



Research Paper

Do tax authorities abide by their core principles when collecting revenue? : A case of Zimbabwe Revenue Authority.

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ABSTRACT:- The paper looks at the collection of revenue in Zimbabwe by the Zimbabwe Revenue Authority. The aim of the study was to find out whether the revenue authority was following its core principles of integrity, fairness and transparency. Zimbabwe had gone through a period of economic turmoil characterised by hyperinflation, closure of companies and a general decline in economic activity. Following introduction of multicurrency system in February 2009, inflation dropped and the economic activity showed signs of picking up, although many firms were still operating below capacity. Despite this, the revenue authority managed to and continued to beat collection targets set by the government. The study concluded that the revenue authority, in some cases, was not following the core principles to the book.

Keywords:- *cannon, fairness, integrity, transparency*

I. INTRODUCTION

The paper looks at revenue collection by the Zimbabwe Revenue Authority, particularly during the period after hyperinflation.

The Zimbabwe Revenue Authority came into being on 1ST September 2001 with the two former Departments of Taxes and Customs ceasing to exist on 31ST August 2001. The mission of ZIMRA “is to facilitate economic development, trade and travel; revenue generation and collection; to enforce compliance with revenue laws and to enforce regulatory controls with **integrity, transparency and fairness**”.

Although the Revenue Authority has existed since its inception, this discussion will evaluate whether ZIMRA have succeeded in their objectives of integrity, fairness and transparency by examining whether they have adhered to these principles, in the months soon after the introduction of the multi-currency system in Zimbabwe in 2009. The discussion will therefore deal with the period February 2009 to December 2011. The paper is structured along the following sections: approach, discussion, conclusion and lastly bibliography.

II. APPROACH

The study used the case study approach. A few companies were sampled in the city of Masvingo, provincial capital to the most populous province in Zimbabwe, and also the oldest city in the country. Although the city is not very big in terms of industrial and commercial activity as compared to the capital city of Harare, the author believed that there is a sizeable economic activity and that the findings could be generalized. The ZIMRA’s regional office is based in the city. Data collection was through desk research and through observation, as the author is also a consultant in the area of taxation in Masvingo. A few interviews were also held with managers of a number of companies in the city. Sampling of the identified companies was judgmental since the author used his knowledge of the taxpayers in Masvingo by virtue of being a consultant. Five companies were used as the sample for the study during the period February 2009 to December 2011

III. DISCUSSION

The introduction of multi-currency system in Zimbabwe wiped away the hyperinflation which had been experienced in the years prior to 2009. There was a general shortage of foreign currency which was affecting virtually all the sectors of the economy, including the Government itself. While, in general, the business community was recovering and trying to regain its feet, the Government at the same time was also trying to raise revenue through the collection of taxes through ZIMRA. The Government, through the Ministry of

Finance, would impose targets on ZIMRA on the amounts the Revenue Authority was expected to collect in a given period of time. This eventually brought some ill-feeling between taxpayers on one side and the Revenue Authority on the other. The Revenue Authority was viewed as using all the tricks in its books to collect as much revenue as possible to meet the stipulated targets. One would then want to see if this in a way would not compromise the principles of integrity, fairness and transparency on the part of ZIMRA.

A report in the 8th September 2009 issue of Indaba Business titled “*ZIMRA Surpasses Revenue Collection Target*” quoted the Chairman of ZIMRA, Dr Gibson Mandishona saying the revenue collector collected a total of US\$208,5 million in the second quarter, against a target of US\$194 million and predicted that collection in the second half of the year would be higher if the government succeeded in implementing its economic recovery programmes. This means the Government had set targets when its economic recovery programmes were not yet fully operational and economic activity was still subdued. Dr Mandishona went on to say problems that had hindered revenue collection in the first few months of the year such as low capacity utilization, shortages of foreign currency and de-industrialisation were being addressed. How then could ZIMRA manage to surpass its targets given this background? Most of ZIMRA’s revenue came from Value Added Tax which contributed 42% of all collections, followed by customs duty at 29%. As shall be seen in the discussion these two areas are the most sources of disagreements between ZIMRA and the taxpayers.

