The effects of Covid-19 on revenue collection. A case study of Zimra 2019-2021.

PROGRAMME FOR WHICH DISSERTATION WAS PRESENTED: Master of Commerce in Professional Accounting And Corporate Governance

YEAR GRANTED **2023**

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APPROVAL FORM

I, KAMONERE TAKUDZWA do hereby certify that I have read and therefore recommend to the Great Zimbabwe University for acceptance; a project titled “The effects of Covid-19 on revenue collection. A Case study of Zimbabwe Revenue Authority 2019-2021”

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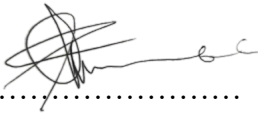
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DECLARATION

I, KAMONERE TAKUDZWA, do hereby declare that this research project is a presentation of my own work except to the extent indicated in the acknowledgements, references and by comments included in the body of the report, and that it has not been submitted in part or in full to any other University or any other Institution of higher learning.



30/11/2023

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Date

DEDICATION

This research project is dedicated to my late father and late mother for their love, support and encouragement to me throughout their living years.

ACKNOWLEDGEMENT

My special thankfulness goes to the almighty God who made everything possible in His own time because His mercy is without bounds. A comprehensive piece of work is never written alone. As such I owe enormous intellectual debt to many people for their kind and gracious assistance. Firstly, my heart felt gratitude goes to my supervisor, Mr. Matungamire. I greatly thank him for his ceaseless effort, guidance and patience throughout this research. The researcher believes the research skills acquired from him will add to the researcher's academic tool kit. To Zimbabwe Revenue Authority management and staff, thank you for the financial and material support you rendered me during the course of this research project. Finally, to all my Great Zimbabwe University lecturers, thank you for opening up my mind and implanting the knowledge that was used in this research project, without which this project would not have been possible.

ABSTRACT

This paper aims to present the effect of the pandemic crisis COVID - 19 on revenue collection of Zimbabwe Revenue Authority ZIMRA. The aim of the research was to make an analysis on the effects of covid-19 on revenue collection: A Case study of Zimra period 2019 to 2021 .The researcher aims to give recommendations and suggestions to Zimbabwe Revenue Authority on ways of minimizing revenue loss or at least minimizing discrepancies if there are any pandemic disease like Covid-19 in the future. The data that have been used in this paper are data from primary sources through questionnaires and data from secondary sources. The descriptive research design employing a case study approach was used and 80 respondents were stratified into (40) business clients from various industries or sectors like retailers, manufacturing and consultancy and (40) Zimra employees at Kurima House using simple random sampling. Both qualitative and quantitative measures were used to analyze data and interpret the findings upon which conclusions and recommendations were made. The analysis of data collected from various sources was done using Microsoft Excel. The findings of this research show that the pandemic situation has slowed down local economic activities, declined of tax revenues. Basing on findings of the research, the conclusion is that the alternative hypothesis applies, that is there is an association between Covid-19 and revenue collection. Furthermore, basing on the findings of the research, it is concluded that Covid-19 affected revenue collection due closure of business to contain the transmission of the disease. This study recommends that further studies be done on other stations to establish if all the stations have been affected by Covid-19 on the verge of collection of revenue.

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LIST OF ABBREVIATIONS

SARS – South African Revenue Services

COVID-19 – Corona Virus Disease of 2019

IMF – International Monetary Fund

OECD- Organization for Economic Cooperation and Development

ZIMRA – Zimbabwe Revenue Authority

CHAPTER I

INTRODUCTION

1. Introduction

The world woke up to a perilous reality on the 11th of March, 2020 when the World Health Organization (WHO) declared coronavirus (COVID-19) a pandemic Nicola M, Alsafi Z, Sohrabi C, Kerwan A, Al-Jabir A, Iosifidis C, Agha M, Agha R. (2020). Originating from Wuhan, China, cases rapidly spread to Asia, Europe and Africa as it reached global proportions. Towards the formal pandemic declaration, substantive economic signals from different channels, weeks earlier, indicated the world was leaning towards an unprecedented watershed in our lifetime, if not in human history (Gopinath, 2020).

This study aims to demonstrate the impact of COVID-19 on tax collection administration in Zimbabwe and across the globe. The researcher identified related challenges in tax administration, which came because of regulations, and measures put in place by the responsible authorities in mitigating covid-19, which affected the revenue inflows into the fiscus. By all accounts, the emerging disaster created by the pandemic exceeded the predictions in those remarks done in prior years in relation to this pandemic.

1.1. Background

In series of revelatory reports (Daszak, 2021), experts across professional cadres had long foreseen a worldwide pandemic would strain the elements of the global supply chains and demands, thereby igniting a cross-border economic disaster because of the highly interconnected world we now live in. By all accounts, the emerging havoc wrought by the pandemic exceeded the predictions in those commentaries. In efforts to isolate cases and limit the transmission rate of the virus, while mitigating the pandemic, countries across the globe implemented stringent measures such as mandatory national lockdown and border closures Siddique, A. (2020).

The global economy counts many phases of slowdown or decline, which are caused by financial crisis or crisis of a health nature such as viruses. The last virus that appeared in Wuhan, China in December 2019 caused the pandemic, which affected the social and economic aspect in all the countries where it was present Shi, W. (2020). At the initial of COVID-19 virus spread, countries mobilized through fiscal and monetary policies to mitigate the impact of the pandemic on the economic downturn. The closure of business activities caused the first effects on employees' incomes; therefore, almost all fiscal policies in the financing programs of the affected business economies included supportive policies for employees. In response to the pandemic situation, the International Labor Organization called for the protection of workers in the workplace, the stimulation of the economy, employment, and other financial and tax benefits, including micro, small, and medium-sized enterprises.

While COVID - 19 affected economies and businesses, the Tax Authorities in each country had to react quickly to change the way they functioned. For example, blocking measures required them to quickly introduce more digital services in order to protect the health of taxpayers and their employees. After the announcement of first cases in most countries, there were implementation of Government decisions to support business entities through fiscal packages that provided tax relief began Ahmeti, S. (2021). Employees and businesses initially with financial back supported fiscal measures up in order to neutralize the side effects on the economy during the emergency COVID – 19.

Measures to forestall the spread of COVID-19 have slowed down economic activity in Northern Macedonia according to Zulfiu Alili, M. (2020). According to the OECD, On the 6th of April 2021, Minister of Finance, Nina Angelovska, announced revenue performance in March, as well as perspectives for 2021. North Macedonia is facing a decline of 40% to 65% as compared to 2019 and 2020. Measures to prevent the spread of COVID-19 have slowed economic activity, which in turn has begun to negatively affect the budget. As of 20 March 2021, a sharp decline of tax revenues by around 25% per day was observed. This translated into a decline of total tax revenues collected by the tax administration.

According to the research conducted by Daszak, 2021, the German government because of the emergency has acquainted help with organizations through the arrangement of awards to help their advances, assurances, or tax deferrals for organizations that are in a difficult economic situation.

Another research from Czech Republic shows that in the system of measures to relieve the impact of COVID - 19 in the economy, the Czech Government applied measures like loaning to SMEs with a 2-year reimbursement period, and it likewise has gone to such lengths like deferment of cutoff times for presentation and payment of taxes or non-computation of interest in instances of deferrals.

In Malaysia after the principal cases with COVID - 19, the payment of taxes has been suspended for quite some time and the memoranda for payment of tax obligations has been reformulated in a softer manner. In Panama because of the crisis, the tax administration chose to give help to taxpayers in paying tax liabilities as far as forthcoming dispossession procedures and the offer of their resources. In Singapore in accordance with the automatic 3-month deferral of tax payments for companies and self-employed people, all debt recovery activities against these passing gatherings have been suspended individually until expanded cutoff times

In Africa, South Africa presented the highest number of COVID-19 cases (Government of South Africa, 2020). Despite the crippling effects the COVID-19 pandemic continues to have on the country's economy, South African Revenue Services (SARS) Commissioner Edward Kieswetter says the tax revenue outlook was negative, SARS revenue collection activities, which are integrally linked to the state of the economy, were severely hampered by the weight of the restrictions.

In Zimbabwe, the first case of COVID-19 was recorded on the March 21, 2020. Covid-19 wave left government hopeless were by the effects of COVID-19 continue to affect revenue inflow across in the country Mavhinga 2020. According to several reports, about 8.8% of the working hours were lost in 2020, which led financial crisis and revenue loss. As a result, due to COVID-19 Zimbabwe Revenue Authority records a decline in tax revenues and increased expenditure, which caused fiscal stress to the economy. Labor shortages, disruption of transportation, closed down of workplaces, restricted trade and travel, and closed land border are some reasons for the pandemic's economic slowdown. Revenue decline due to the government's inability to raise revenue because of quarantine, curfews, shortage of labor because of illness, rise in mortality, and a fear-induced behavior

Studies have been conducted to analyze the impact of COVID-19 effects on revenue collection in different countries, most of which were carried out in developed countries with very few from other countries. This study attempts to bridge this gap and tries to gauge the uptake level, and

challenges faced by tax authorities in the process of revenue collection in a Covid-19 infected environment in Zimbabwe.

Table1: Tax collectable vs tax collected 2015 to 2022 (Zimbabwe currency)

Figure 1 Tax collected comparison between 2015-2022

Tax	2015 zwl		2016 zwl		2017 zwl		2018 zwl	
Head	Actual(000)	Target(000)	Actual(000)	Target(000)	Actual(000)	Target(000)	Actual(000)	Target(000)
Companies	424,684,834.39	448,000,000.00	336,400,000.00	340,718,146.10	370,040,000.00	374,789,960.71	490,000,000.00	846,706,602.00
Individuals	777,834,014.35	835,000,000.00	802,140,000.00	736,530,576.49	490,011,929.78	763,000,000.00	850,000,000.00	867,382,253.00
Tax	2019 zwl		2020 zwl		2021 zwl		2022 zwl	
Head	Actual(000)	Target(000)	Actual(000)	Target(000)	Actual(000)	Target(000)	Actual(000)	Target(000)
Companies	935,000,000.00	954,120,478.30	181,960,000,000.00	171,900,000,000.00	73,550,000,000.00	94,670,000,000.00	80,905,000,000.00	104,137,000,000.00
Individuals	977,500,000.00	997,489,590.95	1,173,000,000.00	1,196,987,509.14	72,240,000,000.00	79,380,000,000.00	79,464,000,000.00	87,318,000,000.00

Source: Zimra performance reports (2015-2022)

The above table shows the revenue collected for the pre- Covid-19 and post Covid-19 periods both targeted and actual tax collected for both companies and individuals.

1.2. Problem Statement

The COVID-19 pandemic has had a significant impact on revenue collection in Zimbabwe, and ZIMRA has not been immune to these effects. According to Karedza, G., Sikwila, M. N., Mpfu, T., & Makurumidze, S. (2021), the slowdown of economic activity, drop in import and export activity, and decrease in the number of taxpayers meeting their obligations has resulted in a decline in revenue collection for the agency. The general decline in economic activities due to lockdown regulations imposed by the president and other factors resulted in closure of many companies and retrenchment of many workers as capacity utilization dwindled to lowest leading to the reduction of revenue from tax administration.

Taxpayers in Zimbabwe submitted nil returns claiming that there were no business operations due to curfews and other lockdown regulations imposed hence no tax was collected Rukasha (2021). Also, according to Macdonald (2020) the closure of companies affected other tax heads such as, pay as you earn (PAYE) were employees were entitled to half salaries and others in the private

sector to no salaries at all which was a cost cutting tool. This means that the authority during the pandemic collected less PAYE as compared to the other years before COVID-19 era. Moreover, this brought about this research problem to analyze the impact of COVID-19 pandemic on revenue collection by Zimbabwe Revenue Authority. The purpose of this study is to assess the impact of COVID-19 on revenue collection in Zimbabwe, with a focus on ZIMRA. This study will explore how the pandemic has affected revenue collection in Zimbabwe, and what measures ZIMRA has put in place to mitigate the negative effects of the pandemic

1.3. Research Objectives

To assess the impact of the COVID-19 pandemic on revenue collection in Zimbabwe.

To determine the effects of the pandemic on revenue collection by ZIMRA.

To determine the measures put in place by ZIMRA to mitigate the negative effects of the pandemic on revenue collection.

To provide recommendations for addressing the effects of the COVID-19 pandemic on revenue collection in Zimbabwe.

1.4. Research Questions

1. What is the impact of the COVID-19 pandemic on revenue collection in Zimbabwe?

2. How has the COVID-19 pandemic affected revenue collected by ZIMRA?

3. What measures has ZIMRA put in place to mitigate the negative effects of the pandemic on revenue collection?

4. What are the recommendations for addressing the effects of the COVID-19 pandemic on revenue collection in Zimbabwe?

1.5 Justification

The study would benefit the following stakeholders as follows:

1.5.1 To Great Zimbabwe University

The research formed part of study material for Great Zimbabwe University that will be essential for other students at the institution and other related learning institutions.

1.5.2 To the Researcher

It is a part fulfilment of the requirements of the Bachelor of Commerce Master's Degree in Professional Accounting and Corporate Governance in which the researcher is currently studying for, sharpen logical skills and be able to produce a report that will be useful for decision making purposes in the volatile modern day world.

