

A Logit Model of Informal Traders' Decision to Evade Tax: A Case of Zimbabwe

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Abstract: *Taxation is the commonest and oldest source of government revenue in the world. The main reason for taxation is to finance government expenses and redistribute of wealth. The shadow economy and tax evasion are both widespread in Zimbabwe. When the taxation system is not effective, many economic agents will use this opportunity to escape paying tax (which is legal) or evade tax which is illegal. When tax evasion exist, the government fails to allocate enough income for its programs, hence fails to deliver desirable social services. Noting the significant influence of tax evasion on the state, this paper pursues to determine factors that cause tax evasion and their relative impact. A questionnaire approach has been employed to collect responses. Using a logit model the results shows that income, marital status and frequency of crossing the border have positive effect on tax evasion.*

Key words: *Taxation, Informal trader, tax evasion, tax avoidance, Logit, Zimbabwe.*

JEL Codes: *C25, D10, D21, F10, F14, H26.*

I. Introduction

Taxation has become a major source of funding government expenditure in Zimbabwe. The benefits received principle holds, which indicate that taxpayers are obligated to contribute to government (through taxation) in production to the advantages they receive from public spending. Taxes constitute the greater portion of government revenues, in Zimbabwe due to the ill-performing of parastatals and reduced foreign aid. The major categories of taxes in most economies include income tax, value added tax (VAT) and excise. Zimbabwe, just like many other developing nations is struggling and cannot reach its potential in terms of revenue from taxes as a result of high levels of tax evasion.

Tax administrations face dynamic challenges to levy and collect taxes due anywhere and anytime in the world especially in the developing countries. In the world, the administrators of tax do face a lot of challenges brought through the evasion of tax. As elaborated by Alm and Martinez-Vazquez (2007), taxing certain sectors, types of economic activities, or individuals [informal sector] is a challenge in both developing and developed world.

Zimbabwe has a fast growing informal sector [Masarirambi, 2013] and hence increased tax evasion. Despite registering growth, the sector has remained hidden and uncontrolled and the government has not managed to collect much tax revenues from the sector, Masarirambi (2013). Tax evasion is commonly known as the use illegal means to avoid paying taxes. This practise is done by individuals, firms, trusts and other entities in the economy. In evading taxes there is deliberate misrepresentation of the true economic state to the tax collectors for tax liability to be low. Common practice include dishonest tax reporting through declaring less earnings, profits and gains or overstating allowable deductions.

The concept of informal trade is not new. Informal trade has been a major source of job creation in Africa. According to McLachlan (2005), informal trade has been providing 20-75% of total employment in most countries [excluding South Africa]. For West Africa the range is quite wide, 20-90% of the national economy.

The Zimbabwe Revenue Authority (ZIMRA), a formal tax collecting body in Zimbabwe, in an effort to recover lost revenue through informal trading, recently has been collecting tax from informal traders and some institutions that previously evaded the tax net since 2009 [audit follow-ups]. The evasion of tax decision may largely be driven by the economic agent's perceptions of the behavior of other agents. If tax evasion becomes widespread, the act becomes more socially acceptable and hence more harm to the economy.

More than 30% of revenue per year is lost through rampant tax evasion in Zimbabwe. Masarirambi (2013) indicated that informal traders in Zimbabwe who are liable to tax laws do not pay taxes, depriving the government of millions of dollars in potential tax revenue. Currently, the Zimbabwe economy is struggling to reshape its economy, and this journey is being pulled down since some of the revenue is lost through tax evasion. A study by Global Financial Integrity in 2010, placed Zimbabwe at the top of the 20 nations with the largest revenue lost. An estimated US\$225.11 out of expected US\$714.5 million leaked through mispricing of trade for 2002-2006 period.

The act of evading tax is a world concern. As of recent, the issue of evasion has attracted the public and the relevant official's interest, in an effort to curb evasion levels. Due to its nature, curbing it comes at a cost, and hence it is very difficult for tax authorities to eliminate it completely.

The problem of the study emanates from the fact that the economy is reported as losing millions of dollars every year as a result of increased effort by respective taxpayers in the act of evasion [ZIMRA reports]. The informal sector is also fast growing, hence indicating an increased difficulty in detecting evasion in trade. There is now fear that the problem of evading tax is becoming a norm from one generation to the other at the expense of the economy. Hence the motive for this study is to determine the causes of informal sector tax evasion decision. The study seeks to explore why informal traders evade tax. The study will particularly refer to informal traders and perceived tax rates levels in Zimbabwe.