Another report in The Herald of 15 June 2010 titled “*Government Exceeds Revenue Target*” showed once more that ZIMRA had surpassed its target in the second half of the year. The Government had targeted to collect a total of US\$317,7 million but ended collecting US\$411,5 million. Value Added Tax once more had dominated collection contributing about 39,3% to total revenues. During the same period PAYE collections emerged the second largest contributor at 16,8% while customs duty accounted for 15,75% of total revenues. Cumulative corporate tax collections accounted for 10,4%.

A report in the Daily News of 20th February 2012 stated that 2011’s collection of US\$2,8 billion is 11% higher than \$2,5 billion targeted for.

Before an analysis of the core values of integrity, fairness and transparency, it is best to have a brief outline of the canons of taxation, so these could be viewed in line with the core values. The following are the main canons (Hariharan, 2010; Peerzade, 2010):

- Canon of Equality. This principle is based on ‘justice’, that all taxpayers should be treated equally. The burden of taxation must be distributed equally.
- Canon of Certainty. The tax amount to be paid should be certain and clear. The time and manner of payment should not be vague. The outcome of this certainty is therefore: certainty of effective incidence; certainty of liability; and certainty of revenue to the treasury.
- Canon of Economy. The cost of collection should be minimum. This basis is that imposing taxes which are widespread and difficult to administer will be of no use. Minimum expenditure and maximum collection principle should be followed.
- Canon of Convenience. The taxpayer should feel convenient regarding the exact mode and timing of tax payment.
- Canon of productivity. The tax system will bring revenue to the treasury. This also implies that the tax system should not adversely affect production. Productive taxation makes it essential that it may not have any unfavourable effect on the saving potential of the people.
- Canon of Simplicity. Tax system should be made as simple as possible, in such a way that even a layman can understand it. The tax procedures, rules, regulations, etc, are to be simple giving room for easy understanding.
- Canon of Diversity. A multiple tax system should be followed. The tax system should be of diverse nature. It is on the assumption that too much dependency on fewer sources of public revenue would lead to a lot of uncertainty to the treasury. A mixture of direct and indirect tax should be followed.
- Canon of Expediency. The principle concentrates on: economy of expediency, social expediency, and political expediency. The principle states that tax determination and administration should not give room for any criticism.
- Canon of Coordination. There should be co-ordination among different taxes as and when they are imposed by the tax authorities.

It is apparent that an overview of these canons will assist in the analysis of the revenue collection by ZIMRA guided by their core values of integrity, fairness and transparency

Now let us look at whether ZIMRA really followed the principles of integrity, fairness and transparency to the book when they were making these collections. There were a lot of disgruntlements from taxpayers, both large and small, during this period. There were cases, or allegations of being overcharged, being

unnecessarily penalized, etc. We will look at some cases of companies that were really affected by ZIMRA's perceived transgressions during this period.

3.1 Integrity:

The Free Online Dictionary defines integrity as the state of being unimpaired, soundness. The World English Dictionary says about integrity:

- adherence to moral and ethical principles; soundness of moral character; honesty;
- the state of being whole, entire, undiminished;
- Righteousness, perfection, simplicity, principled, rectitude, sincerity, coherence.