1.5.3 Zimbabwe Revenue Authority

The study would help to come up with possible solutions to the authorities on improving convenience to the clients, if crisis like Covid-19 arises, this will help to improve tax revenue inflows.

1.6 Assumptions

The research was based on the assumptions that:

- ✓ The respondents are knowledgeable, capable and willing to participate.
- ✓ Data to be collected from these respondents will be free from any errors, misstatements and bias.
- ✓ The data gathered from respondents will be devoid of prejudice, inaccuracies, and mistakes.
- ✓ The population sample will accurately represent all ZIMRA key ' population.

- ✓ The study design will assist the researcher in gathering sufficient information to produce the desired recommendations.
- ✓ The sources of data will be enough

1.7. Limitations of the study

The researcher encountered time constraints and company policy restrictions during her research. Time to conduct a thorough research was limited because the researcher is a full time employee however, the researcher utilized weekends and holidays to curb this problem. It took more than expected time to get some data since company protocol, policies and procedures had to be followed in order to access the relevant data. Due to confidentiality clauses management were not willing to disclose some of the data which they considered confidential to their organization. However, to overcome this constraint the researcher got a clearance letter from the university and the relevant company authorities as assurance that data was going to be used only for academic purposes and was going to be treated with high confidence. In addition, the researcher will be at risk to the deadly contagious disease when collecting data from respondents since COVID-19 is spread through contact. This would limit the quality of information and data because some respondent will be in fear of their own health.

1.8 Delimitations of the study

The Scope of the study was divided into conceptual, physical and time scope

1.8. 1Conceptual delimitation

The effects of Covid-19 on revenue collection in Zimbabwe.

1.8.2 Physical delimitation

The study focused on the impact of Covid-19 towards collection of revenue in Zimra

1.8.3 Time scope delimitation

The period of the research was limited to only 5 years, 2017- 2022.

1.9 Definition of Key Terms

Technology

Referred to devices purposefully designed to enhance information, production and services and the organization of human activities (Pacey 2018).

E-government

Defined broadly, e-government is the use of ICT to promote more efficient and effective government, facilitate more accessible government services, allow greater public access to information, and make government more accountable to citizens (Chumsombat 2017).

1.10 Research Outline

The research will be carried out in five different chapters. Chapter one will contain an introduction to the research being split into background to the study, statement of the problem, research objectives, research questions, research assumptions, delimitation of the study and limitations of the study. Chapter two, will present reviewed literature on the efficacy of e-services towards promoting tax compliance and related researches done by other scholars. Different themes and sub-headings relating to research objectives will be used to explore and analyse various literature to give direction to the study and provided guidance to the next chapters. Chapter three will discuss the method and approach used to collect research data in the field using research instruments. Chapter four will focus on data presentation and analysis and finally chapter five will concentrate on research conclusions, summary and recommendations.

1.11 Summary

This chapter focused on introduction, background on evaluating the impact of Covid-19 on revenue collection. Research questions and objectives and the statement of the problem was discussed in detail. The following chapter will look at review of related literature focusing on empirical, conceptual and theoretical review.

CHAPTER II

LITERATURE REVIEW

2.0 Introduction

This chapter contains a review of literature as presented by several authors and scholars built on the objectives of the study. The literature review provides a description of theoretical rationale of the problem being studied as well as what research has already been done and how the results relate to the problem at hand. Revising of existing literature provides the researcher with the gaps in the previous studies by carrying out an in-depth analysis of previous studies. An in-depth critique suggests identifying the gaps in the existing literature and methodology that was used as bases of reference for the current study. This chapter aims to bring out an analysis on the effects of covid-19 on revenue collection.

2.1. Literature Review to Objective

2.1.1 Impact of Covid-19 on Revenue Collection

A study by Kumar and Broady (2020) on the effects of Covid-19 in revenue collection in the tax administration of Kosovo government cited that covid-19 pandemic wave also resulted in declined tax revenues and increased expenditure, which causes fiscal stress to many tax administrations divisions in the authority. Due to the rise in public health, expenditure and revenue declined due to government's inability to raise revenue because of quarantine and curfews. Revenue collection shocks also resulted from shortage of labor because of illness, rise in mortality, and a fear-induced behavior. Other than labor shortages, disruption of transportation, closed down of workplaces, restricted trade and travel, and closed land border were the reasons for the pandemic's economic slowdown hence affected revenue collected. Globally three main channels for impact of the pandemic on economies were a drop in domestic production resulting from lockdowns/restrictions on business operations, decrease in household incomes as lockdowns reduce demand for goods and services, disruptions of global trade that affect commodity prices, exports, and investments including FDI Zeufack, A. G. (2020).

2.1.2 The impact of the COVID-19 pandemic on revenue collected by Zimra

According to a research conducted by Sikwila, et al. (2020) COVID-19 continued to pose challenges for the local and global economy, and the Authority has not been spared. The global economy continues in recession, with forecasts by the IMF indicating that the global economy and Zimbabwean economy would contract by 4.9% and 10.4% respectively. According to Nyabunze, A and Siavhundu, T. (2020), Zimbabwe Revenue Authority (ZIMRA) realized positive revenue collection results during the first quarter ended 31st of March 2020. This was realized despite the adverse economic challenges affecting Zimbabwe and the shocks emanating from the COVID-19 pandemic. During the first quarter of 2020, ZIMRA managed to collect cumulative net revenue of \$13.88 billion against a target of \$12.57 billion thereby realizing a positive variance of 10.42% (ZIMRA, 2020).

The key challenges faced by the Authority in the second quarter that are related to COVID- 19 are closure of some businesses, reduced profitability, employee lay-offs, reduced trade and locked tourism. These challenges reduce revenue collections there by increasing the odds of the authorities to miss the revenue collection target for the second quarter. Intuitively, the COVID-19 pandemic affected business operations and consumption resulting in reduced revenues at a time the Government is in dire need of funding to fight the pandemic and provide the necessary social support nets for its citizens.

The following were the highlights of how the ZIMRA performed in the covid era: According to the commissioner general summit held on 25 June 2020, annual revenue target exceeded by 24.6%, refunds constituted 3.1% of net collections. Capital expenditure for the year was \$25.3m against a budget of \$132.2m. 2018 Capital expenditure was \$4.9m. Recurrent expenditure was \$749.6m; hence, cost of collection (Excluding depreciation) was 2.39% compared to 2.49% in 2018 and 3% International benchmark. • ZIMRA Income statement had a deficit of \$101.6m compared to a deficit of \$4.1m in 2018. This indicated that the pandemic negatively affected the revenue collection, even the figures lowered because of closure of many businesses during this era.

In year 2021 according to Ms. Regina Chinamasa annual report, the Authority managed to collect net tax revenue amounting to ZWL\$463,570,205,824.01 against a target of

ZWL\$387,396,199,416.00 (19.66% above target). Annual Net Revenue collected grew by 154.77% in nominal terms and by 4.73 % in real terms (after adjusting for inflation). According to Annual general meeting (2022). In year 2021 debt to Tax Revenue Ratio increased from 4.76% as at 31 Dec 2020 to 7.17% as at 31 Dec 2021 reflection of Taxpayers struggling to settle tax debts, the Authority continued to implement various Debt Collection and Enforcement strategies in order to reduce debt.

According to the report presented by Zimbabwe Revenue Authority’s (ZIMRA) strategic performance for the Second Quarter ending 30 June 2020. Revenue collections maintained a positive trajectory in nominal terms despite the adverse operating environment that was exacerbated by the Covid-19 pandemic. The second quarter of 2020 was characterized by a widening gap between official and parallel market exchange rates and rising inflation. During the exchange rate changes in relative prices of goods and services and the level of spending by individuals and firms. An appreciation in the value of the exchange rate makes imported goods relatively cheap, while depreciation made export become cheaper to foreign buyers there by inducing higher competition in export markets at home, which influence on tax revenue collection. Below is an illustration of net revenue collections against the target set by the ministry of finance;

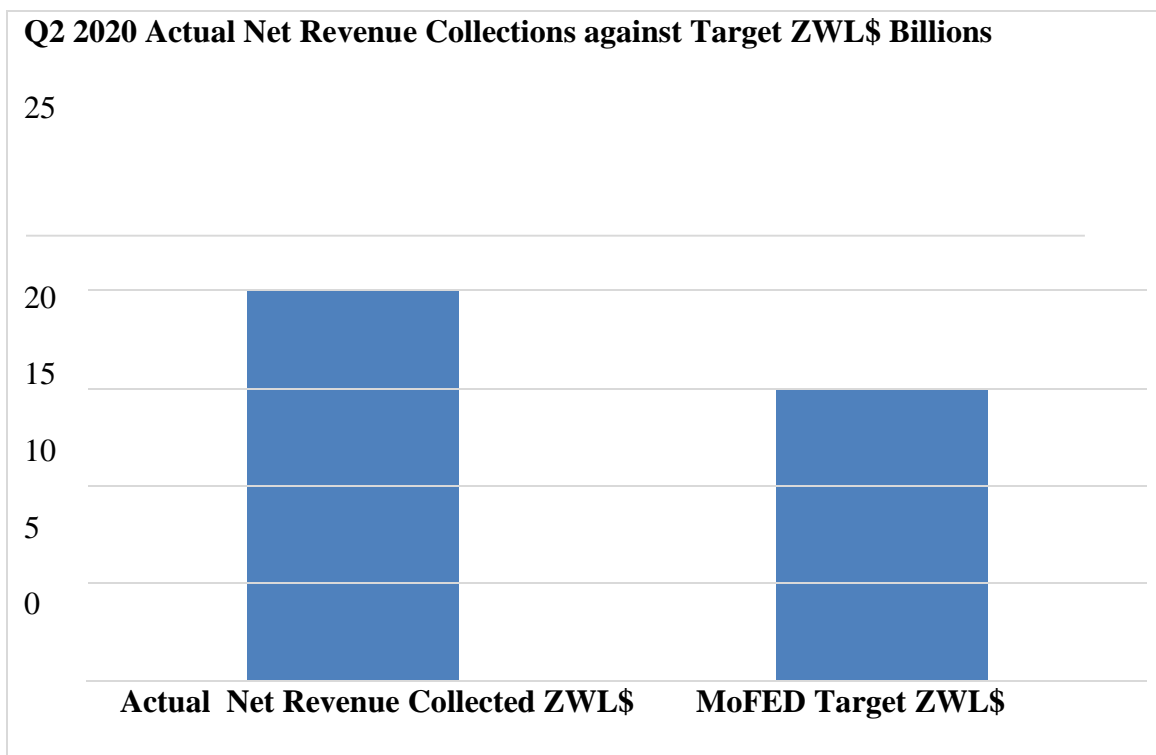


Figure 2.1: Q2 2020 Net Revenue Collections

Figure 2 Q2 2020 Net revenue collections

During the pandemic revenue, heads recorded a positive performance mainly due to the nominal profits being recorded by most businesses because of the hyper inflationary environment. The Authority's compliance enforcement programs also ensured sustained compliance under the difficult conditions of the lock down. Though revenues dropped below target in April 2020, the eased lock down conditions in June boosted revenue collections as more businesses resumed operations.

According to the Revenue Out turn Research & Development Issue number 1 VAT on local sales revenue collection missed the set target after deducting refunds amounting to ZWL\$1.49 billion Zhou, G., & Madhekeni, A. (2020). This unprecedented refund level was a deliberate tax administration measure on deserving claims to mitigate cash flow challenges for businesses during this COVID-19 environment. However, the revenue head's performance in gross terms was positive mainly due to the high inflation and depreciation of the exchange rate that pushed the prices of most goods upwards.

