

The Other Side of Fiscalisation: Benefits of Electronic Fiscal Devices to Small and Medium Enterprises in Zimbabwe

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Abstract: The purpose of the study was to establish the benefits of Electronic Fiscal Devices to small and medium enterprises in Zimbabwe. The researcher used the qualitative paradigm, which enabled the respondents to openly express their feelings, emotions and opinions since issues related to taxation are usually sensitive. The qualitative approach provided the interviewees the platform to openly express themselves and fully present their side of the story. The purposive sampling technique was used to select respondents for the study because it enabled the researcher to focus on small and medium business operators who were knowledgeable about and were already using Electronic Fiscal Devices. Such respondents were best placed to give relevant and helpful information to the researcher. The study revealed that small and medium business operators were generally not readily aware that Electronic Fiscal Devices had any benefits to them. Most of them required further probing to be able to comprehend the existence of such benefits. The structured interview method that the author used as an instrument to gather information proved to be appropriate in this respect. The benefits of Electronic Fiscal Devices to small and medium enterprises that were highlighted by the interviewees included improvement of relations between Zimbabwe Revenue Authority officials and the business operators, easier planning and management of business, increased level of professionalism in doing business, easier monitoring of business transactions, reduction in pilferage and theft by employees. The researcher recommended that the government and the Zimbabwe Revenue Authority should not emphasise fines and penalties as a way of encouraging small and medium business operators to comply with Statutory Instrument 104 of 2010 and Statutory Instrument 148 of 2016 which requires traders to use Electronic Fiscal Devices for recording all business transactions for tax calculations and payment purposes. They should rather focus on the benefits of the Electronic Fiscal Devices as a way of improving compliance with the statutory instrument. In addition, the study recommended that the Zimbabwe Revenue Authority should carry out educational campaigns focused on benefits of Electronic Fiscal Devices to the business fraternity to improve compliance. The campaigns could be in the form of the currently popular roadshows that could be carried out at selected and strategically positioned locations such as the Green Market in Mutare where small and medium enterprises were dominant.

Keywords: Electronic Fiscal Devices, medium enterprises, business transactions.

1. INTRODUCTION

One of the major roles of government of Zimbabwe is to regulate economic activity with the aim of achieving set economic goals such as economic growth, economic development, reasonable inflation rate, income distribution equity and fairness and improved standard of living for all the citizens. Various fiscal policies can be implemented by the government to achieve set goals. Amongst the fiscal policy instruments that are at the disposal of government is taxation which normally constitutes the largest portion of government revenue in Zimbabwe. According to AFRODAD (2011), 96.5% (representing US\$930 655 559.70) of total revenue collected by the government of Zimbabwe from January 2009 to December 2009 was from taxation. Among the specific tax headers, Value Added Tax emerged to be the major contributor to tax revenue from 2009. For example, the 2011 National Budget Statement (2010) reflected that Value Added Tax had contributed 39% to tax revenue in 2009 and 2010 as indicated in the table below;

Table 1: Revenue Contribution in 2009 and 2010

Tax	% Contribution in 2009	% Contribution 2010
VAT	39	39
PAYE	15	19
Customs Duty	26	16
Corporate Tax	4	10
Excise Duty	7	7
Other Taxes	3	3

Source: 2011 National Budget (2010)

However, generally, revenue collection through taxation has remained depressed over the years forcing government to slash budget requests that are submitted by ministries every year. For example, in the 2011 National Budget, the then Minister of Finance and Economic Development in the inclusive government, was forced to propose the rationalisation of the US\$11.3 billion bids for budget funding in 2011, comprising US\$3.8 billion for recurrent expenditure and US\$7.5 billion for the capital budget, to a paltry combined total of US\$2.7 billion. The government has also suffered deficits for a prolonged period, as shown in table 2 below where the budget deficit averaged 2.04% of Gross Domestic Product between 2010 and 2016, despite regular cuts in budgetary allocations, thus, leading to failure by government to create fiscal space for meaningful economic development.