ZIMRA was created to administer several acts, namely the Income Tax Act (Chapter 23:06), the Capital Gains Tax Act (Chapter 23:01) the Value Added Tax Act (Chapter 23:12), etc. ZIMRA therefore, must confine its acts to merely administering those Acts within the confines of the law. For instance, the Value Added Tax Act (Section 20) defines what it calls an invoice for input tax purposes. The Act clearly states who is liable for what in the case of a seller and buyer. The buyer uses the invoice to claim input tax, while the seller uses the same to calculate output tax. It is not the responsibility of the buyer to ensure that the invoice complies with the dictates of the Act. The tax authorities would want us to believe that it is the duty of the buyer to make sure the invoice complies with the Act, otherwise the right to use that particular purchase to claim input tax is taken away if the invoice is defective. The previous tax officials were empowered to do the policing themselves and should act accordingly and not pass their duty to the public. The irony of it is while they deny the buyer to use the defective invoice to claim input tax they still allow the seller to use that same invoice to compute output tax! They do not consider the defect of the invoice since this now relates to more tax coming their way. In a tax case of *Astra Holdings (Private) Limited vs. Commissioner of Taxes*, Justice Smith applied the doctrine of legitimate expectation and considered how it applies to fiscal rulings given by the Revenue Authority. He said *"Every ordinarily sophisticated taxpayer knows that the Revenue Authority is a tax-collecting agency, not a tax imposing authority. The taxpayer's only legitimate expectation is, prima facie, that he will be taxed according to statute, not concession or a wrong view of the law"*.

ZIMRA has acted outside the law in many cases and extended their ambit to be a tax-imposing authority as opposed to a tax-collecting agency. In one incident, a taxpayer was heavily penalized for not using electronic cash registers in his shops. This was in the tax year ending December 2009, and yet that provision of the Act only became operational with effect from 1 April 2010. ZIMRA acted as bully boys by taking the offenses listed in the Act for not adhering to the law and threatening the taxpayer with a fine for not obeying ZIMRA's laws – which were outside the Act! Where was the integrity in this?

In one instance, a taxpayer wanted to obtain a tax clearance for a tender that he wanted to get with a State university. Upon application, the taxpayer was informed that his VAT payments were not up to date, PAYE was not up to date and his quarterly payment dues were not up to date. According to ZIMRA's records the taxpayer had not paid his 2008 tax debt and his PAYE and VAT records were five months outstanding. This was in June 2009. However, the taxpayer had written to ZIMRA in 2008 informing them that he had suspended operations for the whole of that year because of difficult economic conditions prevailing then. He had a copy of the letter which had been date stamped by ZIMRA to signify receipt. He had paid his VAT taxes in February, March, April, and May, since he had commenced operations in January 2009. He had his receipts and all the duplicate returns (Forms VAT 7) stamped by ZIMRA. However, because of some misfiling at his office, it took the taxpayer about one week to retrieve these documents. By the time he took these to ZIMRA to have his application for a tax clearance processed, the tender had already been given to a competitor. Is it correct that ZIMRA demands cooperation from the ordinary taxpayer, but fails to put its own house in order? Where is the moral rectitude in not having your own records up to date, yet penalizing taxpayers for your errors? Every taxpayer has the right to expect that where ZIMRA insists that greater compliance is required, that they themselves are geared for it and a high level of efficiency is evident. Unfortunately this is not always the case. One of ZIMRA's primary aims is to facilitate investment and growth in the economy. ZIMRA must realize that time is money and you cannot facilitate growth by being slow.

Then coming to the border posts and collection of Customs duties. Below are excerpts from members of the public on comments to the Minister of Finance:

- "I think the biggest problem is that the employer doesn't care about its people and the revenue they lose due to corrupt acts. You are rest assured that you will spend at least four hours at the border and another 400 Rand to pay an officer to let you go early. This means that if I am carrying goods to a value of 200 000 Rand in my trailer, I will cross in with a mere R400 thereby reducing the revenue collected by the Government." Desmond, 22 December 2009.

- “I think it is still a public secret that ZIMRA officials deprive the country of revenue by diverting it to themselves and there does not seem to be much done about it. We have not much confidence in officers who presided over the system in the last years, and unless they are retrained, and they pass normal honesty tests, we cannot entrust the country’s revenue collections in their hands. Their lifestyles still do not justify the salaries they get, and if they spend most of their time at work, it shows they are getting a lot of money from bribes/extortion etc”. Michael, 3 December 2009.
- “We are not amused at spending 4 – 6 hours at the border. The result is corruption and the country gets nothing. It is also time you secretly introduce lifestyle audits for ZIMRA officers but do service level agreements that reward those doing a good job. That way they will not be tempted to continue the corrupt route. Do not blame people, sort the system.....” Rugare, 26 May 2010.