In addition, the ban on non-essential imports and closure of some border posts at the start of the COVID-19 lock down had a major negative impact on Customs Duties and VAT on imports, reducing both their contribution to the overall collections and performance against the set targets. The performance of the revenue heads would have been better with the continued depreciation of the local purchasing unit against major currencies since import duties and VAT on imports are calculated using the prevailing exchange rate

According to the published ZIMRA Revenue Performance Report ending 31 March 2021, The Authority managed compare monthly net revenue collected between period dated January to March 2020 and January to March 2021, the monthly revenue collections depicted a positive trajectory and recorded significant growth from 2020, despite the negative impact of the COVID-19 induced lock down during the first quarter of 2021. The Chart below shows the 2020-2021 month on month net revenue collections comparisons:

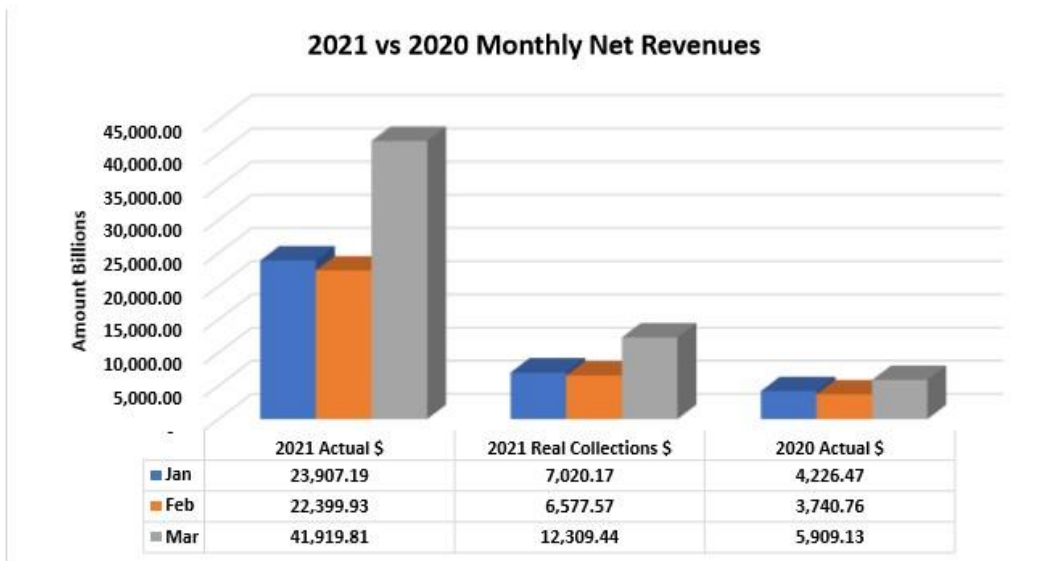


Figure 2: Comparison Of Monthly Net Revenue Collections, 2021 Vs 2020

2.1.3 Strategies implemented to curb covid-19 to improve revenue collection

Utaumire et al. (2020) indicated that in bid to raise the much needed revenue, the government of Zimbabwe pursued to expand its tax net by integrating the growing informal sector into the tax net. In pursuit to increase tax collection, the Zimbabwe Revenue Authority (ZIMRA) opted for the presumptive tax system. According to Utaumire et al. (2020), presumptive tax was further enforced in 2021 to broaden the revenue base in view of the increasing informal business activity. To curb the impact of COVID-19 there has been the increase in digitalization. With the increasing threat of infection transmission through physical contact, the virtual space of transactions has gained popularity. The chance of its spread through social contact has accelerated online working platforms and digitally organized logistics Gellis (2019). With online transactions and digital platforms for work, there is an opportunity to develop a centralized database that can serve as an economic asset. It has become essential to be a part of the global digital drive for improved socio-economic fortunes and mitigate the impact of the Covid-19 pandemic through digitalization.

According to the Revenue Out turn Research & Development Issue number 1 the Authority continued with the compliance improvement strategies on the telecom sector and mobile money platforms to ensure improved collections; this had a positive impact on collections. The tax head performed above target as the use of data increased during the quarter with businesses setting up homework stations during the lock down.

During the covid-19 era, the Authority implemented a COVID-19 mitigation plan to safeguard revenue inflows and staff and to minimize interruption on service delivery during the lockdown. A number of staff were set up to work from home and facilities were set up for minimal staff to work in shifts while providing protection as much as possible for those working in the office. Though clients were not accessing the office, the full services were available through on-line platforms for queries, returns and other documents submissions and payments. Delays in responding to clients were experienced due staff working in shifts and challenges in accessing the system data from home

According to Nyabunze, A and Siavhundu, T. (2020), reiterated that government can come up with a variety of tax incentives that give relief to firms. The government is encouraged to zero rate VAT for all essential products during the time of COVID-19 pandemic. These products include staple food items, soaps, disinfectants, sanitizers, water, and electricity among others. More so, the state is encouraged to relax import duty on raw material imports for the rest of the year to cushion producers and manage imported inflation. The government can also review the corporate income tax rate downwards thereby giving firms funds to plough back into their businesses to boost the working capital. The government can also extend the support measures to the financial sector by extending the minimum capital requirements deadline for financial institutions by say one year to December 2022. This removes a lot of pressure to the financial services providers thereby making them absorb the shocks brought by the pandemic. The government needs to cut down its expenditure to free up the fiscal space and re-orient its expenditure towards the fight against COVID-19. In that respect, the government should curtail unjustifiable subsidies on non-essential goods, and reduce costs on vehicles, trips and allowances. This helps the government to contain the widening of the budget deficit, which has become the source of money supply growth leading to exchange rate depreciation and inflation.

According to the ZIMRA revenue performance report for the first quarter ending 31 March 2021, ZIMRA remained strong and focused on maintaining positive revenue collections. Client satisfaction was the heart of the strategy despite the system hiccups that were experienced during the period. The ICT Department worked so tirelessly towards creating an enabling environment for clients to interface electronically with ZIMRA thereby facilitating the ease of doing business pillar. The COVID-19 pandemic challenge, which forced the nation to start the year with a national

lockdown, did affect the revenue collection process negatively, although the set targets were exceeded. The introduction of the COVID-19 vaccination programme was welcomed by ZIMRA to ensure good health of staff, this enable the authority to keep focused on employing innovative strategies to enhance revenue collection. In line with the current digitization drive, the strategies were directed at automation of processes to enhance speed of operations and ensure clients access services online efficiently. A number of ICT projects were done in response to this.

2.1.4 Measures put in place by ZIMRA to mitigate the negative effects of the pandemic on revenue collection.

Gibbons (2021) conducted a study on strategies that can be incorporated in an unstable environment to minimize revenue loss during a crisis like Covid-19. The research indicated that although government spending increased to support funding through fiscal policy, the effects of government measures were on maintaining the financial stability of employees and households as well as guaranteeing the payment of salaries which ensured stable tax withheld revenues and pension contributions, as well as guaranteeing partial financing of rental costs enabled landlords to maintain financial stability and tenants to be freed from liquidity and solvency capabilities. This situation has affected the increase of revenues from tax withheld which includes salaries, rents, and other compared to the previous period as the accuracy of their declaration was increased in order to benefit from financial assistance. On the other hand, restrictions on the movement and realization of business activities created insecurity of consumers in the consumption of goods and services, which from the usual demands they turned into essential consumption requirements.

According to global research done by D Alvarez et al (2020) on strategies that can be implemented to minimize revenue loss during the pandemic era. The study indicated that the strategies such as digitalization improves tax compliance and budget management in the tax administration. Digitalization strengthens tax compliance monitoring within tax administrations whereby there was formation of special task forces within tax administrations, which was useful in short-term institutional response within tax administrations to mitigate short-term effects of economic shocks. The task force will be able to closely monitor the effects of potential tax base erosion or the exposure of higher levels of compliance risks in the face of economic emergencies whilst working from home. It could also be instrumental in establishing effective feedback loops within the economic team tasked with the monitoring of revenue collection and the preparation of the budget

for the mid-term economic framework, with a view to better estimate the revenue effect of economic shocks.

Theoretical Review

2.3 Theoretical Literature Review

Many theories relating to economic shock and pandemic have been postulated. Some of which are; real options theory, events systems theory, resource dependency theory, institutional theory, structural inertia, resources or orchestrated theory, Black Swan Theory, Prospect theory and Game theory Craighead et al. (2020) elicited the relevance of games theory in decision making by businesses during pandemic of this nature. Three theories related to this research study namely: Black Swan, Prospect and Games theories are reviewed.

Black Swan Theory

Talib (2007) propounded the Black Swan Theory (BST). During that period, Talib (2007) traced his application of Black Swan to the olden day Australia, when it was unknown and unbelievable to the olden day people to see a black swan except the known white swans (Collins, 2020). However, as used by Talib (2007) while referring to Black Swan, Collins (2020) says that the BST can be used to refer to events that are highly unpredictable with the attendant effects of Covid-19 era on the general economy. Collins (2020) is of the opinion that given the high level of unpredictability of Black Swan events, economic experts advocate for investment portfolio diversification to cushion the severe effect of Black Swan events. Collins (2020) submits that this is the reason why portfolio investment diversification has bourgeoned in the recent past decade because of the emergence of many unexpected events, which includes inter alia, the subprime crises of 2007, the global financial crisis of 2008 to 2009, the internet bubble burst, the European public debt crises and the COVID-19 pandemic in 2019/2020. The total economic lockdown and restrictions in the movement has globally affected Gross Domestic Product (GDP) Collins (2020). Deducing from this theory, the discovered novel black swan in that period can be applied to describe the sudden unexpected global outbreak of COVID-19, which has created impact on tax revenue collection. The outbreak of Covid-19 around the world including Zimbabwe overwhelmed the economy of the entire global community given its unique nature, which caused massive

mortality rate and total economic lockdown worldwide. This indicates that the BST is relevant to this study.

Prospect theory

Tversky & Kahneman, (2011) submitted that prospect theory becomes relevant and useful for decision making during uncertainty. It is often an advantage to present situation positively than on a negative term Craighead et al, (2020), which leads to the selection of riskier options. Prospect theory facilitates prediction into the near future about how a manager will react under a pandemic situation.

Game theory

This is also a prediction theory Von Neumann & Morgenstern, (2010) posited that games theory uses a set of rules and guidelines on how stakeholders respond to situation and information while relating or interacting with one another. Games theory assumes selfish choices are made during one-time interaction. However, Bo, (2015) submitted that, continuous relationship among stakeholders will lead to cooperation, knowing fully well that selfish act will lead to future retaliation. Games theory has been applied to the adoption of new technology Zhu & Weyant, (2013), decisions on distribution channels Xia, Xiao, & Zhang, (2013) and production quantities and optimal pricing GAO Et Al, (2013). Based on the assumptions of Game theory, firms with the objectives of competing are likely to cooperate during pandemic like Covid-19 because of the implication of the high cost of defection, which can result to low income and can affect income tax revenue in tax administration Craighead et al., (2020).

2.4 Empirical Review

Empirical research is based on observed and measured phenomena and derives knowledge from actual experience rather than from theory or belief Kaplan, R. S. (1986). The researcher may use quantitative research methods, which generate numerical data and seek to establish causal relationships between two or more variables. Empirical research articles may use qualitative research methods, which objectively and critically analyze behaviors, beliefs, feelings, or values with few or no numerical data available for analysis Basias, N., & Pollalis, Y. (2018) This section

is going to review both international and local evidence about an analysis on the effects of covid-19 on revenue collection.

2.4.0 Local Evidence

2.4.1 Evidence from Nigeria

Covid-19's Impact on Tax Revenue Collection in Nigeria

According to a research conducted by A. Olaoye (2020) in Nigeria reiterated that the aim of tax systems is to finance public expenditures pursue some objectives like equity, economic and to address socio-economic issues that will contribute to economic growth of any country. Ali et al. (2019) explain further that tax systems are set up to minimize government's administrative cost, taxpayers' compliance costs and to discourage tax avoidance and evasion. He also added that tax is a compulsory payment by individuals or businesses imposed by the tax authorities on behalf of government with no expectation of any direct return from government in form of direct benefits except in case of provision of public goods for citizen Ali et al., 2019. He also examined the impact of Covid-19 on tax revenue collection in Nigeria showed a sign that the country has recorded fine revenue from tax sources in the second quarters of 2020 despite the total economy lockdown. IMF Fiscal Affairs (2020) was of opinion that during the Covid-19 era, tax revenue was affected as countries like Nigeria delay filing or payment dates, either to support taxpayer cash flow or where filing still takes place in person to allow for social distancing. IMF Fiscal Affairs (2020) gives an advice that it is important for a country to be aware of the collection mechanisms to be put in place and their potential impact on revenue.

Finding from this study indicates that the mean during the COVID-19 pandemic is greater than the mean before the pandemic. IMF Fiscal Affairs (2020) made a submission that given that countries in different stages of the spread of the virus and the counter measures, information from taxes with rapid collection, such as value added tax (VAT), can help in making projections for those with later collection like corporate income tax after making adjustments for the differences in tax bases. However, low tax revenue relative to GDP means that central authorities will have some leeway to increase taxation in the medium term to help funding the budget deficits enlarged by the COVID-19 crisis (IEP, 2020).

During the covid-19 outbreak, the government announced one-month extension to file the Companies Income Tax (CIT) returns, one-week extension to file the returns on the value added tax and the payment of withholding taxes as well as two-month delay in submission of audited financial statements. Taxpayers were allowed to file their annual CIT Companies Income Tax returns without the need to accompany it with the mandatory audited accounts. In addition, some of the State Internal Revenue Service (IRS) issued public notices granting an extension of deadlines for filing annual income tax returns and directing the use of online platforms for submission of returns (Deloitte, 2020). For instance, The IRS gave one-month extension to file individual income tax returns for 2019, from 31 March 2020 to 30 April 2020. Likewise, IRS gave an extension of two months on the annual income tax returns for 2019 by two months, from 31 March 2020 to 31 May 2020 (Deloitte, 2020).

All these measures took by the government have in no small amount created positive impact to improve tax revenue collection during the outbreak of COVID-19 in Nigeria. This study therefore, concludes that the outbreak of COVID-19 has positively contributed to the growth of tax revenue collected in Nigeria due to various tax collection strategies employed by the government. The outcome of this study is expected to move tax revenue authorities in realizing the impact of Covid-19 on tax revenue collection in Nigeria and other countries. This study recommends that the government of Nigeria should strengthen and improve on her mechanisms of tax collection employed to have increased tax revenue during the critical periods of COVID19 even when there was total lockdown.

2.4.2 Evidence from Zambia

Impact of covid-19 on revenue collection in Zambia

A study by M Nsofu (2020) on the impact of covid-19 on revenue collection in Zambia cited a decline by 22-percent in revenue collection in April 2020. According to the Foreign Affairs minister, foreign currency denominated payments such as debt and other payments had increased and thus resulting in government recording a shortfall revenue collected. More so, VAT Refunds were lower than estimated by 12.5%. Vat Refunds payments for April were lower as the number of credit returns contracted compared to the prior year. The finding indicates that Covid-19 has a

significant impact on revenue collection, thus however it resulted in a negative effect on revenue collected by Zambia Revenue Authority.