The study is of great importance, as it seeks to protect developmental pace of the economy by identifying factors influencing the decision to evade tax, hence providing solutions to policy makers. The study will also add to existing literature on tax evasion and avoidance in developing world, taking into account origin, driving force and concentration areas and sectors.

The paper is organised into five parts, the introduction, review of literature, discussion of the methodology, data analysis and lastly, policy and recommendations section.

II. Literature Review

Tax evasion has to be separated from tax avoidance. While tax evasion is referred to the act of illegally paying less taxes than the amount legally required by law, tax avoidance refer to the legal exploitation of the tax regime for the benefit of oneself.

Tax is evaded in many ways, however, the study will dwell on actions by informal traders. Customs Duty Evasion. In this category under invoicing and incorrect classification is too common. According to Fuest and Riedel (2009) a less quantity declaration is also done by informal traders.

Undesignated Ports of Entry. This is commonly called smuggling. This refers to the situation when traders bring in goods through undesignated points and hence avoid customs procedures totally. Other common forms of tax evasion.

Failure to report income. This refers to when an economic agent does not furnish income earned, or decide to take unauthorized deductions [personal expenses deducted on a business tax return]. In some cases one falsely claiming charitable rebates and/or inflating the charitable deductions amounts. Sometimes agents file false tax returns. In other tax evasion cases companies knowingly and significantly underreport the true value of an estate.

Generation of untaxed income is by and large on the following accounts (ZIMRA, 2010): Under reporting of income to avoid taxes, under invoicing of goods and services to avoid commodity taxes, real estate transfer at lower value to avoid taxes and to use black money earned elsewhere and tax evasion.

The A-S Model is one of the earliest and best a known model of tax evasion. The model was developed Allingham and Sandmo in 1972, hence deriving the name A-S model. The A-S model assumes that the true tax base is not costlessly observable to the tax collection agency though known to the tax payer. The taxpayer, in this case may fail to resist the temptation, and hence report a taxable income lower than the true value. The deterring factor that may lead to an individual not evading tax is a fixed probability [p] that any income understated will be detected and subjected to a fine [q] over and above the true tax liability. All real decisions in this A-S model are held fixed and only the taxpayer's report is chosen.

Skinner and Slemrod (1985) criticised such models indicating that they were not adequate to explain many aspects of failure to comply behaviour by economic agents. The A-S model is weaker as it assumes that the probability of an audit is constant. In reality, tax audits are not purely random since the probability of an audit occurring is likely to rely on the volume of earnings reported. Models by Roth et al. (1989) and Fischer et al. (1992) add much insight into the problem of tax evasion. However, the models failed to realise that in the face of certain detection cum penalty, tax evasion is likely to be negligible, and that an increase in the likelihood of detection with penalty will decrease tax evasion.

Behavioural theories rejects the classical approach of A-S model. A study by Andreoni, Erard and Feinstein (1998) identified three moral and social factors that are deemed relevant: moral rules and sentiments; the taxpayer's perception of the fairness of the tax system and burden; and finally the degree of satisfaction that taxpayers have with respect to the provision of public goods and services. From a classical point of view, one may admit the validity of these models if one expands on the variables that enter the taxpayer's utility function [notions as guilt or shame].

Another band of theories is commonly termed, Slippery Slope [Kirchler, 2007; Kirchler, Hoelzl & Wahl, 2008]. The framework emanates from the fact that tax climate in a society can vary on a continuum between an antagonistic climate and a synergistic climate. The taxpayers and tax authorities work against each other, hence is high social distance between. The other aspect indicates the opposite that there exist a

relationship and there is a close social distance. A clear distinguish is made between enforced compliance and voluntary compliance. The idea about tax compliance is examined along two major dimensions [coercive power of tax authorities to enforce compliance and trust in tax authorities].

Empirical Literature Review

The behaviour of economic agents who evade tax is very difficult to analyse. This may be because data on the extent of evasion not be available for external analysis or its reliability questionable. However, with such challenges prevailing various empirical studies have been carried out. Most empirical studies have been relying on primary data through questionnaires.

Clotfelter (1983) uses Tobit model on TCMP data for 1969 when investigating the determinants of underreporting. The author concluded that marginal tax rate and after-tax income have significant impact on underreporting by individuals. The study also indicated that underreporting is higher for the youngest age-groups. The study did not investigate probability of detection on tax evasion.