According to Selznick(1992), cited in Waller (2007) , institutional integrity means ‘principled conduct’ rather than ‘mechanical or mindless following of rules of procedures without regards for purpose and effects. According a study carried out by Waller on Australian Tax Office, he concluded that factors that affect tax morale include trust and confidence in the tax system, including the perception that the system is fair. Where confidence of the taxpayers is high, compliance with tax laws is also high. This suggests that non-compliance could be wilful or perhaps the result of ignorance of law. Waller, in his study, points out that commitment to procedure is a misunderstanding of integrity. Integrity, manifested in principled conduct, requires some degree of transparency. This study will endeavour to look at ZIMRA along this line in order to assess its commitment to the concept of integrity.

A study carried out in Nigeria by Amadasun and Urhoghide found out that tax officials are ill-trained, badly equipped, remunerated and corrupt, and that tax laws in Nigeria are complex and difficult to understand for both the taxpayer and tax administrator. This study will guide the researcher to assess the situation with ZIMRA in this regard. This should be compared with the conclusion reached by Upadhyay (2010) who observed that attitudes and perceptions of taxpayers are influenced by their attitudes and perceptions about the state and governance. He concurs with Waller when he posits that tax administration in India is more visible in enforcing the procedural compliance, and that inefficiency of tax administration resulted in tax non-compliance. Lisi (2011) observed that tax morale is dampened where tax authorities substitute tighter monitoring with a higher fine or enforce both a higher taxation and an increased monitoring. In the eyes of the taxpayers, such a move would be perceived to lack integrity.

A study made on Malawi Taxation System by Malawi College of Accountancy confirms the observation of Torgler (2007), that if taxpayers believe that they live in a state in which corruption is rampant and trust in authority is low, the willingness to comply with tax obligations will be low. The study also found that non-compliance in Malawi was also due to lack of adequate information on tax laws and suggested that use of civic groups in tax education would assist in enhancing tax compliance.

The above should be a clear indication of the level of integrity of some ZIMRA officers. This means that a lot has to be done if the Revenue Authority wants to effectively and fully achieve this objective. However, it is not fair to paint all the ZIMRA officers with the same brush of corrupt officers, a few are seen to be people of good integrity.

3.2 Fairness:

Fairness is defined as the condition of being just or impartial; justice, equality, impartiality, fair-mindedness, objectivity, even-handedness.

The World English Dictionary describes as being free from bias, dishonesty or injustice.

Fair implies the treating of all sides alike, justly and equitably.

Impartial implies showing no more favour to one side than another.

Disinterested implies a fairness arising particularly from lack of desire to obtain a selfish advantage.

Unprejudiced means not influenced or swayed by bias, or by prejudice caused by irrelevant considerations.

There is so much unfairness. We have unfairness within the Act itself, in the very laws ZIMRA administer and unfairness in the ways these laws are administered.

As ZIMRA has to apply, implement and administer the law, irrespective of how fair or unfair they may be, you might assume they are exonerated from the unfairness within the Acts themselves, but that is not true. ZIMRA are tasked with advising Government on revenue legislation, issues of policy, etc and so must shoulder some of the blame for the inequities evident. An example of the inequity of the Act is in Customs Duty where the maximum seizure period for goods liable to seizure is six years and indefinite period in the case of fraud; whereas the period in which a person can institute recovery of goods seized is two months. Is this affording the taxpayer equal opportunity? No! Definitely the deck is stacked in favour of obtaining the most revenue for Government, and limiting the taxpayers period of recovering refunds.