2.4.3 Evidence from Zimbabwe

An investigation by I Chirisa (2021) depicted that the covid-19 wave affected the revenue collected by government of Zimbabwe. Covid-19 demanded a lot of attention in terms of expenditure, which strain the fiscal space of the government Moyo, G. (2020). I. Chirisa noted that effects of COVID-19 have continued to affect many businesses hence shrink the revenue collected to the fiscus. According to reports he also examined that about 8.8% of the global working hours were lost in 2020. This was four times greater than the job losses during the 2019. As a result, an estimated 1–2 million people were pushed into poverty due to COVID-19. Some employees in the tax administration died due to the pandemic who were efficient in the collection of revenue.

Loss of lives created a big void in the tax administration hence revenue was lost during the period. The findings of this research show that the pandemic situation in 2020 has slowed down local economic growth, declined trend of tax revenues, declined trend of GDP compared to the previous periods, and other negative effects such as declined economic activity, business, and employment level. This situation has affected the increase of revenues from tax withheld which includes salaries, rents, and other of 5% compared to the previous period as the accuracy of their declaration was increased in order to benefit from financial assistance. On the other hand, restrictions on the movement and realization of business activities created insecurity of consumers in the consumption of goods and services, which from the usual demands they turned into essential consumption requirements Muposhi, A. (2021).

2.4.4 International Evidence

A study conducted in Serbia by T Hanni (2020), examined that where large companies' employees whose contracts had expired due to the crisis had been paid 50 percent of the minimum wage. According to a report in Serbia, measures had been taken through fiscal and monetary packages to mitigate the negative impact of the crisis, one of which included the payment of minimum wages and postponement of deadlines for payment of tax obligations. In this case, 65% of businesses had used this measure approved by the Serbian Government. Whereas a report by the OECD shows that through emergency package measures, the Government's goal had been to mitigate the

negative impact of COVID - 19, on the other hand, this crisis had caused the reduction of corporate income tax by 4% compared to the previous years. Countries in which the average income is relatively high, to subsidize them was more challenging. The findings from the study showed that Covid-19 significantly negatively affected revenue collection since there was postponement of deadline for payment of tax obligations hence no revenue was collected. Also a study by Verona Sekiraga (2021) on the impact of COVID - 19 on the collecting of tax revenues in Kosovo highlighted that the pandemic situation has caused the decrease of business turnover, workers laid off or lost their jobs, the reduction of liquidity which has pushed businesses to finance expenses and liabilities through banking loans. Influenced by the decline in turnover and job losses, tax revenues have marked a negative trend in 2020 compared to previous. The tax Administration of Kosovo was affected by the circumstances and was influenced by the trend of revenue collection as well as increasing the stock of tax liabilities.

2.5 Conceptual Framework

The corona virus pandemic emerged in China when the first identified patient of the virus began to be receiving symptoms on 1st of December 2019. The records provided by World Health Organization indicated that many cases of patients had contacted COVID-19 during this period. In order to contain the spread of the virus, the Zimbabwean government introduced several measures, including a complete lock down in the nation. This measure became a major constraint to business due to restrictions of movement, ban on market places, transport restrictions and social distancing order. Business operations played vital roles in economic growth and development, efforts were to be made to ensure that entities do not collapse or go into extinction.

The current study aims to add to the existing literature on the economic impact of the COVID19 pandemic by focusing on its effects on tax revenue collection. Tax revenues dropped severely (Raphanin, 2020) and the current research will attempt to use forecasting techniques to assess the impact of the pandemic on tax revenue collection. Tax revenue estimating methods come in a variety of shapes and simple trend models, time series forecasting, simulations, regression models, expert judgement forecasting, consensus forecasting. Many times, central and local governments will use a combination of several methods when estimating tax revenues or they will use different

methods for different categories of taxes. In view of this, effort has been made to present reviewed studies of previous researchers in this study area. These are explained below:

Aderemi et al. (2020) submitted that COVID-19 spread to Africa as by-product of globalization while examining the nexus between globalization and Covid-19 pandemic in Africa and China. Del Rio et al. (2020) examined the impact of COVID-19 pandemic on revenue collection in China, UK and USA with an application of differential analysis. The authors submitted that COVID-19 pandemic exacted different impacts in collection of revenue in the regions under study.

Abayomi et al. (2021) in a survey reported that many enterprises were operating negatively and being affected by the pandemic particularly in the area of cash flow, revenue and sales. Following various authors conceptual review, the researcher has made efforts to present a conceptual relationship between the independent variable, the alternatives that indicated the effect of COVID-19 on dependent variable and as shown below which presents this study Anthony conceptual framework.

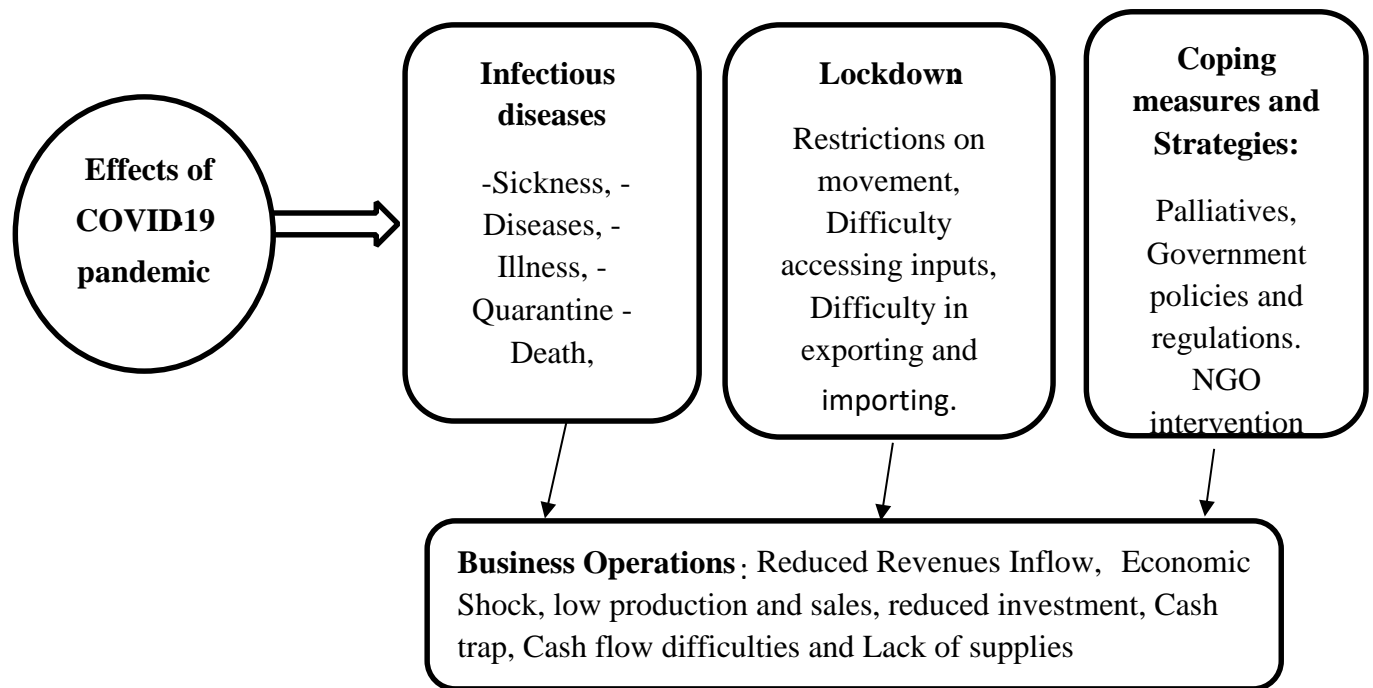


Figure 1 Conceptual Framework of the effects of Covid-19 on business operations

Source: Anthony framework design 2021

Figure 3 Conceptual framework of the effects of covid 19

The researcher adopted Anthony (2021)'s conceptual framework to explain factors of Covid19 and determine their effect on revenue collection in Zimbabwe. Having taken into consideration empirical studies on the subject of the effects of Covid-19 on revenue collection, the researcher will however, focus on the effects of Covid-19 on revenue collection since revenue is recognized from carrying out business operations, Also the researcher considered coping measures and strategies that can be implemented in an environment affected by Covid-19.

2.6 Chapter Summary

The previous researchers hammered mostly on the same literature, the definitions, frameworks and the empirical evidence. The differences are trivial but they managed to put across literature on analysis on the effects of covid-19 on revenue collection. However, some of the researchers did not further explain on what can be done to improve revenue collection in an unstable environment on both strategic and operational levels. There are more benefits arising from implementing strategies to minimize revenue loss, as a result to a larger extend, it is beneficial as evidenced by the empirical evidence presented above.

The researcher also believes that if tax administration is looking to sequence reforms for better management, the key is to start by gathering information. To establish the context, data are needed on what has been done in the past and what the results have been. The second step is to introduce an intelligence unit to use the information, and a third is to link intelligence assessments to the front line of operations. Then information from the front line feeds back into intelligence, enabling a cyclical process.

This chapter was guided by the research objectives and looked at the conceptual framework of effects of covid-19 on revenue collection, theoretical framework, the empirical evidence and the knowledge gap to be addressed by this research. The next chapter looks at research methodology.

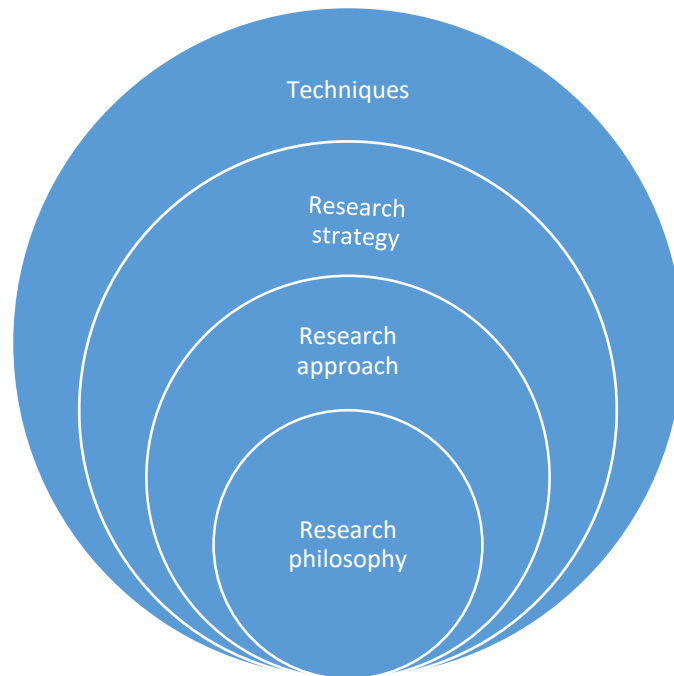
CHAPTER III

RESEARCH METHODOLOGY

3.0 Introduction

The preceding chapter critically reviewed literature that is appropriately linked to the topic under study. This chapter focuses on the research methodology, which is defined by Mackenzie and Knipe (2006) as the overall approach to research, which is linked to the science of studying how the research would be conducted. The definition of research methodology as given by Kothari (2004) is that it is the systematic theoretical analysis of the procedures applied to a field of study.

Collis and Hussey (2009) stress the importance of selecting appropriate research methods when conducting research because it has implications on the quality of research findings. The chapter comprises of the research philosophy, research design, population, sampling and sample size, sampling method, research instruments, data collection procedure, reliability and validity, ethical considerations and the data analysis procedure.



Research onion chart

3.1 Research Design

According Andrew B Kirumbi (2018) a research design is the set of methods and procedures used in collecting and analyzing measures of the variables specified in the research problem. It designates the logical manner in which individuals or other units are compared. It is the basis of making interpretation from the data. Leedy (2013) describes a research design as merely an operational framework within which the facts are placed so that their meaning may be seen clearly. Baddie (2009) says that a research design addresses the planning of scientific enquiry and the finding out of strategies for establishing something.

A research design is a framework that has been created to find answers to research questions. In this research the researcher used descriptive research design. The goal of descriptive research is to precisely and methodically characterize a population, circumstance, or phenomena. It can respond to inquiries about what, where, when, and how, but not why.

Numerous research techniques can be applied in a descriptive research design to examine one or more variables. In contrast to experimental research, here the variables are merely observed and

measured; no controls or manipulations are made. It was used to describe what is in existence in respect to circumstances or variables that are found in a situation of impact of Covid-19 on revenue collection. The researcher chose this design because it allowed the researcher to be able to provide a clear image and to collect accurate data of the phenomenon under the study. Also descriptive was used because it uses both qualitative and quantitative data, both primary and secondary data in order to find the explanation to whatever is being researched. A descriptive research method provided a number of responses to several aspects being studied because the researcher will have the arithmetic element as well as the personal component involved. The researcher used questionnaires with clearly phrased questions to communicate to participants and to avoid misunderstandings. In addition, interviews were also conducted to enable capturing of information that is more detailed and to give room for questions to be asked. This helped the researcher to make reliable conclusions from the data, which was be collected.