Table 2: Budget deficit of Zimbabwe as percentage of GDP

	2010	2011	2012	2013	2014	2015	2016
GDP at market prices (\$million)	10 142	12 098	14 242	15 452	15 891	16 305	16 620
Budget deficit as % of GDP	(2.8)	(2.4)	(1.3)	(2.5)	(2.5)	(1.7)	(1.1)

Source: ZIMSTAT, 2016

The above budgetary performance paints a grim picture and reflects a bleak future for the country which has forced the government to develop various strategies to improve revenue collection from taxation. One of the strategies proposed by government in the 2010 National Budget was the introduction of Electronic Fiscal Devices (EFDs). The Electronic Fiscal Devices are electronic registers that incorporate fiscal control systems that guarantee accurate reporting of tax to the tax revenue authorities. Casey and Casiro (2015) refer to Electronic Fiscal Devices as a term that can be used to depict an extensive range of devices that are used by tax or revenue administrators to monitor transactions between business operators and their customers; and between business operators and other business operators for taxation purposes. These taxes would normally come in the form of sales tax or Value Added Tax. According to the same authors, the most important component of the Electronic Fiscal Devices is tamper-proof fiscal memory that is in the form of Electronically Programmable Read Only Memory; and authorised by relevant authorities. Electronic Fiscal Devices were first introduced in Italy in 1983 after the Italian government had realised that there were revenue leakages as business operators understated sales proceeds effectively prejudicing the state of tax revenue (Chege, Kiragu, Lagat and Muthoni, 2015). The same authors indicate that Greece was the second country to introduce the use of Electronic Fiscal Devices before their use spread to other European countries and Africa. In Africa, Kenya is reported to be the first country to institutionalise the use of Electronic Fiscal Devices. The major reason for the introduction of Electronic Fiscal Devices in all these countries was to improve revenue collection through curbing revenue leakages and increasing the number of registered taxpayers or widening the tax base. Zimbabwe promulgated the use of Electronic Fiscal Devices on 8 June 2010 through Statutory Instrument 104 of 2010 but effectively implemented the system on 1 October 2011. Like in other countries, such as Tanzania and Kenya, there was significant resistance to the use of Electronic Fiscal Devices in Zimbabwe, with some business operators complaining that the cost of the Electronic Fiscal Devices was exorbitant and the suppliers who had been registered to supply the recommended devices did not have them in stock. There were, therefore, delays in the implementation of the statutory instrument. These delays resulted in people even developing unproven “theories” of connivance between the Zimbabwe Revenue Authority and business operators aimed at stalling the use of Electronic Fiscal Devices in Zimbabwe (Moyo and Musarurwa, 2017). The focus of the implementation of fiscalisation in Zimbabwe was improved revenue collection which was, generally, to the benefit of the government. The government through the

Zimbabwe Revenue Authority put stern fines and penalties for non-compliance to force the business owners to use the Electronic Fiscal Devices. According to Statutory Instrument 104 of 2010 the penalties for non-compliance were a fine not exceeding level seven or imprisonment for a period not exceeding twelve months or both such fine and such imprisonment. The overemphasis on improved revenue collection and penalties for non-compliance seemed to have overshadowed the benefits of fiscalisation to business operators especially those running small and medium enterprises. Emphasis on such benefits could have made implementation of Electronic Fiscal Devices easier and smoother through increased voluntary compliance by business operators. The researcher found it critical, therefore, to look at the other side of the issue – the benefits of fiscalisation to small and medium enterprises in Zimbabwe.

1.1 Statement of the problem:

Most business operators were reluctant to install Electronic Fiscal Devices citing prohibitive costs and unavailability of the devices as some of the reasons. The researcher, therefore, decided to find out the benefits of Electronic Fiscal Devices to small and medium enterprises hoping to improve voluntary compliance with Statutory Instrument 104 of 2010 and Statutory Instrument 148 of 2016.

1.2 Purpose of the study:

The purpose of the study was to establish the benefits of Electronic Fiscal Devices to small and medium enterprises in Zimbabwe with the hope that they would voluntarily comply with the Income Tax Act after realising these benefits.

1.3 Significance of the study:

The study will help stakeholders, especially, small and medium business operators, to view Electronic Fiscal Devices from a totally different angle where they focus on benefits of using the fiscal devices so that they comply with the country's tax laws. Improved compliance to tax regulations by the small and medium traders would result in wider tax base for the government which could increase tax revenue collections.