Both the Income Tax Act (Sections 46 and 47) and the Value Added Tax Act (Section 39) provide for additional assessments where a taxpayer inadvertently pays less tax than what he is supposed to pay. This means that the taxpayer should pay the difference between what was paid and what was supposed to be paid, together with any interest payable. However, in the administration of this piece of legislation, ZIMRA simply levy a 100% penalty. There is no distinction between one who has deliberately defaulted and the one who has timeously submitted his returns but inadvertently pays less tax. They are both penalized. This is grossly unfair. Recently, a taxpayer had a case where an objection was lodged to a VAT assessment. Whilst he awaited the outcome a garnishee order was placed on his account for the full amount of the 100% penalty imposed, even though he had invoked the provisions of Section 69(1) of the Income Tax Act which act *mutatis mutandis* with the Value Added Tax Act. This action of ZIMRA seriously jeopardised the taxpayer's business. Was ZIMRA fair? No! Efficiency in tax collections cannot be at the expense of firstly what is legal and secondly the taxpayer's rights.

In another case, ZIMRA routinely issued 100% penalty on a taxpayer for the months February, March, April, May, June and July of 2009 for VAT assessments. This was after an audit had been conducted by ZIMRA officials. The result of the audit was an underpayment of tax for these months. ZIMRA officers uplifted the sales figures for these months by 50% on the pretext that the taxpayer was not using electronic cash registers. However, this requirement only became law with effect from 1 April 2010! The audit was done in August 2009. The result was that the taxpayer was faced with a huge ZIMRA bill which far exceeded his total annual revenue. This, despite the fact that the taxpayer had dutifully honoured his monthly VAT payments. To send out penalty assessments six months later is totally unfair and without justification. The taxpayer sought the services of a consultant and the amount was eventually cut by about one half of the previous bill and the penalty reduced to 40%. As ZIMRA were behind in recording taxes, they should have immediately concentrated on clearing the backlog and then adhered to the dictates of the law by collating all the (supposedly) offenses and passing judgement on all accounts as one with a reduced penalty (if warranted) on one offence and a further warning, or alternatively, the just response would have been to waive penalties and warn the taxpayer. The Act requires ZIMRA to pay interest on all refunds to taxpayers. However, in the period under discussion, not one of the taxpayers interviewed or observed ever received refunds from ZIMRA. Every time a taxpayer makes a claim for a refund, this is followed by a ZIMRA audit and in most cases the refund soon becomes a tax liability followed by a penalty of 100%! This discourages taxpayers from ever making claims for refunds especially in VAT related issues. In some cases where ZIMRA fail to overturn the refund claim, they simply advise the taxpayer that they will credit his account with the amount of the refund. It is virtually impossible to get refunds from ZIMRA. This again is grossly unfair.

ZIMRA has no power to grant dispensations from, or to suspend or waive the laws made by Parliament. However, the principle of fairness has an important place in the law of judicial review, and in an appropriate case it is a ground on which the courts will intervene to quash a decision made by an authority in a purported exercise of power conferred by law. One of the propositions which was given as an example is when unfairness in the exercise of a power can be such that it amounts to an abuse of power. So although it is often said that a public body which is entrusted by Parliament with the exercise of its powers for the public good, cannot fetter itself in the exercise of them, it, cannot be estopped from its public duty but that is subject to the qualification that it must not misuse its powers and it is misuse of power for it to act unfairly towards a private citizen where there is no overriding public interest to warrant it.

Because of the interconnecting links between all kinds of day-to-day activities, the economic effects and the fairness of many taxes cannot be easily measured. This means that they should be applied and then watched carefully to see what happens so that quick and effective adjustments can be made to get rid of the more serious damaging side effects.

According to Fiona Farmer, a tax consultant, is it fair that senior government officials are exempt from the perks tax on motor vehicles, servants, housing, etc. Taxes should apply equally to everyone – without exception. However, to promote fairness, surely the poor folk should be assisted to live, not penalized so that fat cats continue to live tax free. What does this show? Is this fair? No!