3.2 Population

Nachmias (2012), define population as the aggregate of all cases that conform to some designated set of specifications. It follows therefore, that the term ‘population ‘refers to all those people who will be included in the survey. The specific nature of the population depends on the purpose of the investigation. In this study, the target population was 800 broken down as 750 Zimra clients from various business organization and 50 Zimra Employees at Kurima. Employees included those from administration, Audits section, Liaison section, Debt management section, Client care section and Customs.

3.3 Sampling

Wilson (2016) defines a sample as a group selected from a large population with the aim of yielding information about the population as a whole. It is not practical or possible to study an entire population being investigated; hence, sampling methods are often used.

When sampling, Leedy (2017), suggests that a sample of 10% of the population will produce results adequate to be generalized to the population from which the sample will be taken. In this study, 80 respondents were randomly selected to avoid bias using the stratified simple random sampling, which gives each member of the population an equal and known chance of being included in the sampling frame. Stratified random sampling was used to generate the 80 sample elements from the two strata of employees and clients. From the employees, all the 50 ZIMRA officers 'names will be put in a hat and 40 will be randomly picked for the sample. The 40 clients were chosen using convenience sampling. This is a sampling method whereby those who are available are taken as part of the sample. That is, the first 40 clients who were readily available on a chosen day, regardless of any characteristics like physical features and financial status were considered for the sample. In this regard, the total sample for the study was made up of the 40 selected employees and 40 clients.

3.4 Data Collection Techniques

The researcher made appointments with fellow workers and the researcher visited them at their work places. The researcher administered the questionnaires in person via hand delivery to ensure all of them reached the intended recipients. The researcher informs the respondents of the date of questionnaires collection. The researcher ensured that all the questionnaires were returned.

The researcher found the self-administered questionnaire to be the most suitable method of primary data collection for the study given the time period to conduct the research, limited availability of financial resources and unforeseen challenges related to accessibility to respondents. The researcher opted for the drop-and-pick method hence hand-delivered the questionnaires to respondents at Kurima Station and Head Office in Harare collected them soon after collection to minimize questionnaire mortality as suggested by Nwachukwu and Nabofa (2015).

3.5 Research Instruments

In this research, the researcher used both primary and secondary sources of data. Questionnaire were used as research instruments for data collection. In addition, personal observation was used

to collect data. The use of questionnaires was adopted because they are free from interviewer bias and they are convenient as the respondents are given time to answer in the comfort of their offices and they can reach larger population easily within a short period.

The questionnaire contained of closed-ended questions and structured questions, which enabled the respondent to choose from various options given which relate to the study at hand, and these enabled easy presentation of data. In addition, secondary data from other surveys, organizational records and data was used to augment the collected primary data. This was done to appreciate the theoretical and conceptual framework of the subject under study

3.5.1 The Questionnaire

Adetola and Ademola (2015), define a questionnaire as a set of questions directed at respondents from the researcher 's sample. Questionnaires consist of pre-set questions to which respondents are required to supply answers. In this study, the researcher used close-ended questionnaires because they will assist in collecting data from subjects who are dispersed over a wide geographical area. Questionnaires have their advantages and disadvantages as instruments for data collection.

The researcher used the questionnaires because they were cheaper to administer, considering the fact that the population under study was spread over a wide area. They reduce bias errors from the personal characteristics of interviewers and from variabilities in their skills. Moreover, the researcher realized that the assurance of anonymity with questionnaires was helpful because the survey dealt with sensitive issues such as questions about building employee trust in revenue collection in unstable environment like Covid-19 era. Furthermore, it was established that they permit a wider geographical contact with minimal costs.

Haralambos and Hollyburn (2012), agree that the response rate when using the mail questionnaire is between 25 and 40 percent. This affects generalizability of the study since the sample will not be representative. In comparison, the interview has an advantage of a 100 percent response rate. In an effort to improve on the response rate, the researcher hand delivered the questionnaires to the respective people and picked them up after having been filled. Questions are only useful as instruments for data collection when they are straightforward and easy to comprehend. However,

the questions that will be asked will be carefully structured in order to capture all the data required. The population under study will be restricted because respondents must be able to at least read and write.

3.6 Data Analysis Techniques

3.6.1 Tabulation

The data collected was presented in simple tables, this involves putting data into frequency distribution tables, thus showing how frequents each response occurs.

3.6.2 Graphic display of data

In this case, the researcher presented the data on a bar graph to summarize it. This helps those who have no enough time to go through the document to quickly make sense of the meaning of data without even reading. A very short explanation of the graph should follow thus assists readers to easily follow through the presentation and for comprehension. Bar graphs and pie charts was used because of they give a more visual explanation that aids understanding.

3.6.3 Bar charts

After obtaining the results the researcher also presents the results on a bar chat to further simplify it for those who do not want to read the whole document also for those who are not able to read at least they can a picture from the bar graph. Both qualitative and quantitative measures were used to analyze data and interpret the findings upon which conclusions and recommendations will be made. The analysis of data that was collected from various sources that was done using Microsoft Excel. An overall response rate of the whole questionnaires and percentages were calculated to show the various responses of respondents for each question. The data will be presented using pictorial or graphical data presentation techniques to enhance meaning. The analysis will also involve a scrutiny of the descriptions, tables and pie charts to interpret trends in the revenue collection during Covid19 era.

3.7 Reliability and Validity

Baddie (2009) says validity refers to the extent to which a specific measurement provides data that relates to the commonly accepted meaning of a particular concept. It is concerned with the extent to which an instrument measures what one thinks it is measuring. To ensure validity and reliability, the researcher constructed the questions properly and she wrote the questions clearly and ensure that they are easy to comprehend.

Nachmias (2012), tend to agree with Baddie (2009), when they say that validity is concerned with the question, is one measuring what one thinks he is measuring or are questions focusing on what one wants to really find out? ‘The validity of a measuring instrument may therefore be defined as the extent to which differences among individuals on the characteristics that we seek to measure, rather than constant random errors.

Baddie (2009), defines reliability of instruments as the likelihood that a given procedure will yield the same description of a given phenomenon if that measurement is repeated. A method of measurement is therefore reliable if applied repeatedly to the same object yields the same results each time. To ensure reliability of the data, the researcher will utilize triangulation and this view is supported by yonder (2010) who argues that the use of triangulation in case studies increases the reliability of the data and the process of gathering it.

3.8 Ethical Considerations

Scientific integrity, respect for human rights and dignity, and cooperation between science and society all depend on research ethics Aközer, E. (2016). These guidelines ensure that study volunteers are safe, informed, and willing to participate in investigations. Whenever a research is conducted, it is important that the researcher observe the ethical ‘*dos* and *don'ts*’ which are defined by Gray (2009) as the moral principles guiding research. Major ethical issues that were considered by researcher in consistency with Walliman (2006), Gray (2009), Fouka, and Mantzorou (2011) include the following:

1. Seeking Approval to Conduct Research

The researcher wrote to the Authority seeking permission to conduct research at their organization and will obtained approval to conduct research at Zimbabwe Revenue Authority.

2. Informed Consent

During the process of distributing questionnaires, the researcher clearly explained the purpose of the study and verbally informed participants of their right to participate in the study or not. Armiger (1997) as a person defines this intelligently, knowingly and voluntarily giving his/her consent to participate in the study.

3. Respect for Privacy, Anonymity and Confidentiality

The researcher observed the right to privacy, which in research is a basic principle. Upon participants' informed consent, the researcher advised participants that their identity and responses would remain anonymous and would be treated with the highest level of confidentiality. The researcher assured participants that their identity would not be linked to personal responses.

4. Integrity, Honesty and Avoidance of Deception

The researcher acknowledged other scholars' work in the study in an effort to avoid plagiarism which Creswell (2009) describes as the submission of words, images, ideas or another person's data as one's own. Cohen and Manion (2002) assert that a researcher's dishonesty to respondents and in the presentation of research findings is regarded as deception hence the researcher desisted from such a practice, which compromises one's integrity.

3.9 Summary

This chapter has drawn the research design used for the study and why it was chosen and it has discussed the chosen research instruments and the techniques of collecting data used. Data analysis and presentation issues were outlined also. Finally, the researcher further elaborated on the data collection procedures, data analysis and presentation procedures that she was employed in order to provide a bright overview of the study. The following chapter looks into data presentation, analysis and discussion.

CHAPTER IV

DATA PRESENTATION, ANALYSIS, INTERPRETATION AND DISCUSSION

4.0 Introduction

This chapter presents a thorough discussion and analysis of findings of the study with much emphasis on responses received and findings of the study. The gathered data was presented, interpreted and analyzed using Microsoft Excel to produce graphs and tables. The graphs and tables were interpreted and analyzed in order to come up with outstanding features of the data. The chapter seeks to present detailed discussion on the analysis of the effects of Covid-19 on revenue collection. The data is presented and then analyzed and compared with other similar studies done on the subject matter of this study. Data collected for the study was quantitatively analyzed. The data so presented and analyzed will provide a basis for answering the research questions appropriately, and assist the researcher in deriving research recommendations and conclusions.

Figure 4 Response rate

Respondents	Sample size	Usable returns	Response rate
Clients	40	40	100%
Employees	40	40	100%
Total	80	80	100%

Source: Survey

Table 1 above was used by the researcher to show the results of survey that was conducted. It shows the response rate from a sample size of 80 (40 clients and 40 Zimra employees) who had been given questionnaires and the average response rate was 100%. It was calculated as below:

$$100\%+100\%\sqrt{2}=100\%$$

The response rate was 100% implying the questionnaires were collected adequately with the relevant information. The results can be used to represent the population.

4.1 The client's responses or result presentation

Figure 5 The client's response presentation

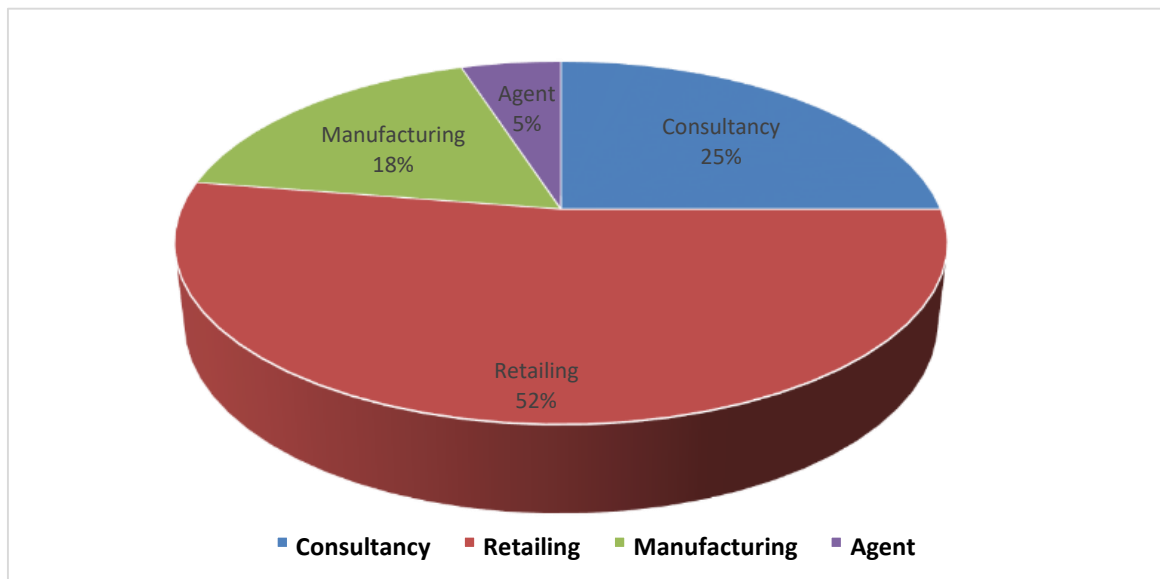


Figure 2 Business done by clients during Covid-19 pandemic

Source; Survey

Figure 2 above shows the business done by clients in retailing 52%, Consultancy 25%, Manufacturing 18 % and Agent 8%. Most of the respondents for this study were clients in the retailing industry. This is so because most of retailers tend do their business during covid-19 due to the basic type of goods and services they provide for day-to-day consumption. In order to contain the diseases most of retail business were forced to open for the supply of basic goods unlike other industries but there were only opened for restricted hours and with strict regulations such as social distancing to be adhered to.