2. RESEARCH METHODOLOGY

The researcher used the qualitative paradigm for the study (Cresswell, Plano, Clark; 2011). The approach is suitable for studies that require respondents to openly express their feelings, emotions and opinions. Issues related to taxation are usually sensitive as some individuals tend to be overcome by emotions especially in cases where they feel they are being treated unfairly. The qualitative approach provided the interviewees the platform to openly express themselves and fully present their side of the story.

2.1 Research question:

What are the benefits of Electronic Fiscal Devices to small and medium enterprises in Zimbabwe?

2.2 Population:

The population was composed of small and medium enterprises operating in the retail sector in the city of Mutare.

2.3 Sample:

The sample comprised purposively selected owners of retail outlets in the city of Mutare.

2.4 Sampling technique:

The purposive sampling technique was used to select the sample (Flick, 2009). In this study purposive sampling was appropriate as it enabled the researcher to select individuals who had knowledge and experience Duan *et al* (2013) with Electronic Fiscal Devices. The devices were being used at their outlets. Willingness to participate and availability of interviewees also contributed towards the use of the purposive sampling technique. This was convenient to the researcher (Flick, 2009).

2.5 Instrumentation:

The researcher used semi-structured interviews to gather data from selected small and medium enterprises in Mutare on the benefits of Electronic Fiscal Devices. A semi-structured interview according to https://en.wikipedia.org/wiki/Semi-structured_interview "is open allowing new ideas to be brought up during the interview as a result of what the interviewee

says". Flick (2009) states that semi structured interviews have attracted substantial attention and are widely used due to the expectation that the viewpoints of the interviewed subjects are likely to be expressed more in an openly designed interview situation than in a standardized or structured interview. These views basically justified the choice of semi-structured interviews to gather data by the researcher in this study. It also enabled the researcher "to pick up gaps and hesitations" Oppenheim (1992:67) from the interviewees and probe further.

3. LITERATURE REVIEW

The literature that was reviewed by the researcher covered features of Electronic Fiscal Devices, reasons for use of Electronic Fiscal Devices, introduction of Electronic Fiscal Devices in Zimbabwe and other countries; and the benefits of using Electronic Fiscal Devices.

3.1 Features of Electronic Fiscal Devices:

Electronic Fiscal Devices are made up of electronic registers, fiscal memory devices and fiscal printers. According to the Value Added Tax Act (Chapter 23:12) fiscal electronic registers should possess a screen on which the customer can see simultaneously displayed the input being made by the till operator; a back up master audit facility and must be linkable to an input facility operated by ZIMRA or any other network facility; and an emergency or back-up power supply capable of lasting at least eight hours from the time the main power supply ceases. In addition, the electronic fiscal register should be capable to print sales slips for the customer with specified details; and able to retain fiscal memory of total daily sales, total value added tax charged and total sales into the given tax liability categories for a period of three years or more. The Value Added Tax Act (Chapter 23:12) stipulates that characteristics of fiscal memory devices should be the same with the features for fiscalised electronic registers as stated above but must have certain additional features. One of these additional features is that a non-fiscalised electronic register to which a fiscal memory device is attached should have an emergency or back-up power supply capable of lasting at least eight hours from the time the main power supply ceases. This would also apply to such similar networked non-fiscalised electronic registers.

3.2 Reasons for use of EFDs:

The justification put forward by most governments for implementing Electronic Fiscal Devices revolve around improvement of revenue collection through improved compliance and plugging of tax collection loopholes. Kira, (2016) points out that the major reasons for the implementation of Electronic Fiscal Devices like most tax reforms are to enhance government revenue, improve efficiency in tax collection, eliminate tax evasion and tax avoidance, widen tax base and simplify tax administration. Casey and Casiro (2015) generally agree with this view when they indicate that the aim of tax reform is to improve voluntary compliance by taxpayers, reduce the tax gaps, enhance revenue collection and improve the effectiveness of the tax administrators. Chege, Kiragu, Lagat and Muthoni (2015) when referring to the invention of Electronic Fiscal Devices in Italy in 1983 state that the introduction of Electronic Fiscal Devices was ignited by the realisation by governments of the time that traders or business operators collected sales proceeds efficiently but failed to honour the payment of taxes thereof to the government treasury coffers. Referring to Zimbabwe, AFRODAD (2011), state that "To improve VAT collection, the government has introduced legislation making the use of fiscalised electronic registers mandatory." The same source indicated that the institutionalisation of fiscal devices was expected to address loss of revenue by the government as the devices could not be tampered with. In the 2010 Mid Term Plan, the government specifically indicated that it was implementing Fiscalised Electronic Registers and Fiscal Memory Devices with enhanced security features that minimised fraud with the aim of reducing revenue leakages.