It is not easy to define fairness in taxation. Are we talking of fairness in terms of the tax laws or fairness in terms of administration of the laws. Perhaps it is difficult to isolate one from the other. Fleurbaey and Manuquet (2007) ask the question whether it is fair to impose a high marginal tax rate on those who have the lowest wages. Kim (2007) is of the view that social preference for fairness may affect both the characterization and the time inconsistency of optimal fiscal policy. He says fairness should take account of the extent to which individuals do or do not have voluntary control over their earnings. The above has a bearing on tax compliance by taxpayers. Christian (2011) believes tax authorities should encourage business to participate in the drafting and implementation of changes in the tax laws. This should bring confidence and high compliance. Sebastian (2011) adds to this assertion by suggesting that removal of ambiguities in tax laws would also reduce compliance cost, which is the cost a taxpayer has to bear in the process of complying with tax laws.

Edwards (2006) asserts that tax codes should honour every kind of work. A just tax system reflects a just society, a society that rewards everyone's work to build their own wealth. This is corroborated by Harris (1985) and Celikkaya (2010) who believe in horizontal equity, which equal tax treatment of equals. In an unpublished thesis submitted to the University of Birmingham, Palil (2010) also point out that one of the main principles of taxation system design is equity and fairness. The author mentions again horizontal equity (i.e. people with the same income or wealth should pay same amount of tax) and vertical equity (i.e. taxes paid increase with the amount of the tax base) Wenzel (2003) states three areas of fairness from the taxpayers' point of view, namely: (1) *Distributive justice*, which is concerned about fairness of actions and wants to be treated in relation to his merits, efforts and needs (Kirchler et al 2008). If a system is perceived to be fair, compliance is expected to be enhanced. (2) *Procedural justice*. Elements of fairness are neutrality of procedures used, trustworthiness of the tax authorities, and the polite, dignified and respectful treatment of taxpayers as groups or individuals. Tyler (2006) argues that if regulators engage in dialogue and fair treatment this will encourage support for the tax law. This is further supported by Torgler (2008) who says "when taxpayers do not feel that the tax office acts and decides in a procedurally fair manner, they develop negative attitudes towards taxation. (3) *Retributive justice*. Unreasonable and intrusive audits and unfair penalties lead to stressful and dissatisfied taxpayers. Murphy (2008), citing Grasbosky and Braitwaite (1986), adds to this view by pointing out that punitive deterrence-based strategies alienate tax payers from the tax system. She suggests the accommodative relationship between the regulator and the regulate as the most appropriate to enhance compliance. Ventor (2010) suggests the following which are necessary to secure equity in taxation:

- minimize the amount of time and degree of difficulty involved for taxpayers in meeting their obligations;
- Make timely payments of refunds;
- Provide differentiated service depending on a taxpayer profile;
- Provide the information taxpayers need when they need it;
- Provide prompt and accurate response to taxpayer queries.

The above if observed and followed by tax officials would go a long way in ensuring that fairness is perceived by the taxpayers. The study will therefore establish if ZIMRA follows these principles.

3.3 Transparency

The World English Dictionary defines transparency as "easily seen through, plain, evident, clear, frank, and sincere". The Free Online Dictionary describes transparency as : frankness, openness, candour, directness, forthrightness, straightforwardness.

Transparency and accountability go hand in hand. ZIMRA enunciate their accountability to Government in their aims:

"To produce accurate and timely trade statistics for use in the formulation of economic policy" and again *"To account for the revenues collected by ZIMRA accurately and timely to the relevant authority"*.

What about the public? Do the public know how much of the AIDS levy was collected? To whom it was distributed? Surely, if the taxpayer contributes he has a right to know what happens to his funds.

Nowhere does ZIMRA reflect its duty to the taxpayer to be transparent on the funds collected. Some people are concerned that customs tariffs on imported motor vehicles into Zimbabwe should be transparent and the calculation should be easily accessible by members of the public. The website should show and give a guideline on customs duty and other taxes payable on each category of motor vehicle, be it "luxury" or commercial.