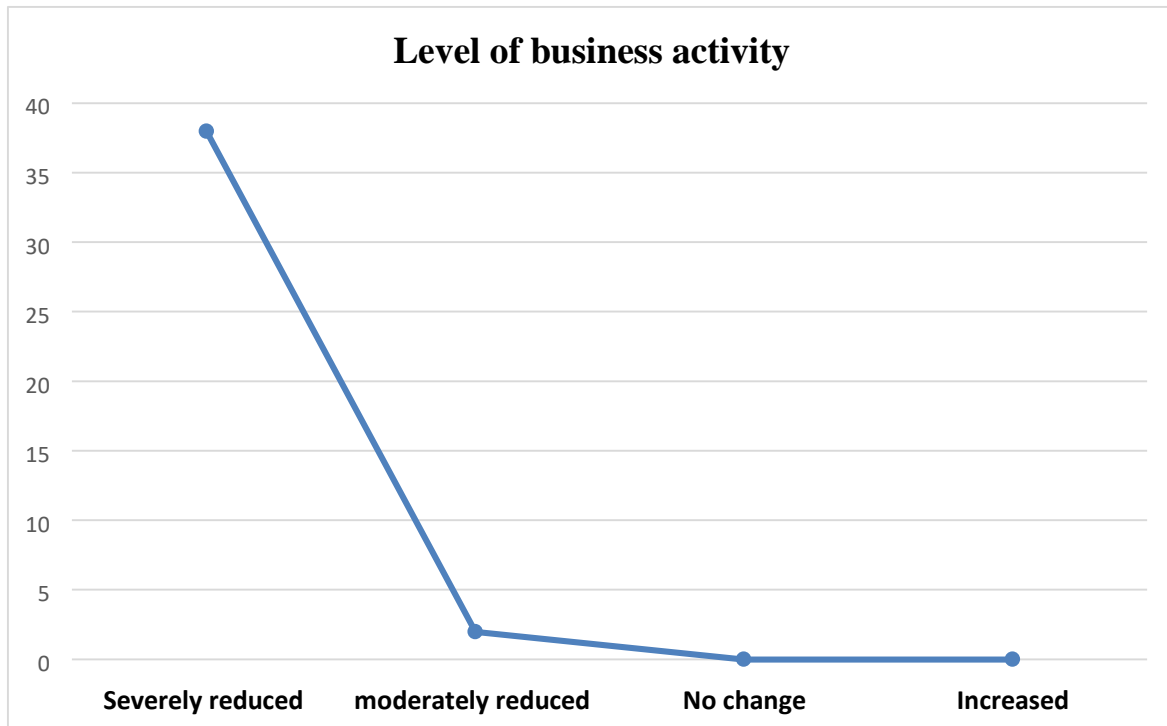


Figure 3 Level of business activity during the midst of Covid-19 pandemic

Figure 6 Level of business activity

Source; Survey

Fig 3 depicted that (95%) level of businesses activity during the midst of Covid-19 pandemic were severely reduced. This may suggest that Covid-19 pandemic affected many business operations, which caused the closure of many businesses, which generated revenue before the pandemic. This is in agreement with the black swan theory (2007), which say that a global outbreak like Covid-19 can lead to the closure of business activity, which have impact on revenue collection. This implies that Covid-19 pandemic had a negative effect on the level of business activity when comparing with the findings of the above researchers.

Level of satisfaction

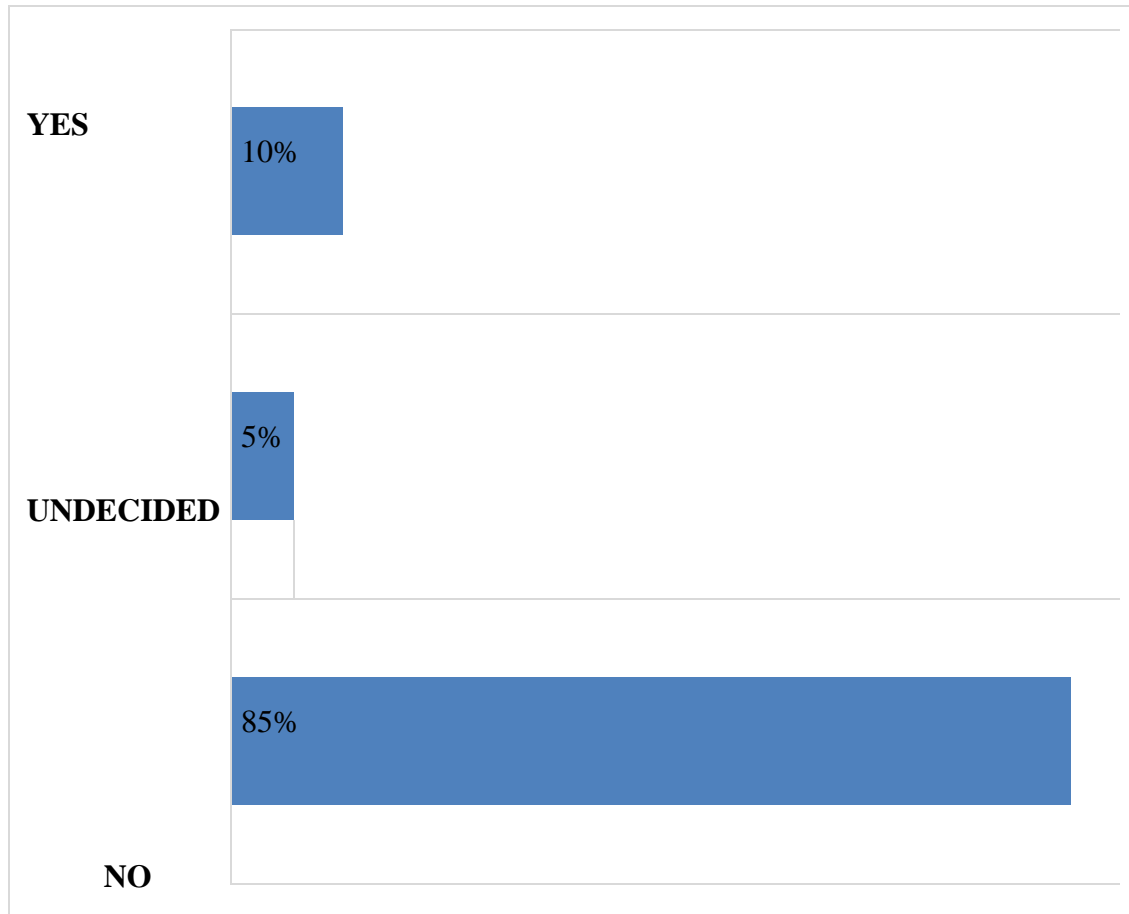


Figure 4 Level of satisfaction during the midst of Covid-19 pandemic by the Customer services rendered by ZIMRA

Figure 7 Level of satisfaction

Source; Survey

Fig 4 depicted that most (85%) of the client were not satisfied with the customer services that were rendered by Zimbabwe Revenue Authority. This may suggest that the authority is not providing the level of satisfaction expected by the clients during the midst of the Covid-19 pandemic. This is in agreement with Fourier, (2019), who say satisfied customers are a result of a good management system during a global outbreak. This implies that Zimbabwe Revenue Authority management system was not effective when comparing with the findings of the above researchers.

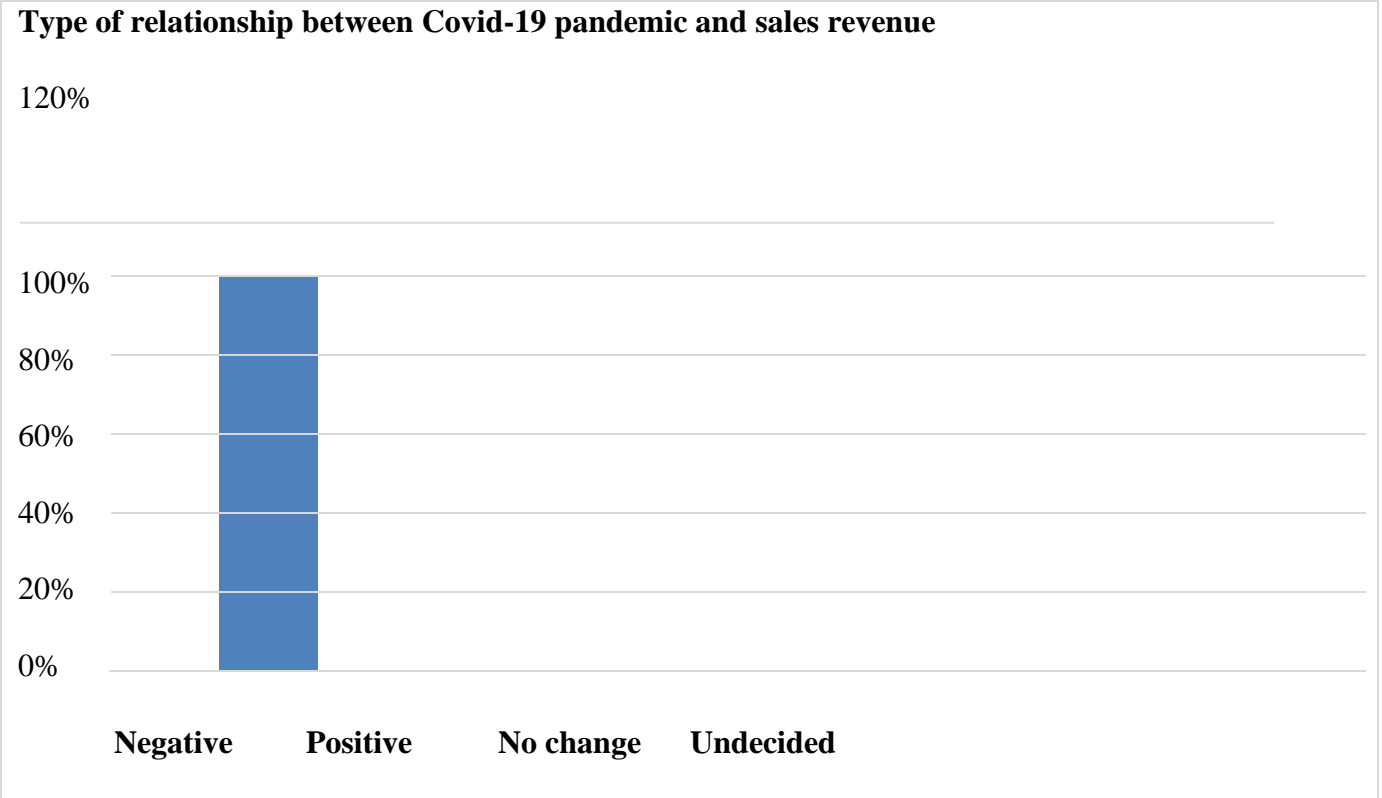


Figure 5 Type of relationship between Covid-19 pandemic and sales revenue

Figure 8 Types of relationship between pandemic and revenue

Source; Survey

Figure 5 show the results of the type of relationship between Covid-19 pandemic and sales revenue. It would appear that most of the clients (100%) believed that Covid-19 pandemic had a negative relationship with the sales revenue they made during the period. This result is in line with the findings of T Hanni (2020), who found out that Covid-19 had a negative impact on business operations and revenue being made by businesses. This implies that the Zimbabwe Revenue Authority did not manage to collect enough revenue during the period when comparing with T Hanni ‘s findings

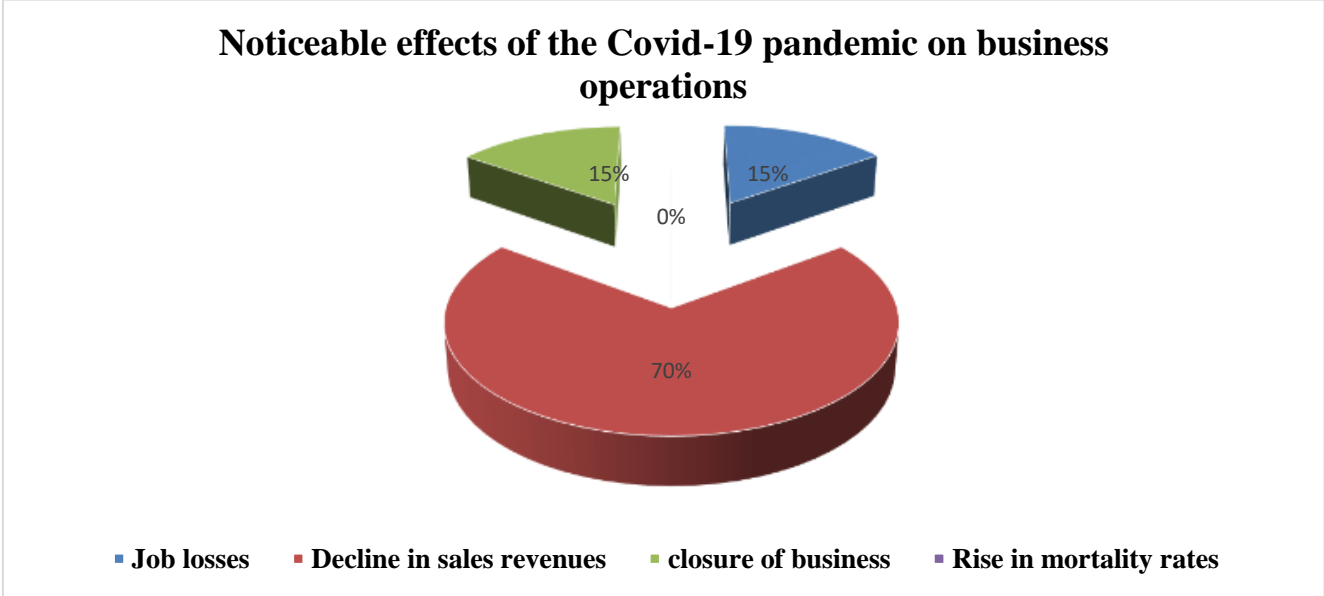


Figure 6 The most noticeable effect of the Covid-19 pandemic on business operations.

