COMPLIANCE STRATEGIES IN THE COMMUTER OMNIBUS INDUSTRY: ANALYZING PRESUMPTIVE TAX COLLECTION'S IMPACT ON BUSINESS OPERATIONS

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Abstract

This study investigates compliance with presumptive tax collection in the commuter omnibus industry. The main objectives were to evaluate tax administration practices, identify factors contributing to presumptive tax non-compliance, assess the impact of COVID-19 on compliance rates, and recommend strategies for improvement. A quantitative research approach was adopted, collecting data through questionnaires analyzed with Microsoft Excel and Statistical Package for the Social Sciences (SPSS). The findings revealed a significant rate of non-compliance, attributed to corruption among tax officials, lack of tax awareness, inadequate tax administration systems, and negative attitudes toward tax payments. The study concludes that enhancing compliance is essential for sustainable business operations and overall economic growth. Recommendations include stringent measures against corrupt tax officials and conducting workshops to foster taxpayer engagement, which align with corporate and business strategy review principles (Mishi & Tshabalala, 2023). This research contributes to understanding compliance dynamics and offers practical solutions for improving tax compliance in the commuter omnibus sector.

Keywords: Compliance Strategies, Commuter Omnibus, Presumptive Tax, Business Operations, Tax Administration

Authors' individual contribution: Conceptualization — N.M. and N.W.; Methodology — N.M. and N.W.; Software — N.M. and N.W.; Validation — N.M. and N.W.; Formal Analysis — N.M. and N.W.; Investigation — N.M. and N.W.; Resources — N.M. and N.W.; Data Curation — N.M. and N.W.; Writing — Original Draft — N.M. and N.W.; Writing — Review & Editing — N.M. and N.W.; Visualization — N.M. and N.W.; Supervision — N.M. and N.W.; Project Administration — N.M. and N.W.; Funding Acquisition — N.M. and N.W.

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1. INTRODUCTION

Tax compliance plays a crucial role in economic sustainability, and understanding the factors that influence it is essential for effective revenue generation. Previous research has demonstrated a significant correlation between perception and attitude towards tax compliance (Wadesango et al., 2022). Among the key objectives of the Zimbabwe Revenue Authority (ZIMRA) is to

enhance revenue creation and promote economic development. The effectiveness of a tax system is often measured by its ability to generate sufficient revenue to cover government expenditures. Consequently, taxpayers' decisions to comply with tax obligations are intricately linked to their perceptions of the tax system and institutions.

In Zimbabwe, the enactment of presumptive tax in 2005, later strengthened in 2011, aimed to address the fiscal challenges posed by the growing informal economy. The Zimbabwe National Roads Administration (ZINARA) has been designated as the collection agent for presumptive taxes from various transport operators, including commuter omnibuses and taxi services (Chagonda, 2020). Despite measures taken to improve revenue collection, ZIMRA has historically struggled to meet its revenue targets, as evidenced by the annual reports from 2020, which indicated a deficit in net revenue (Wadesango et al., 2022). Notably, the collection rates for presumptive tax rose from 0.84% in 2020 to 5.45% in 2021, illustrating inconsistencies in performance and highlighting the need for further investigation.

This study aims to analyze the impact of presumptive tax collection on business operations within the commuter omnibus industry. This research addresses a significant gap in the literature regarding how tax compliance affects informal business dynamics in Zimbabwe's transport sector.

The primary research questions guiding this study are:

RQ1: What factors influence tax compliance among commuter omnibus operators?

RQ2: How does presumptive tax impact the profitability and operational viability of these businesses?

The theoretical framework employed in this research draws on economic theories of compliance and the behavioral aspects of tax administration. This study is of relevance as it explores the real-world implications for informal businesses, which constitute a substantial portion of Zimbabwe's economy. It highlights the critical balance between the government's revenue needs and the challenges faced by operators in a competitive environment characterized by illicit activities.

A quantitative research methodology will be utilized to gather data from commuter omnibus operators, employing surveys and statistical analysis to draw meaningful insights. This approach aims to provide empirical evidence on the relationship between presumptive tax collection and business operations, ultimately contributing to existing literature on tax compliance within the context of Zimbabwe's informal economy.