3.3 Electronic Fiscal Devices in other countries:

Most authors including Casey and Casiro (2015), Chege, Kiragu, Lagat and Muthoni (2015) and the OECD (2013) corroborate that Electronic Fiscal Devices were first introduced in Italy in October 1983 after the government had realised that traders failed to remit taxes to the treasury in spite of having collected the taxes from their customers or clients. Casey and Casiro (2015) further state that Greece was the second country to use Electronic Fiscal Devices. Cobović, Katolik, Novak (2013), indicate that the Czech Republic, Slovakia, Hungary, Serbia and other countries followed suit and successfully implemented Electronic Fiscal Devices while by then countries such as Germany were in the process of implementing Electronic Fiscal Devices. According to Chege, Kiragu, Lagat and Muthoni (2015), by 2015 these devices were in thirty-three countries which included Kenya, Ethiopia, Tanzania, Rwanda, Malawi, Uganda in Africa. According to Casey and Casiro (2015), Kenya was the first country to introduce Electronic Fiscal Devices in Africa. Kenya used

Italy and Greece as reference points. Tanzania, through the Tanzania Revenue Authority (TRA), introduced the first phase of Electronic Fiscal Device (EFD) to VAT registered traders under the "The Value Added Tax (Electronic Fiscal Device) Regulation, 2010" - Subsidiary Legislation, Government Notice No. 192, and enshrined in the Finance Act 2010 on May 28, 2010 with the main aim of enhancing VAT compliance in Tanzania. The TRA launched the second phase of Electronic Fiscal Devices on May 15, 2013, in order to further improve tax collection from non-VAT registered traders. The system was aimed at reorganising tax information from over 200,000 traders (Israel, 2013). The Tanzanian system was technologically advanced in that the fiscal devices were General Package Radio Services (GPRS) based making the Tanzania Revenue Authority the first Revenue Authority to implement such a system in Africa (Kira, 2015). The fiscal devices provided "two way communications between very advanced Server Software called EFDs and Fiscal Cash Registers" Kira (2015:41). However, there was resistance to this policy with retailers deciding to close their businesses in September, 2013 in Mbeya, second week of November 2013 in Morogoro and in Dar es Salaam from 18 to 20 November 2013 for reasons that included the high cost of acquiring and installing the Electronic Fiscal Devices (<http://www.kigalikonnnect.com>). Kenya is another African and developing country that has made significant progress in the implementation of EFDs, notwithstanding various challenges. Weru *et al.*, (2013) reveal that when the ETR machines were introduced by Kenya Revenue Authority most of the businessmen and service providers rejected them. Weru *et al.*, (2013) claim that one of the reasons why business operators rejected the devices was just the fear of change. The authors state that Asian traders openly protested in Mombasa town by marching on the streets and temporarily closing their shops. Many business operators continued to refuse to use fiscal devices in Kenya with even those that were using the devices using illegal methods to evade paying taxes by not issuing receipts after sales or offering a service with some being caught and prosecuted (Weru *et al.*, 2013). Most of the reasons for rejection of using fiscal devices are in line with those given by Swanson (2000) when analysing general reasons for resisting change. In summary, Swanson (2000) points out that the reasons for resistance to change include among others: lack of conviction of need for change; dislike of imposed change or no involvement in the change; dislike of surprises or no information for readiness, fear of the unknown, and uncertainty; reluctance to deal with unpopular issues; fear of inadequacy and failures due to need for new skills; disturbed practices, habits, relations and familiarity; and lack of respect and trust in persons promoting the change.