The general rule in Zimbabwe is the *Contra Fiscum Rule*. This states that should a provision of a taxing statute be ambiguous, such as the confusion as to when an additional tax or a penalty be imposed, the contra fiscum principle must be applied. In other words, where a section of the Act is reasonably capable of two constructions, the court must allow the lesser imposition, or give the taxpayer charged the benefit of the doubt. However, ZIMRA seems to be found wanting in this respect.

Emphasis is instead placed on enforcing the taxpayer to pay his taxes. Does he have to withstand a variety of them: from personal income tax, AIDS levies, levies on designated transactions, VAT at every transaction – generating, distributing, selling: stamp duties, registration fees, cheques, ATM's, excise taxes etc. Emphasis is placed on regulating importation and exportation of goods. Emphasis is placed on policing compliance with tax, customs and ancillary laws and regulations.

A study made by Fleischman and Herz (2005) revealed that foreign investment in Russia was discouraged by lack of transparency and equity in the Russian tax system. They found out that tax collectors assessed draconian penalties that were not applied consistently and fairly (citing Himes 1999) The authors posited that tax reforms were necessary to encourage transparency of tax burdens while increasing perceptions of equity and fairness. Chan et al (2011) concur when they say "New law expands the powers of the Internal

Revenue Department to collect and provide more extensive information to foreign tax authorities for the purposes of transparency and exchange of information as specified in a formal bilateral tax agreement". Phillips (2009) has the idea that taxpayers not only need to be convinced that the tax is transparent and fair and represents value for money, they also need to be convinced that other taxpayers are also complying.

It is axiomatic that lack of transparency in a system will bring suspicion against the system. Peerzade (2010) observes that during 1980's, it was increasingly realized that the tax systems all over the world were perceived to have become unfair, inefficient and complicated. There was therefore need for reform. He therefore suggested the following as the objectives of tax reform:

- **Simplicity:** When a tax system is simplified, this reduces the number of errors, improves compliance and increases respect for the system. The less complex a system is, the more transparent it becomes, the better taxpayers are able to anticipate the tax consequences of their economic choices,
- **Fairness:** The tax reform should aim to achieve both horizontal fairness and vertical fairness.
- **Economic Growth and Efficiency:** The tax reform should not impede or reduce an economy's productive capacity. In general, a tax system should not favour one industry at the expense of others.
- **Neutrality:** A neutral tax system neither encourages nor discourages taxpayers from engaging in certain activities. The system should be neutral when determining how to measure income, the appropriate tax rate and taxpayers ability to pay.
- **Transparency:** This signifies that the taxpayers should know that a tax exists and how and when it is imposed upon them and others. Transparency enables taxpayers to ascertain the true cost of a transaction and to understand better the impact of the tax system. Transparency is an important partner of simplification.
- **Minimizing Non-compliance:** The tax gap between what is owed and what has been collected can be minimized by increasing the ease of compliance, decreasing the incentive to avoid compliance and using appropriate procedural rules and enforcement measures. A balance needs to be struck among the desired level of compliance and the costs and intrusiveness of enforcement.
- **Cost-Effective Collection;** Consideration should be given both to the number of tax officers needed to administer the tax and to the compliance costs for taxpayers.
- **Impact on Government Revenues:** The Government should be able to determine, with reasonable certainty, the amount and timing of tax collections.
- **Certainty:** Tax rules should clearly specify how to determine the amount of tax owed and when and how the tax must be paid.
- **Payment Convenience:** Here the important considerations are: is it better to collect the tax from the employer or the employee? From wholesaler or retailer or consumer? Should the tax be collected annually, quarterly, monthly or weekly?