Findings from this research are expected to inform policymakers and ZIMRA about the specific barriers to compliance faced by commuter operators and offer recommendations for enhancing tax administration strategies. This research highlights the necessity for improved communication and engagement with stakeholders, emphasizing the need for collaborative efforts to build trust and increase compliance. Strengthening public goods and services is also recommended to foster a more supportive environment for informal businesses.

The structure of this paper is as follows. Section 1 introduces the topic, outlining the significance of tax compliance and the specific context of presumptive tax within Zimbabwe's commuter omnibus industry. Section 2 reviews the relevant literature, examining existing studies on tax compliance, the informal economy, and the challenges associated with presumptive taxation. Section 3 presents an analysis of the methodology employed in this research, detailing the quantitative approaches utilized to gather data from commuter omnibus operators, including survey design and statistical techniques. Section 4 presents the data and discussion of the findings, interpreting the results in light of the research questions. Section 5 elaborates on the conclusions and implications of the study and provides insights into the implications for policy and practice.

2. LITERATURE REVIEW

2.1. Theoretical review

2.1.1. Theory of planned behavior

According to Kim (2023), the primary tenet of the theory of planned behavior is that a person's intention to carry or refrain from acting is the only direct determinant of behavior. He also suggested that the concept of behavioral control was developed to assist in explaining behaviors that happen when a person's control over a behavior is insufficient. It revealed that behavior tries to explain how attitude, subjective norms, subjective control, and intentions work together to predict behavior. According to this theory, attitude, subjective norms, and subjective standards influence intention. This theory suggests a model that can measure how human actions are guided by predicting the occurrence of specific behavior. This model can measure control over the specific behavior.

Kim (2023) viewed that the theory of planned behavior was closely related to the efficacy belief concept, which is concerned with the idea that people believe they have the power to cause consequences. According to this way of thinking, people will abide by the law if they start to believe it. Nurlis and Ariani (2020) concurred that understanding how taxation and tax compliance connect to behavioral beliefs explains how a person's attitudes will influence their desire to act by being aware of the outcomes of their actions. The actions taken in relation to tax compliance will also be positive if the perceptions of taxes demonstrate a positive effect, and vice versa, according to Beshi and Peci (2023). It can be assumed that the taxman's job involves trying to change people's perceptions. Kilozi (2022) highlighted that according to the framework of the planned behavior theory, the attitude towards tax compliance, subjective norms, and perceived behavioral control all have an impact on the intention to conform, which in turn influences the behavior of tax compliance. There is a favorable relationship between tax knowledge and voluntary tax compliance. Tax education should begin at the primary level and continue through universities to prevent a bad attitude and perception towards tax law.

2.1.2. Social influence behavior theory

Herbert Kelman developed the social influence behavior theory, which states that an individual's beliefs, attitudes, and subsequent behaviors are

influenced by others through three processes, including when they accept the influence and adopt the influenced behavior to gain rewards (Kilozi, 2022). When they adopt the influenced behavior to maintain a preferred and beneficial relationship with another person, and when they accept the influence after realizing the influenced behavior is rewarding. Kilozi (2022) highlighted that the theory is focused on the ethics and morals of the user and suggests that people may follow rules even when there is a low chance that they will be noticed. Tax compliance is determined by the taxpayer's propensity to comply with tax laws, in contrast to many other well-known behaviors, and the context of their location. This theory further suggests that there are three main effects related to the individual cause for action. These elements include a person's propensity for the behavior in question, social factors, and overt conduct controls.

Kilozi (2022) found that if individuals break the law, they may be subject to tax penalties. The researcher mentioned that the theory of moral reasoning is regarded as having a close relationship to taxpayers' morals. According to the theory of moral reasoning in the context of tax compliance, applying sanctions to individuals with poor moral reasoning has a significant impact on their moral judgment.

2.2. Presumed tax administration

Jouste et al. (2021) carried out a study that evaluates if tax administrators intervene targeted at small businesses improve tax compliance and revenue collection using the case of Ugandan administrative tax data. This researcher concluded that the taxpayer registers expansion project and new e-filing system for presumptive tax have increased presumptive tax revenue by doubling presumptive tax revenue collection. They suggested that these reforms yielded the best results because they encouraged taxpayers to register for presumptive and keep their tax returns safely using e-filing (Kim, 2023). Roopa (2015) highlighted that nations with low incomes should adopt cutting-edge technologies in tax administration for positive development. Technologies can strengthen weak administrative ability by lowering costs and boosting efficiency. Additionally, technological advancements can be complemented by improved services and inclusive methods to increase formalization.