Figure 9 The most noticeable effects of covid

Source; Survey

Fig 4.6 depicts the most noticeable effects of the Covid-19 pandemic on business operations. The results seem to suggest that most of the respondents (70%) thought Covid-19 pandemic affected business operations, which resulted in decline in sales revenues, job losses and closure of business. This supports findings by Noll et al (2019), who found out that Covid-19 had a negative impact on revenue collection. This implies that the revenue collected by Zimbabwe Revenue Authority was affected. The reason behind this may be imposing of national lockdown to contain the disease, which caused some businesses to close due to increase in expenditure in operations. The government made some measures to contain the contagious disease were by every business have to purchase certain testing equipment and machinery, which were costly to some businesses.

4.2 The Zimra employees' questionnaires response/ results presentation

Table 2 Job titles of respondents.

Figure 10 Job titles respondents

Job titles	Number of Respondents	Percentages of job titles
Station Manager	3	8
Supervisors	6	15
Revenue officers	21	53
Human resource Officer	2	5
Revenue trainees	8	20
Total	40	100

Source: Survey

Table 2 shows the positions of the Zimra employees at Kurima House who participated in this study. The results suggest that most of the respondents were revenue officers accounting for 53% of the respondents at Kurima House. This increases the probability of the results of the study to be

true as revenue officers, trainees are hands on with processes involving revenue collection, and all the other departments were included in the study.

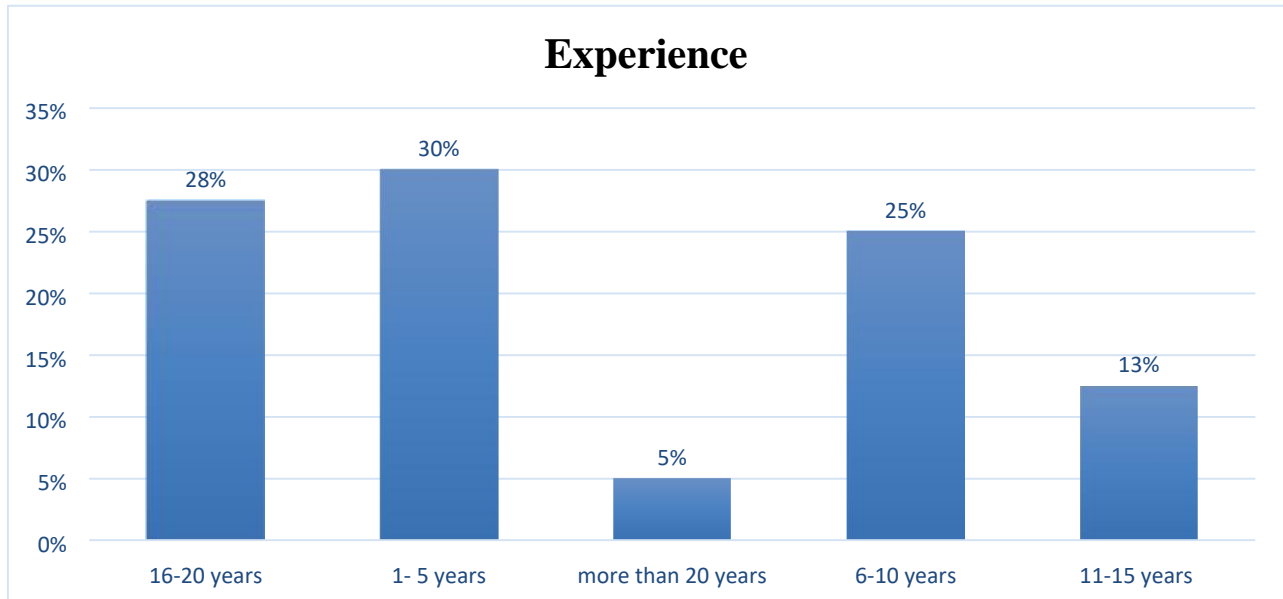


Figure 7 Experience of the Zimra employees

Source; survey

The figure above shows the experience of the Zimra employees who participated in the study. It appeared most of the respondents (30%) had 1-5 years showing that Zimra had new workforce. The experience of the respondents 16-20 years (28%) implies that the responses given in the study were enhanced by the knowledge of the respondents over time. However, it appears like there is the introduction of new blood that will bring in more new ideas that can enhance better management system ideas when the organization is operating in unstable environment. Moreover, the experience may not have the necessary skills to maintain and monitor events such as Covid-19, this may be the cause of some discrepancies in the operations of the organization.

Table 3 To what extent does Covid-19 make the tax environment unstable.

Figure 12 Tax environment unstable

Extent to which Covid-19 make the tax environment unstable	Number of respondents	Extent in percentage
Greater extent	26	65
Lesser extent	0	0
Certain extent	14	35
No extent.	0	0
Total	40	100

Source: Survey

The table depicted the extent to which Covid-19 make the tax environment unstable. It appears that most of the respondents (65%) thought that to greater extent Covid-19 make the tax environment unstable. Furthermore, this indicated how Covid-19 affected revenue collection. This implies that revenue collected during the pandemic was somehow affected. This concurs with Sikwila, et al. (2020), which indicated that labor shortages, disruption of transportation, closed down of workplaces, restricted trade and travel, and closed land border were the reasons for the pandemic's economic slowdown hence affected revenue collected.

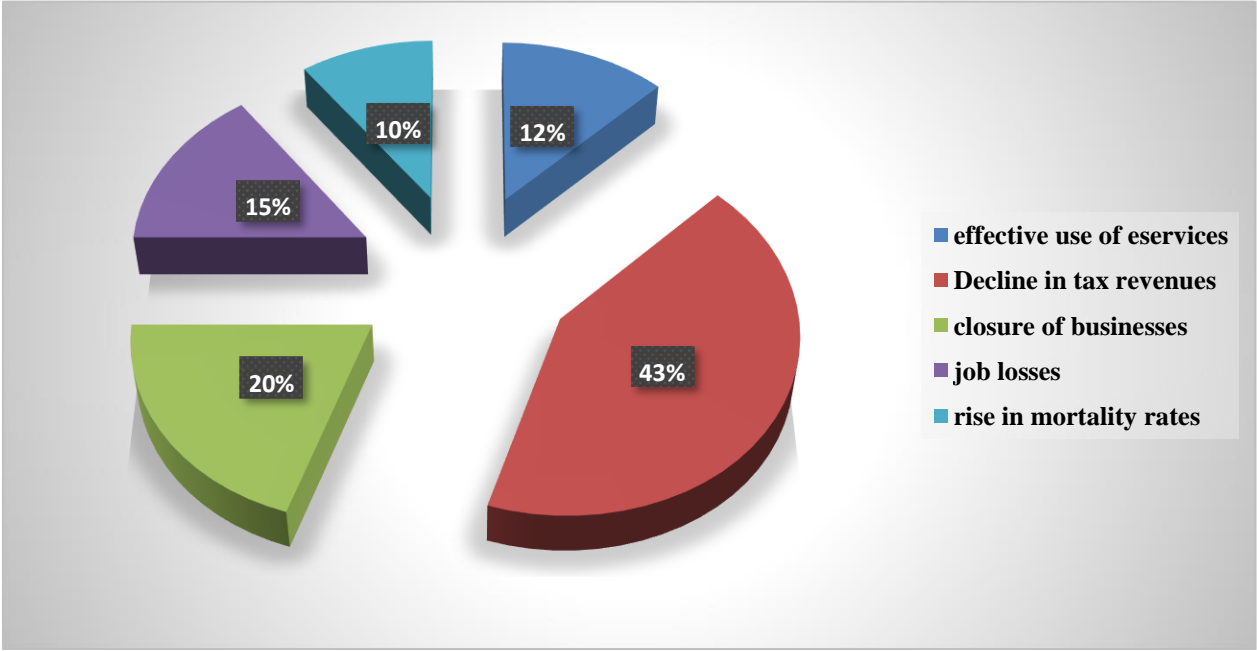


Figure 8 The most noticeable effect of the Covid-19 pandemic on revenue collection.

Figure 13 The noticeable effect of the covid 19

Source; survey

Fig 4.8 depicts the most noticeable effects of the Covid-19 pandemic on revenue collection. The results seem to suggest that most of the respondents (43%) thought Covid-19 pandemic affected revenue collection which resulted in decline in tax revenues, job losses and closure of business. This supports findings by Noll et al (2019), who found out that Covid-19 had a negative impact on revenue collection. This implies that the revenue collected by Zimbabwe Revenue Authority was affected. The reason behind this may be imposing of national lockdown to contain the disease which caused some businesses to close due to increase in expenditure in operations. The government made some measures to contain the contagious disease were by every business have to purchase certain testing equipment and machinery which were costly to some businesses.

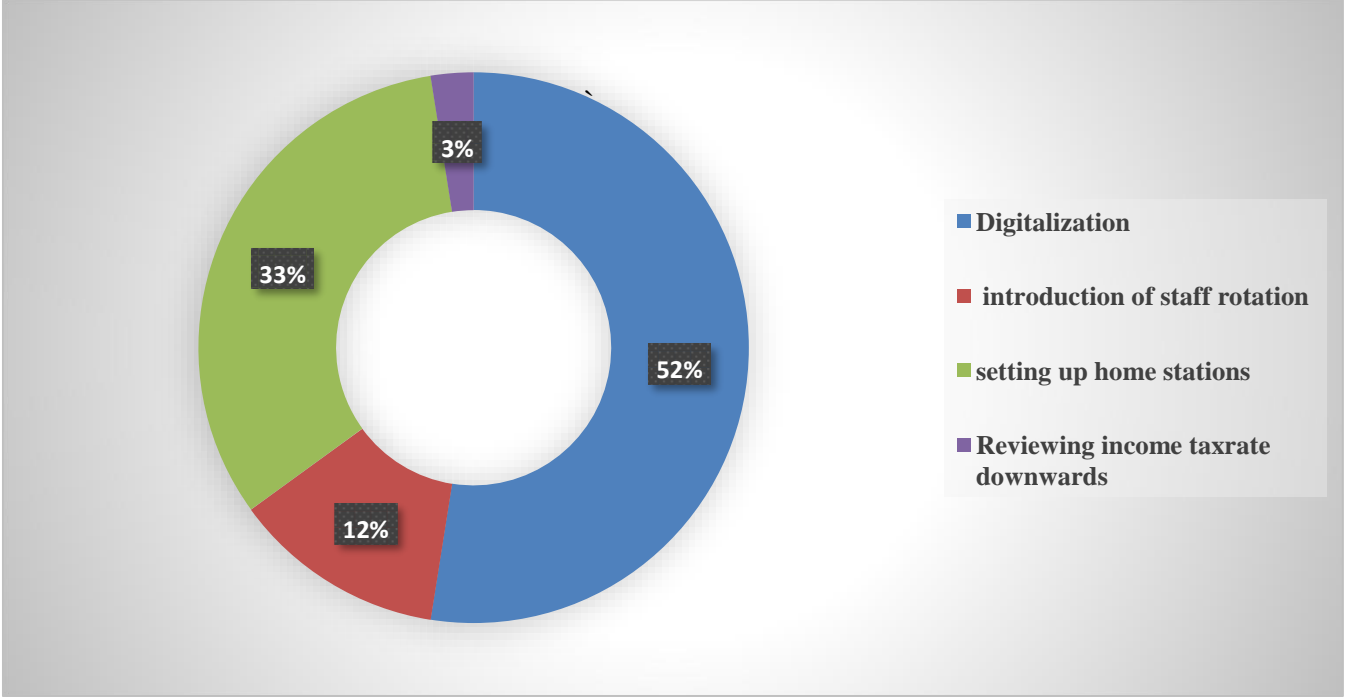


Figure 9 The most important strategy that was implemented by Zimbabwe Revenue Authority to minimize revenue loss during Covid-19 pandemic.