If the above objectives are seriously taken into account by tax authorities, transparency in the tax system would be enhanced and compliance would also increase. Tyler and De Cremer (2006) cited in Kirchler (2010), state "*The transparency and fairness of procedures is linked to: (a) opportunities for voice and participation; (b) the quality of decision-making, - neutrality, accuracy, consistency of rule application; (c) the quality of interpersonal treatment – respect for rights, treatment with dignity and respect; and (d) judging that the authorities have trustworthy and benevolent motives.....*"

Murphy (2003b) cited in Kirchler points out that trust is inversely related to resistance and depends mainly on aspects of procedural fairness, perceptions of fair and trust-worthy treatment, neutrality, respect, consultation and outcome favourability. Braithwaite summarizes a transparent system as "*professional, responsive, fair, open, and accountable in helping taxpayers comply with their tax obligations; as well as (b) effective in bringing to account those who intentionally avoided their obligations. Through adopting such practices, the intent was that the tax office earns (c) the trust, support and respect of the community. Taxpayers' Charter articulated ...12 rights of taxpayers and committed tax officers to treating taxpayers fairly and reasonably, to explain decisions, assist with questions, and provide reliable information, to respect taxpayer privacy, to keep the taxpayers' compliance costs to a minimum, and to be accountable, if necessary, through independent review.....*"

However, credit must be given to ZIMRA for giving the taxpayer room to object to some of the assessments made. Most of the time the officers are willing to listen to the taxpayer's side of the story. In most cases adjustments are made in favour of the taxpayer where ZIMRA officials realize that they had erred. They are also willing to negotiate terms of payments with clients where the latter have huge tax liabilities. However, despite the foregoing, what is very transparent is that ZIMRA does not regard the taxpayer as an equal partner.

IV. CONCLUSION

From the above discussion, we can see that ZIMRA is meeting its mandate of collecting revenue for the Government. We have seen that in some instances, ZIMRA even surpasses its targets. This, evidently, from the above discussion is made possible by unorthodox means in some cases, for example charging atrocious penalties where these are unjustified.

It has also been observed from the complaints raised by some taxpayers about the conduct of ZIMRA officers at the border posts. There is an apparent reference to corrupt practices perpetrated by these officers. Some have also complained about the way duty on imported vehicles is charged, suggesting that the officers should at least give a clue as to how it is calculated, meaning that there must be transparent in the whole process.

The administration of tax laws by ZIMRA is viewed to be authoritarian. There is a need for ZIMRA to embrace a more open policy of being transparent, being fair, and having integrity. ZIMRA cannot just state what it intends. Its actions must reflect its high ideals. Perceptions are important and ZIMRA will be judged on its actions and not intentions.

The author agrees with Fiona Farmer, when she says ZIMRA has tried to get rid of the old “bullying mentality” by replacing tax and customs officials with souls who generally reflect the principles of integrity, honesty, courteousness and an open mind of high moral principles. This is a welcome development. ZIMRA now needs to step inside and take a good look at its policies. ZIMRA must realize that individuals and corporations are the producers of tax in Zimbabwe. There is a direct relationship in the fortunes of the producers of tax and the agent who collects it. ZIMRA must encourage the taxpayer to greater effort, through encouraging legislation to realize greater revenues. They must become true partners instead of mere authoritarians who burden the taxpayer with a plethora of taxes.

Business reinvests its funds, it creates wealth, jobs and contributes to a vibrant economy. How then can this be achieved if it is stifled with punitive penalties which are not really justified? In the absence a transparent process in its use and administration, the taxpayer will continue to pay heavily for the poor management of those in public offices. Taxpayers must be able to see where their taxes are going. Until ZIMRA adopts a plan to be transparent and accountable to its taxpayers it cannot be endorsed as transparent. Until ZIMRA behaves with more compassion and understanding to its public, it will not be judged fair. Until ZIMRA demonstrates that at all times it will act within the confines of the law and not give in to expediency it will be judged as weak without moral eptitude. However, as has already been noted, one step for ZIMRA was taken in employing the right type of people, what is needed in them is a moral sense of duty and adherence to the principles of integrity, transparency and fairness.

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