3.4 Fiscal devices in Zimbabwe:

The requirement for some retailers in Zimbabwe to use Electronic Fiscal Devices was promulgated on 8 June 2010 through Statutory Instrument 104 of 2010 intended to be effective from 1 July 2010. The instrument initially required all operators who qualified (that is, those who had a turnover of US\$240 000.00 and above per annum) to register under VAT category C. Category C is for businesses that are compulsorily required by the Income Tax Act (Chapter 23:06) to register for tax purposes with ZIMRA. The implementation of this statutory requirement in Zimbabwe was met with mixed feelings with the business community frequently requesting for postponement. When the deadline for implementation arrived, the business operators requested for another postponement; and the postponement was granted to 1 January 2011. Further presentations for an extension were made again to the government by the registered operators. Finally, the fiscalised recording of transactions was effectively implemented on 1 October 2011; with a possible further extension of 90 days. However, due to low revenue collection, especially, from small and medium enterprises, the government revised the statute through Statutory Instrument 148 of 2016 to include Categories A, B and D. Categories A and B are for businesses that generate revenue below \$240 000.00 while Category D is for seasonal businesses. This was effective 1 January 2017. These are required to use one of three approved fiscal devices <https://smezim.com/2016/11/18/zimra-fiscalisation-mandatory-for-all-vat-categories/>. The Minister of Finance and Economic Development during the Government of National Unity period, in his 2011 National Budget statement, highlighted that the use of Electronic Fiscal Devices was specifically meant to minimise tax fraud (tax evasion and tax avoidance) and protect the fiscus from potential revenue prejudice (enhance revenue generation) since the electronic tax registers contained read only fiscal memory and could be linked with the tax office through General Packet Radio Service (GPRS) which enabled tax authorities to even determine tax payable by retailers before declaration. Mlambo (2017) claims that revenue collections by the Zimbabwe Revenue authority had increased by 50% when comparing revenue collected in the first seven months of 2015 with revenue collected in the first seven months of 2016. Mlambo (2017) states that 60% of 10 000 fiscal devices of Category A registered tax-payers had been connected to the Zimbabwe Revenue Authority system and 350 000 fiscal devices were expected to be connected to the system after the inclusion of tax payers in Categories A, B and D. Nonetheless, the implementation of the fiscalisation programme faced significant resistance from business operators who felt that the fiscal devices were too expensive coupled with the fact that the fiscal devices were not readily available in the

country (Moyo and Musarurwa, 2017). According to the same authors, progress in the implementation of the system was suspected to be stalled by some Zimbabwe Revenue Authority officials who were being suspected of protecting an enclave of tax evaders and non-compliant companies. The government of Zimbabwe, through the Income Tax Act (Chapter 23:06), allowed business operators to claim 50% of the cost of acquiring the Electronic Fiscal Devices as input tax on their Value Added Tax returns while the balance could be claimed as a special initial allowance in a bid to make it easier for the traders to purchase the fiscal devices. The Act also exempts importers of fiscal devices from paying customs duty and value added tax, and exempts charging of value added tax on sale of the fiscal devices in order to reduce the cost of acquiring the gadgets.

3.5 Benefits of Electronic Fiscal Devices:

Some of the benefits of a tax system according to tax theory are equity, efficiency, certainty (Zhou and Madhikeni, 2013); and fairness. The introduction of Electronic Fiscal Devices by most governments including that of Zimbabwe seems to be premised on these principles. This is in tandem with OECD (2013) who point out that Electronic Fiscal Devices promote fairness through providing security to sales data as none of the business agents can temper with the financial information stored in the memory of the device. These agents include employees, business owners and the tax authorities. It implies, therefore, that fairness in tax assessments is enhanced (Mahommed, 2015). According to Karongo (2014) in Mahommed (2015), the use of Electronic Fiscal Devices makes it easy to retrieve sales and stock reports at any particular time but mostly daily, weekly or monthly and annually for most business and tax authorities. The transmission of tax information to tax authorities may be instant and continuous as highlighted by the 2011 National Budget of Zimbabwe when connected via General Packet Radio Services. Electronic Fiscal Devices provide a modern way of keeping business records when compared with the traditional manual record keeping system and provides access to genuine and legal receipts each time a purchase is made, Karongo (2014) in Mahommed (2015). Generally, researchers agree on most of these benefits. Nyasha *et al* (2013) quoting Newcomb (1943) imply that the benefits of Electronic Fiscal Devices stem from the benefits of automation in general. This approach is similar to the one taken by the Zimbabwe Revenue Authority in one of its bulletins aimed at encouraging the use of Electronic Fiscal Devices by business operators. The benefits highlighted by the Zimbabwe Revenue Authority were based on the brave assumption that the benefits were similar to those of any other automated process. According to Nyasha *et al* (2013), the benefits of automation include reduction of fraud, access to information from a remote point, improved collection of statistics and uniform application of tax legislation. Nyasha *et al* (2013) who researched on the attitude of employees in the motor industry in Zimbabwe on adoption of Electronic Fiscal Devices further states that the introduction of tax automation minimises direct contacts between tax collection officers and traders or their agents and hence leads to a reduction of corruption. According to the authors, further benefits achieved through customs automation, for example, include improved reporting, control of file transfer, automated reconciliation of tax returns declarations and compliance testing of bank files. Paperless declarations and customs automation save time and make it easier to focus on inspecting high-risk consignments while the possibility of submitting tax returns declarations on-line has in some cases made it possible to reduce the associated fees, in other cases it eliminates the obligatory contracting of customs agents (Nyasha *et al*, 2013). However, it would be important to establish the benefits of Electronic Fiscal Devices to business operators in general and small and medium enterprises in particular through research rather than base them on the assumption that they were similar to those experienced from automation. This study, therefore, specifically focused on finding out the benefits of Electronic Fiscal Devices to small and medium enterprises with the hope that more traders would comply with the use of the devices. The discussion on and justification of implementation of Electronic Fiscal Devices seems to be focused mainly on benefits of the system to the government. On the other hand, business operators have not been mainly considered as primary beneficiaries of the system and they, themselves seem to not have realised any benefit emanating from the system hence it has been difficult to convince them to use Electronic Fiscal Devices. This study, therefore, sought to establish benefits resulting from the use of Electronic Fiscal Devices to small and medium business operators with the hope that instead of emphasising on punitive measures to encourage compliance, the authorities may emphasise benefits to encourage voluntary compliance.