A study by Witte and Woodbury (1985) focused on the effect of enforcement parameters also using 1969 TCMP data. The authors found the percentage of underreporting inversely related to the audit probability. Dubin and Wilde (1988) criticize Witte and Woodbury's results and highlight the potential endogeneity of audit rates.

In an effort to investigate the impact of audit rates and tax rates on tax compliance, a study by Dubin, Graek and Wilde (1990) use time series cross section data [state level] from 1997-1985. The results of the study indicated that continuous audit rate decline over the period caused a significant decline in tax collections. However, the study's measure of probability of detection is subject to the same endogeneity problems as the cross sectional analyses. Various interesting studies on the matter of tax evasion includes Kassipillai, Aripin, and Amran (2003), Kassipillai and Hijattula (2006) and Ritsema (2003).

Demographic factors such as age, marital status and sex have been earlier examined as factors that determine taxpayers' ethical view [McGee *et al* (2005); McGee (2005a and 2005b); Torgler and Schaltegger (2006)]. Some studies have also indicated a positive relationship between education and taxpayers' attitude [Dubin and Wilde (1988), Devos (2008, 2005)]. Ahmad, Mohd-Hanefah and Mohd-Noor (2007) and Chau and Leung (2009) identified two aspects of education: formal education and knowledge through common. Eriksen and Fallan (1996) indicated that level of education received by a taxpayer is a very important factor which gives a better understanding about taxation.

Unawareness to tax obligations have been cited by some authors [Mckerchar *et al* (2009), Torgler and Schaltegger (2006) and Abbric and Doussy (2006)]. Inflation has also been cited as causing tax evasion [Crane and Nourzad (1986), Fishlow and Friedman (1994) and Caballe and Panade (2004)]. Government and intensity of regulations are other importance factors that have significant effect on tax evasion [Aigner *et al.* (1988), Schneider and Savasan (2007), Dell'Anno *et al.* (2004), Sameti *et al.* (2009)]. Studying tax evasion in South Africa, Embaye (2007) showed a close and positive relationship between income (GDP Per capita) and tax evasion.

III. Methodology

In its analysis, the study will employ the Logit regression model in estimation of the collected data. The Logit model assumes that the error term follows a logistic distribution, and it follows the functional form;

$$P_i = E(Y=1 / X_i) = \beta_1 + \beta_2 X_i$$

P_i – probability of evasion
 X_i – vector of explanatory variables

The study will derive its specific model from the following empirical model;

$$\text{Tax Evasion} = F [\text{Age}, \text{Sex}, \text{Edu}, \text{T/rate}, \text{Inc}, \text{Reli}, \text{Ms}, \text{Freq}, \text{Race}]$$

The specific model is as follows;

$$P(\phi) = \beta_0 + \beta_2 \text{age} + \beta_3 \text{sex} + \beta_4 \text{edu} + \beta_5 \text{ms} + \beta_6 \text{inc} + \beta_7 \text{reli} + \beta_8 \text{t/rate} + \beta_9 \text{rac} + \beta_{10} \text{freq} + u_i$$

$$\phi = [\text{Tax Evasion} = 1 / X]$$

$\beta_0 - \beta_{10}$ is a constant, *Age* is age; *educ* is education level; *inc* is income level, *ms* is marital status; *sex* is sex; *Reli* is religion; *rac* is race; *freq* is frequency of crossing the border; *t/rate* is tax rate level; u_i is an error term.

DISCUSSION OF VARIABLES		
Variable	Nature	Discussion
Tax Evasion [dependant]	binary	Takes a value of 0 or 1
Age	continuous	Young age is expected to evade more. Age squared is used to capture old age.
Sex	dummy	0-females, 1 –males, males expected to evade more.
Race	dummy	0 – whites, 1 – Africans.
Education	dummy	1-Primary and below, 2 – secondary education, 3 – college/university. The educated evade more.
Marital status	dummy	0-not married, 1 – married
Income	dummy	Positive relationship expected
Religion	dummy	0-non church, 1 – Christians, 2 – muslims
Tax rates	dummy	Perceived high tax rates lead to a higher evasion.
Frequency	dummy	0-once, 1 – more than once

The study is based on primary data collected from 250 informal traders that used Kariba Boarder Post to enter Zimbabwe. A questionnaire approach is used, with closed ended questions. To ensure quality of responses, a pre-test was initially done, and possible corrections were done prior to the final issuance of questionnaires.