Figure 14 The most important strategy

Source; survey

The figure above shows the most important strategy that was implemented by Zimbabwe Revenue Authority to minimize revenue loss during Covid-19 pandemic. The majority of the respondents accounting for 52% suggested that digitalization was the most strategy which was implemented by the authority. This means that the organization migrated from paper work to paperless work in order to manage the contagious disease which also spread through contact. With online transactions and digital platforms for work, there is an opportunity to develop a centralized database that can serve as an economic asset. It has become essential to be a part of the global digital drive to mitigate the impact of the Covid-19 pandemic through digitalization. The finding is in line with the findings of Utaumire et al. (2020) that digitalization strengthens tax compliance

monitoring within tax administrations whereby there was formation of special task forces within tax administrations which was useful in short-term institutional response within tax administrations to mitigate short term effects of economic shocks. This implies that digitalization system is effective in this respect when an organization is operating in an unstable environment

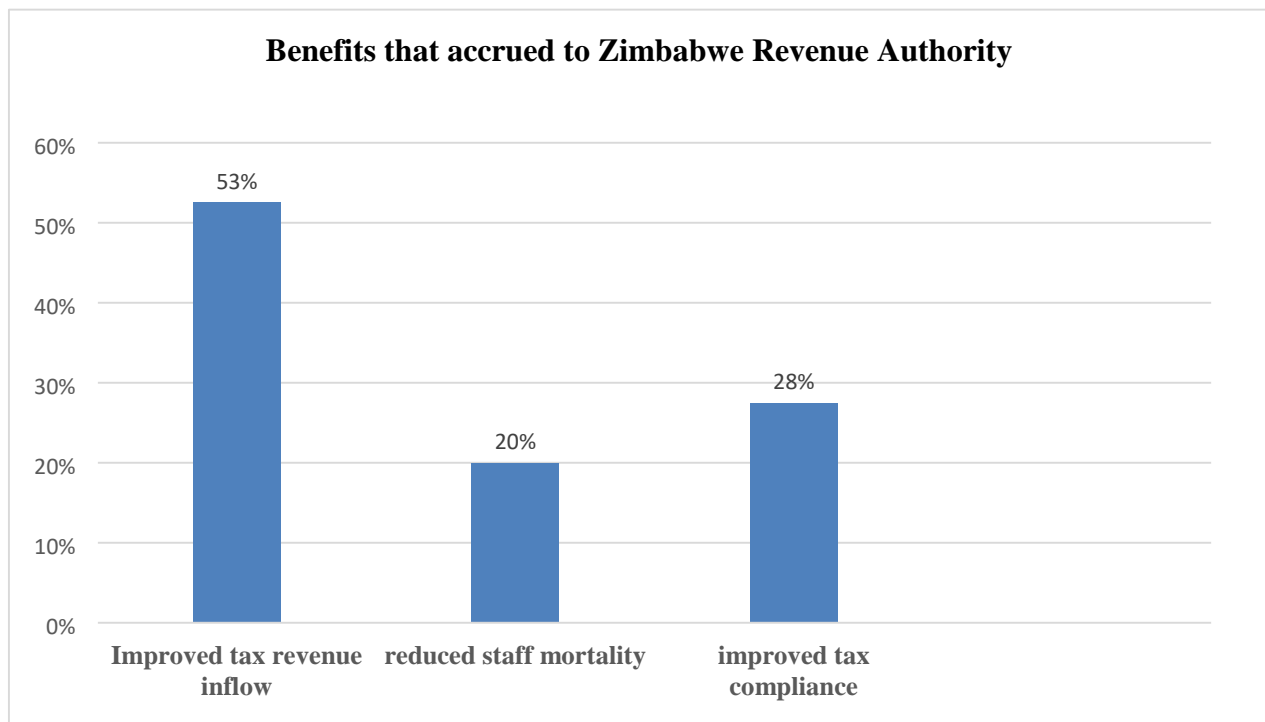


Figure 10 The most important benefit that accrued to Zimbabwe Revenue Authority on implementing strategies to minimize revenue loss in the midst of Covid-19 pandemic.

Figure 15 The most important benefits

Source: Survey

The figure above shows the most benefits that arise upon implementation of strategies to minimize revenue loss in the midst of Covid-19 pandemic. Most of the respondents (53%) were of the opinion that the implementation of strategies such as digitalization and setting up of home work stations improved tax revenue inflow into the fiscus. This may be due to the proper use and following steps as it will be instructed by the authority. This implies that Zimra should take note of the steps and adopt more advanced technology in place in order to realize maximum benefits.

4.3 Chapter Summary

The chapter briefly diagrammatized the data findings in the form of tables, figures, charts and graphs for easy presentation, interpretation and analysis of the data. The next chapter finalizes the research by providing findings, conclusions and recommendations.

CHAPTER V

RESEARCH FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.0 Introductions

In the preceding chapters, an in-depth exploration of the effect of covid 19 on revenue collection has been undertaken, examining the impact of the COVID-19 pandemic on revenue collection in Zimbabwe , determining the effects of the pandemic on revenue collection by ZIMRA, determining the measures put in place by ZIMRA to mitigate the negative effects of the pandemic on revenue collection , providing recommendations for addressing the effects of the COVID-19 pandemic on revenue collection in Zimbabwe. . This chapter serves as the culmination of the research endeavour, offering a comprehensive analysis of the findings and their implications for the broader field of.

5.1 Summary

Chapter one of the thesis served as the introduction, providing a comprehensive overview of the research. The background of the study, contextualized the study within existing literature, identifying gaps and justifying the need for further investigation. The statement of the problem clearly articulated the research issue, while the purpose of the study outlined specific objectives

and goals. Research questions and objectives were formulated to guide the investigation, and the significance of the study was also underscored, emphasizing its potential contributions to the field.

5.2 Summary of major findings

5.2.1 The impact of the COVID-19 pandemic on revenue collection in Zimbabwe.

Covid 19 resulted in a major fall of revenue collected by ZIMRA during the covid 19 period. Many companies were affected and they reported low revenues hence this lowered taxes paid by companies. This research realized that COVID 19 highly impacted revenue collection in Zimbabwe.

5.2.2 To determine the effects of the pandemic on revenue collection by ZIMRA.

Due to covid 19 revenue collected by Zimbabwe Revenue Authority was affected. The reason behind this may be imposing of national lockdown to contain the disease, which caused some businesses to close due to increase in expenditure in operations. The government made some measures to contain the contagious disease were by every business have to purchase certain testing equipment and machinery, which were costly to some businesses.

5.2.3 Measures put in place by ZIMRA to mitigate the negative effects of the pandemic on revenue collection.

ZIMRA successfully created online merchants that would permit tax payers to transact during this time at least curbing the effects of Covid 19 to some extent. The research found out that ZIMRA managed to even place their vending machines in different supermarkets permitting people and businesses to make their payments without physically visiting ZIMRA offices to make tax payments.

5.3 Conclusion

5.3.1 The impact of covid 19 on revenue collection in Zimbabwe

Lockdowns, restrictions, and disruptions caused by the pandemic led to economic contractions in many countries. Businesses faced closures, reduced operations, and supply chain interruptions, resulting in lower production and consumption hence all this meant that taxes were shrunked by a larger margin during the time of covid 19 in Zimbabwe

5.3.2 The effects of the pandemic on revenue collection by ZIMRA.

This research concludes that Covid 19 affected the economy resulting in an economic downturn caused a decline in taxable income and consumption, leading to reduced tax revenues. For example, income taxes, value-added taxes (VAT), and corporate taxes were adversely affected as businesses and individuals experienced financial challenges. Hence all this was faced head on with revenue collection body in Zimbabwe.

5.3.3 Measures put in place by ZIMRA to mitigate the negative effects of the pandemic on revenue collection.

Tax Deferrals and Payment Extensions: Many governments allowed businesses and individuals to defer tax payments or provided extensions on tax deadlines, Zimbabwe also adopted the same strategy. This helped ease immediate financial burdens and provided breathing room for those facing cash flow challenges.

Tax Incentives: Governments introduced tax incentives to stimulate economic activity. These measures were often targeted at specific sectors severely impacted by the pandemic, encouraging investment, job retention, and business continuity.

Wage Subsidies and Financial Support for Businesses: Wage subsidy programs were implemented to assist businesses in retaining employees during economic downturns. Governments provided financial support to cover a portion of employee wages, helping businesses avoid layoffs.

Relief for Vulnerable Individuals: Measures were introduced to provide financial relief to vulnerable individuals, such as direct cash transfers, or social assistance programs. This aimed to address immediate needs and support those most affected by the economic fallout.

5.4 Recommendations

From this study, it is obvious that Covid-19 pandemic is causing severe disaster than good to business worldwide. Therefore, decisive measures should be in place to keep and maintain business that is at the verge of extinction and total collapse. Despite the palliatives being provided by the Zimbabwean government termed as COVID-19 relief packages to provide support to businesses, the following recommendations were derived:

1) Government review of monetary and fiscal policies measures,

The government should adopt some tax deferral measures for a certain period to allow all small companies to defer payment of profit tax. Small businesses with small turnover will be excused from paying profit tax in order to resurrect from the negative impact that was caused by Covid19 pandemic. This means some small companies will not pay their tax obligations or liabilities period in order to minimize their operating expenditure for them to survive in this unstable environment.

2) Ensuring effective and efficient palliative measures are established by the government

The government should launch an employment promotion program, that aims to cover part of reemployment costs of those who lost their jobs during the lockdown. For formal sector employees, the government will cover half of the wages at the legal minimum level and this will encourage the clients to remit PAYE to ZIMRA however, this means that more revenue inflow will be realized in the long run.

3) Adoption of E-Business model to business.

The authority should encourage businesses the use of electronic payments, and urged its clients to use online banking and related apps. The Authority has to launch an App (an all in-one) mobile payment and banking app using block chain technology that can prevent the transmission of disease like Covid-19 in order to maximize revenue collection.

Apart from these palliatives, recommendations derived from the research above the researcher suggested the following recommendations below:

To ease the effects of Covid-19 on employees who are overwhelmed with responsibilities and deadlines to achieve tasks, the relieving of all critical positions to work away from home is recommend during the pandemic so that employees are protected from this contagious disease and are able to finish work at stipulated time and facilitate the collection of revenue.

An appropriate legislation should be put in place to enable smooth revenue collection when an authority is operating in an unstable environment like the Covid-19 pandemic. Moreover, on operations, a legal basis should be provided. The legislation should also be updated to reflect the implications when a disease like Covid-19 resurfaces in the future.

To realize a better environment for revenue collection, gathering information is obvious. There is need to establish the context, past literature and the results obtained on what was done before. Moreover, there is also need to introduce an intelligence unit to use the information, to link intelligence assessments to the front line of operations. Then information from the front line feeds back into intelligence, enabling a cyclical process.

5.5 Future Research

In order to improve on this study, it suggested that similar research should be carried out in more focusing on the impact of government palliative measures on business operation in during COVID-19 pandemic in Zimbabwe. In addition, the study should be carried out over a longer period to obtain more accurate and reliable information about the impact of Covid-19 on revenue collection.

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APPENDICIES

Appendix A: Questionnaire to the Clients

REF: REQUEST FOR COMPLETION OF QUESTIONNAIRE ON THE EFFECTS OF COVID-19 ON REVENUE COLLECTION.

My name is Kamonere Takudzwa. I am a Master's Degree student with Great Zimbabwe University studying Master in Professional Accounting And Corporate Governance. This questionnaire is part of my research project to **on the effects of covid-19 on revenue collection, a case study of Zimbabwe Revenue Authority Period 2019-2021**. Please answer the questions on the provided spaces. Your responses will be treated as highly confidential and for academic purposes only.

Instructions:

Kindly fill in your response using a tick in the appropriate box or space provided to each of the questions listed below:

What business do you do?

Retailing Manufacturing Agent Consultancy
None of the above

How would you rate the level of business activity during the midst of Covid-19 pandemic?

Severely reduced moderately reduced No change Increased

Did the customer services that were rendered by Zimbabwe Revenue Authority in the midst of Covid19 pandemic satisfied you?

Yes No Undecided

Did Covid-19 wave lead to the slowing down of economic activities in Zimbabwe?

Yes No Undecided

What is the type of relationship between Covid-19 pandemic and sales revenue?

Positive Negative No Relationship Undecided

Were there any tax deferrals as a strategy by Government to assist taxpayers in the midst of Covid-19 pandemic?

Yes No Undecided

Based on experience, to what extent does the imposing of lockdown affected business operations?

Greater extent lesser extent No extent Certain Extent

How efficient were the services offered by Zimbabwe Revenue Authority during Covid-19 pandemic?

Good Poor Undecided

What was the most noticeable effect of the Covid-19 pandemic on your business operations?

Decline in sales revenues Closure of businesses

Rise in Mortality rates Job Losses

What improvements do you suggest to the Zimbabwe Revenue Authority most if a pandemic like Covid-19 occurred again in the future?

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

END

Thank you for the time and May God Bless You!

Appendix B: Questionnaire to the ZIMRA employees

REF: REQUEST FOR COMPLETION OF QUESTIONNAIRE ON THE EFFECTS OF COVID-19 ON REVENUE COLLECTION.

My name is Kamonere Takudzwa. I am a Master's Degree student with Great Zimbabwe University studying Master in Professional Accounting And Corporate Governance. This questionnaire is part of my research project to **on the effects of covid-19 on revenue collection, a case study of Zimbabwe Revenue Authority Period 2019-2021.** Please answer the questions on the provided spaces. Your responses will be treated as highly confidential and for academic purposes only.

Instructions:

Kindly fill in your response using a tick in the appropriate box or space provided to each of the questions listed below:

What is your job title?

Station manager Supervisor Revenue Officer

Revenue Trainee Human Resource Officer

How many years of experience do you have in the organization?

Less than 5 years 1- 5 years More than 20 years

6-10 ears 16-20 years

3.What is the type of relationship between Covid-19 pandemic and revenue collection to the overall performance of ZIMRA as an authority?

Positive Negative No Relationship
Undecided

What was the most noticeable effect of the Covid-19 pandemic on Revenue collection?

Decline in tax revenues Closure of businesses Job losses

Effective use of E-Services Portal Rise in Mortality rates

Based on experience, to what extent does Covid-19 made the tax environment unstable?

Greater extent lesser extent No extent certain extent

What is the most important strategy that was implemented by Zimbabwe Revenue Authority to minimize revenue loss during Covid-19 pandemic?

Digitalization Setting up home/work stations

Reviewing income tax rate downwards Introduction of staff rotation shifts

Does the implementation of digitalization and working from home improve revenue collection by the authority during the Covid-19 pandemic?

Yes No Undecided

What is the most important benefit that accrued to Zimbabwe Revenue Authority on implementing strategies to minimize revenue loss in the midst of Covid-19 pandemic?

Improved tax compliance Improved tax revenue inflow Reduced staff mortality rates

What improvements do you suggest to the Zimbabwe Revenue Authority most if a pandemic like Covid-19 occurred again in the future?

.....

END

Thank you for the time and May God Bless You!