4. DISCUSSION AND FINDINGS

The saturation point was reached after eleven (11) interviews had been carried out by the researcher. The researcher was satisfied that there would be insignificantly different responses after the eleventh interview. A group discussion was arranged with the same business operators but only eight (8) turned up. As shown in Table 3 below the each of the interviewees had at least 5 years experience in their business and had used Electronic Fiscal Devices for at least one (1) year implying that they were knowledgeable about the issues under discussion.

Table 3: Profiles of interviewees

Interviewee	Gender	Age	Years in business	Year EFD installed	Estimated annual total revenue
1	Male	45	14	2014	Above 240 000
2	Male	51	20	2016	Above 240 000
3	Female	38	6	2014	Above 240 000
4	Male	42	12	2013	Above 240 000
5	Female	47	8	2017	Below 240 000
6	Female	60	25	2015	Above 240 000
7	Female	52	7	2017	Below 240 000
8	Female	35	6	2014	Above 240 000
9	Male	33	5	2017	Below 240 000
10	Male	49	21	2014	Above 240 000
11	Male	42	6	2013	Above 240 000

The study was exciting in that the researcher discovered that most interviewees seemed to never have thought that Electronic Fiscal Devices could be benefiting them in anyway – it had never crossed their minds. All they seemed to focus on were the costs and challenges they were facing with the adoption of the Electronic Fiscal Devices and only perceived it as a system that was intended to increase government revenue. The research instrument (interviews) helped in this case because the researcher would probe further and give direction to the interview to solicit the appropriate and relevant responses from the interviewees. This, however, implied that the interviews took longer than initially expected but was fruitful in that it enabled the small and medium business operators to think widely and deeply about the probable direct benefits of the Electronic Fiscal Devices to them and their businesses.

The interviewees revealed that the small and medium traders were not only reluctant to use Electronic Fiscal Devices due to costs as highlighted in some of the newspapers but they were actually afraid of a tighter system that would not give them any breathing space as the Electronic Fiscal Devices system operated on real time basis. This implied closing of most loopholes that could enable tax avoidance and tax evasion amongst the small and medium enterprises. This could help to explain why some of the interviewees took long to install Electronic Fiscal Devices.

The fiscalised system was viewed by most traders as an additional cost to the business operators hence the initial resistance. This would help to explain resistance faced in Kenya, Tanzania and Zimbabwe with some small and medium traders suggesting that since the government was the only beneficiary of fiscalisation it would be fair for the state to finance the acquisition of the fiscal devices on behalf of the business operators.

The small and medium business operators indicated that fiscalisation had reduced the probability of the “dreaded” visits from tax officers. The small and medium business owners expressed their fear of Zimbabwe Revenue Authority tax audits as they claimed that it was most probable they would be penalised for one reason or the other in any audit carried out by the Zimbabwe Revenue Authority.