To ensure unbiased results are obtained from the study, appropriate tests will be employed on the data collected. The tests include collinearity tests to check the strength of collinearity between explanatory variables. Specification tests will also be done using the Ramsey RESET test, and appropriate adjustments will be done.

IV. Data Analysis and Model Estimation

Table 1 : Summary Statistics for Tax Evasion

T/Evasion	Frequency	Percent	Cum
0	45	26.95	26.95
1	122	73.05	100
	167	100	

From the survey, 250 respondents were interviewed and valid responses amounted only to 167. This is a response rate of approximately 67%. From literature a response rate of 55% is required to use the data for analysis (Heinemann, 1936) and this response rate therefore provides useful information. 83 were invalid responses thus to say they were partially answered and some were not correctly answered. From the total of valid responses, 27% paid taxes. However, the remaining larger figure of 73% was did not pay taxes.

Table 2 : Summary Statistics of Continuous Variables

Variable	Observatio n	Mean	Standard Deviation	Min	Max
INC	167	7,106.59	3397.876	1200	24000
AGE	167	39.67066	12.94867	18	78
T/RATES	167	2.353293	0.76896	1	3

Income. Minimum income was US\$1200 and the maximum wasUS\$24000 dollars. The mean annual income was around US\$7100 dollars. Over a period of a month, on average an individual earned approximately US\$592 dollars. The mean income level is reasonably higher showing that the interviewed informal traders in the sample were middle to higher income earners.

Age. The ages of respondents ranged from 18 to 78. The mean age was 39.67066. This shows that the respondents' sample was composed of mature respondents who were able to make reasonable contributions in the study.

Tax Rate. Tax rate was measured by a scale which ranged from low to high. The mean preference level was 2.353293. Generally tax rate was above the average when considering the scale used.

Table 3 : Summary Statistics for Marital Status

Marital Status	Frequency	Percent	Cum
0	34	20.36	20.36
1	133	79.64	100
	167	100	

Out of a total of 167 valid responses, 34 of them represented by 20% were not married and 133 of them (80%) were married.

Table 4 : Summary Statistics for Education

Edu	Frequency	Percent	Cum
1	17	10.18	10.18
2	56	33.53	43.71
3	94	56.29	100
	167	100	

From the table a greater percentage of the respondents had attained secondary education as shown by a greater percentage of 56% followed by those who have attained primary level (33.53%). Universities and colleges constitute the smallest proportion (10.18%). This result might be due to increased campaigns for high literacy rates worldwide.

Table 5 : Summary Statistics for Sex

Sex	Frequency	Percent	Cum
0	44	26.35	26.35
1	123	73.65	100
	167	100	

Of the 167 valid responses, 74% were males and the remaining 26% were females. Specifically, 123 of the respondents were males and the remaining were females showing that a greater number of the tourist visitors to the park were men. The possible explanation for that might be that men are risk takers.

Table 6 : Summary Statistics for Frequency

Freq	Frequency	Percent	Cum
0	40	23.95	23.95
1	127	76.05	100
	167	100	

24% of the respondents went across the border once and the remaining 76% crossed the border more than once. From the sample, it can be shown that a greater number of the tourists had made frequent visits to the park.

Table 7: Summary Statistics for Race

Race	Frequency	Percent	Cum
0	47	28.14	28.14
1	120	71.86	100
	167	100	

Most of the respondents were Blacks. The survey shows that from the total number of informal traders who crossed the border, 72% were from blacks and the remaining smaller proportions of 28% were whites.

Table 8: Summary Statistics for Religion

Religion	Frequency	Percent	Cum
0	81	48.5	48.5
1	28	16.77	65.27
2	58	34.73	100
	167	100	

Of the 167 valid responses, 35% were Non-Christians, 17% regarded as Muslims and the remaining 49% were Christians. A greater proportion of the respondent believed in Christianity.

4.1 Regression results

The specific model was estimated using the logit regression technique on a Stata Programme. A regression model was run with all independent variables and the following results were obtained in table 9 below;

Table 9: Estimates of logit model

T/EVASION	Coef	Std. Err.	z	P> z	[95% Conf. Interval]	
INC	0.000282	0.000114	2.48	0.013	0.000059	0.000505
AGE	0.098902	0.037163	2.66	0.008	0.026064	0.171740
MS	2.766249	1.031539	2.68	0.007	0.744470	4.788028
RELIGION	0.566072	0.471124	1.20	0.230	-0.026673	1.937452
RACE	2.193522	0.838313	2.62	0.009	0.550460	3.836585

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T/RATES	0.955389	0.501061	1.91	0.057	-0.026673	1.937452
SEX	0.890677	0.805833	1.11	0.269	-0.688727	2.470082
EDU	1.849075	0.555593	3.33	0.001	0.760133	2.938017
FREQ	2.753492	0.917931	3.00	0.003	0.954380	4.552604
cons	-17.2335	3.78871	-4.55	0.000	-24.65931	-9.80784

Number of obs = 167, LR chi2(9) = 143.87 (0.0000), Log likelihood = -25.379702, Pseudo R2 = 0.7392

Out of nine variables regressed variable, six were found to be significant in explaining tax evasion by informal traders. Tax rates were significant at 10% level. The explanation might be that, informal decision to trader is not influenced by whether one is male or female. Also, believes of an informal trader doesn't influence his/her decision to evade tax. Therefore in order to come with the best fitted model, a second regression was run with insignificant variables excluded and the following results in the table were obtained;

Table 10: Estimates of logit model after dropping out insignificant variables

TEVASION	Coef.	std.err	z	P> z	[95% Conf. Interval]	
AGE	0.0937564	0.0333822	2.81	0.005	0.0283285	0.159184
MS	2.55281	0.9199744	2.77	0.006	0.7496938	4.355927
INC	0.0002829	0.0001074	2.63	0.008	0.0000723	0.000494
RACE	2.393192	0.782273	3.06	0.002	0.8599655	3.926419
EDU	1.699546	0.4991287	3.41	0.001	0.7212717	2.67782
FREQ	3.161473	0.8402421	3.76	0	1.514629	4.808318
cons	-13.81017	2.819046	-4.9	0	-19.3354	-8.28494

Number of obs = 167, LR chi2(6)=138.04 (0.0000), Log likelihood = -28.295912, Pseudo R2 = 0.7092

4.2 Discussion of Results

Log likelihood. This is used to test the hypothesis that all the regression coefficients are zero using an alternative choice that at least one is not equal to zero. It is estimated when the model has reached a certain convergence after a number of iterations; in this case, it reached after eight. The results show that the model converged and iterations stopped at a level where the Log likelihood was equivalent to -28.295912, a number which is significantly different from zero showing that the data correctly fits the model.

LR chi2 (8). This is the Likelihood Ratio (LR) Chi-Square test that at least one of the predictors' regression coefficients is not equal to zero in the model. The LR test statistic is 138.04 with 8 degrees of freedom. The LR chi2 (8) of 138.04 is statistically different from zero showing that the model has greater explanatory power than an intercept only model.

Prob>chi2. This is the probability of getting a LR test statistic as extreme as, or more so, than the observed under the null hypothesis; the null hypothesis is that all of the regression coefficients in the model are equal to zero. The study results above show a p-value of 0.0000 hence significant at 1% level leading to the conclusion that at least one of the regression coefficients in the model is not equal to zero.

Reset Test. The probability of the chi-square statistic for this test was found to be 0, 6667. This probability is insignificant at all conventional levels thus we reject the null that the model is incorrectly specified. Generally there is no evidence of model misspecification.

Table 11: Marginal effects after logit

variable	dy/dx	Std. Err.	Z	P>z	[95% C.I.]		X
INC	2.09E-05	0.00001	1.89	0.059	-7.60E-07	0.000043	7106.59
MS*	0.395418	0.21419	1.85	0.065	-0.024393	0.815229	0.79641
AGE	0.007344	0.00347	2.12	0.034	0.000544	0.014145	39.6707
RACE*	0.253008	0.12897	1.96	0.05	0.000225	0.505791	0.71856
EDU	0.137306	0.05294	2.59	0.009	0.033553	0.24106	2.41916
FREQ*	0.372878	0.18768	1.99	0.047	0.005037	0.740719	0.76048

(*) dy/dx is for discrete change of dummy variable from 0 to 1

Income. In this study the income variable was regressed together with other variables against decision by informal traders to evade tax and the result was that, income was found to be significant at 1% level and it had the expected positive sign. The likelihood of a household paying for tax increases by 0.00209 % as income increases by a \$1. The result also goes in line with other previous studies which have used the same variable. Embaye (2007) in a South African study found a close and positive relationship between income and tax evasion. Vogel (1974) also found that respondents who reported an improvement in individual financial/income status were more likely to commit tax evasion than those who reported a decline of their financial/income status.