The interviewees were excited by the element of professionalism brought about by the use of Electronic Fiscal Devices. The traders claimed that the level of professionalism and way of operating business had significantly improved with small and medium enterprises being forced to be abreast of current standards transacting and technology. Most of them indicated that this had changed how they perceived their businesses as they felt bigger and more professional. An example highlighted by most business operators was that it was compulsory for them to issue receipts to their clients for any transaction made; and this showed some seriousness and professionalism in doing business.

Calculation of tax payable was now easier and clearer as it was done automatically with each transaction; and by a pre-configured machine. The interviewees claimed that this made business planning and management easier with owners able to easily predict the amount they would be required to pay on due dates. They also indicated that it was now easier for them to calculate other figures such as total sales with other spin off benefits such as calculation of stockholding. It made it easier for them to measure the performance of their business enterprises.

Some of the business owners indicated that they had been motivated to computerise their whole business systems following the requirement by government for them to use Electronic Fiscal Devices. Two of the business operators indicated that it had become easier for them to monitor their workers’ performance from home since they had to put Closed Circuit Television (CCTV) systems. The issue of improvement in monitoring and managing the business was

closely tied to reduction in pilferage and theft of stock by employees which most of them claimed to be a thorny issue since it could lead to the collapse of their business operations. They also stated that it had improved customer service as workers knew they were being monitored.

Most traders felt that the system had improved relations between them and Zimbabwe Revenue Authority officials because before the introduction of the system they tended to view each other with suspicion and skepticism that led to friction especially in cases where tax figures had to be calculated manually. The small and medium traders pointed out that there had been disputes between Zimbabwe Revenue Authority officials and owners of small and medium business enterprises with the former viewing the latter as cheats while business owners felt the Zimbabwe Revenue Authority officials were too hard on them and treated them unfairly. This tended to create conflict between the two parties. This conflict had been reduced as most transactions were done electronically with minimum human intervention. This tended to build trust and confidence in the tax administration system.

The small and medium business operators highlighted that the submission of tax returns used to be laborious and costly as they had to submit hard copies that required tax experts and consultants to compile. Now they submit soft copies downloaded from the fiscal devices through the internet. This also reduced the costs of running the business as they did not need to physically travel to the Zimbabwe Revenue Authority offices to submit tax returns.

5. CONCLUSION AND RECOMMENDATIONS

The small and medium business operators that were sampled could not readily identify the benefits of using Electronic Fiscal Devices in their businesses and required further probing to be able to navigate the benefits. The benefits of Electronic Fiscal Devices to small and medium enterprises include improved management of business operations, increased professionalism, reduction of business operating costs and low probability of visits from the Zimbabwe Revenue Authority officials; and being able to keep pace of technological developments. The researcher recommends that the government and the Zimbabwe Revenue Authority limit the use of fines and other penalties as a way of ensuring that small and medium business operators comply with Statutory Instrument 104 of 2010 and Statutory 148 of 2016 which require traders to use Electronic Fiscal Devices for recording all business transactions for tax calculation and payment purposes. The authorities should emphasise the benefits of using Electronic Fiscal Devices. These benefits should primarily include personal and own business benefits rather than the general national benefits of tax compliance such as national development and economic growth that are remotely connected with the business operators and their needs. The benefits that should be pointed out encompass improved management of business operations, increased professionalism, and reduction of business operating costs and low probability of visits from the Zimbabwe Revenue Authority officials. Though some of the benefits like improved professionalism may not be tangible it should be expressed upon the small and medium traders that it changes the way they perceive their business operations and may help them grow into huge corporations. The small and medium business operators would also keep abreast of developments in technology. It was pointed out earlier that it took time and further probing for most small and medium business traders to realise that there could be some benefits to their businesses that could be resulting from their use of Electronic Fiscal Devices. This clearly shows lack of education and information on benefits of Electronic Fiscal Devices that would require the Zimbabwe Revenue Authority to carry out educational campaigns focused on benefits of Electronic Fiscal Devices to the business fraternity. The campaigns could be in the form of the currently popular roadshows that could be carried out at selected and strategically positioned locations. For example, such campaigns could be held at informal trader stalls such as the Green Market in Mutare where small and medium enterprises are dominant.

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