Marital status. The marital variable was found to be statistically significant at 1% level and had the expected positive sign. The likelihood of an informal trader increases by 39.42% as one got married. The results

fit the case of Zimbabwe because over the past years, married people have many expenses than the single informal traders. Thus married people do not want to add more expenses by paying taxes. The significance of the variable in this study was in line with other previous studies. The study of McGee (2005a) submitted that divorcees are more ethical (in terms of paying tax) than both single and married individuals. Moreover, Torgler (2006) noted that some studies have found that non-compliance is more common and of greater magnitude among married taxpayers.

Race. The variable was statistically significant at 1% and has the expected positive sign. The likelihood of an informal trader increases by 25.30 % as race changes from white to black. White informal traders have lower probability of evading tax than their black counterparts. In Zimbabwe, this was expected because the majority of informal traders are blacks.

Frequency. Frequency was found to be statistically significant at 5% and has a positive influence on decision to evade tax. Those who frequently went across the borders say they have experience on how to evade tax through various means such as giving bribes to revenue officers. The likelihood of informal trader to evade tax increases by 37.29 % as one crosses the border more frequently. This perfectly signifies the current situation in Zimbabwe as the extent of tax evasion is increased by the attitude and social variables but also by the tax evasion experience of the informal trader gained through frequently crossing the border.

Education. Education is statistically significant at 1% and it had the expected positive sign. The likelihood of an informal traders' to evade tax increases by 13.73 % as one progress to the next level of education. Many empirical findings and results have indicated a positive relationship between education and taxpayers' attitude. This is in line with other previous studies [Dubin and Wilde (1988), Devos (2005), Devos (2008)] found out that the probability of tax evasion increases with increased level of education.

Age. The age variable was significant at 5% and it had a positive influence on decision by informal traders to evade tax. The likelihood of an informal trades to evade tax increases by 0.73% as one add one more year to his/her life.

V. Conclusion and Policy Recommendations

The paper's objective was to empirically examine the factors that determine the decision by informal traders to evade tax. The study examined the factors which include sex, age, marital status, education level, religion, and income. The study results indicated that male are less compliant than females, and also the young were less likely to evade tax as compared to middle aged and old age. The most educated have also been found to be evading more, disregarding the fact that education level is positively related to compliance level. Regular travellers have also been found to be evading more. The variable religion has been found to be insignificant, implying that it does not affect the decision to evade tax.

The study managed to obtain very useful results on the decision to evade tax by informal traders, which we expect to be taken with due respect by policy makers. Tax education is very necessary to increase compliance, it has been noted that the educated as measured by level are more evading tax. However, such results may be misleading if taken absolutely, however, there is need for increased tax awareness among the economic agents. This can be achieved through brochures, newspapers, public seminars, television among other methods. Incentives to taxpayers on timely payment of tax are very necessary so as to boost tax morale among participants. Policies should be put in place not only to address tax evasion causes but also to reduce the size of the informal sector.

The paper recommends that taxation should not be regarded as a tool for revenue generation rather should be implemented as a fiscal policy tool. The tax rates to be applied in the economy, should not be calculated as to raise revenue but should suit the economic agent's continuity objectives. There is need for integrity and accountability from both the collecting authorities and the government itself in issues pertaining tax policy and proceeds from taxation. Revenue collected from taxes should be channelled to projects and programmes that are people-oriented, this will motivate the various economic agents to honestly contribute to the fiscus of the economy. Efforts to increase the probability of detecting default tax payment and tax cheats should be increased, this may be done through increased education on the authorities, funding for monitoring, incentivising monitors and black market audit skills. Infrastructural development should be enhanced so as to kill the black market activities, and this should be reinforced by poverty alleviation strategies in the country, to avoid wrong doing by the public who may justify through poverty levels. Tax evasion becomes inevitable, when poverty levels are high in the country. Government should develop the social and infrastructural sectors and hence enabling the self-employed to increase their production capacity.

The study has managed to explore and examine the factors that influence informal traders' decision to evade tax. However, a larger sample size should have brought much more reliable analytical facts, and also there was need for all borders to have been examined rather than Kariba alone.

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