Chagonda (2020) conducted research on the review of the effectiveness of presumptive tax administration by ZIMRA and highlighted that the presumptive tax system is ineffective at raising money because of high levels of corruption, which result in a greater portion of the money gathered going into individual pockets rather than the national coffers.

Bucci (2020, as cited in Chagonda, 2020) studied the presumptive tax methods by reviewing the empirical literature and highlighted that the empirical review of past papers mainly focused on two methods, which are the indirect tax method and presumptive minimum taxes. The researcher discovered that the indirect tax assessment method appears to be the only effective enforcement tool among the various presumptive taxation strategies used by both developed and developing nations, but it critically depends on the data used by fiscal authorities to reassemble the tax base. Adopting an indirect tax assessment methodology based on information from third parties about the total taxable income streamlines tax collection and boosts the amount of money collected in taxes. The researcher mentioned that the study of several presumed minimum taxes enacted by developing nations has brought to light the ineffectiveness of such policy instruments in raising tax revenues, registering businesses formally, and encouraging voluntary tax compliance. These findings may be explained by the idea that developing countries' contexts are characterized by a limited ability of fiscal authorities to enforce laws, which is frequently accompanied by the inappropriateness of presumptive policy tools that are poorly constructed and incompletely integrated into the general tax system (Wadesango et al., 2022).

According to Gamba et al. (2020, as cited in Jouste et al., 2021), the complete spectrum of tax administration policies can be designed and implemented using machine learning approaches. The proactive policy that aims to encourage the taxpayer to embrace a specific tax behavior in the future is the center of machine learning's empirical application. However, the strategy we outline also pertains to typical reactive policies that are put in place after the taxpayer exhibits a specific tax behavior. Tax verification activities are not, as is typically assumed in theoretical models, mechanisms that easily and effectively uncover tax evasion. They are, instead, socially expensive pursuits that entail administrative costs in addition to financial and opportunity costs for the involved taxpayers. Reactive policies can be made more effective by anticipating the response of the people they are intended for (Jouste et al., 2021).

2.3. Elements that contribute to the commuter omnibus operators' non-compliance

Nurlis and Ariani (2020) concurred that tax compliance is greatly impacted by tax knowledge in their research on tax awareness, moderate knowledge, and modernization of tax administration on tax compliance using small business taxpayers in Indonesia. The greater the level of compliance in fulfilling their tax obligations, the greater the degree of knowledge possessed by the tax. The subject of tax, the amount of the tax due, and reporting to the state budget are all requirements. They also highlighted that modernizing tax administration has an impact on tax compliance. When taxpayers consult with tax officers at the tax office, it shows that the tax administration has given the resources and incentives they need to be more compliant with their tax obligations. The researchers also mentioned that tax knowledge's effect on tax compliance is strengthened by awareness. If tax literacy is accompanied by a consciousness of being tax-compliant citizens, then tax compliance will rise. To accomplish the target tax ratio and state revenue that have been planned for the upcoming year, the government must be more aggressive in disseminating the most recent tax regulations and applications developed to make it easier for taxpayers to carry out their tax obligations (Nurlis & Ariani, 2020).

Ferrara et al. (2021) researched the factors that affect tax compliance among small to medium enterprises in Zambia and agreed that the main issue for business owners when it comes to taxing small businesses like informal traders is high taxes. Although they encounter other tax-related problems, the problem of high tax rates is what primarily encourages non-compliance and forces most

businesses to continue operating in the informal economy without paying taxes (Wadesango et al., 2022). As a result, these informal traders miss out on the advantages that would result if the government had enough tax money to start some development projects and provide amenities like electricity and decent roads, which are tools that foster an environment that allows them to flourish. These small businesses, like informal sector operators, should pay less in taxes so they can invest their money in other initiatives that will boost their company's development. Additionally, it will help businesses become better prepared to thrive in a cutthroat market. The government should think about raising tax breaks and incentives because doing so will not only draw in investors who may pay taxes in the future, but it will also promote voluntary compliance (Ferrara et al., 2021).

According to Ferrara et al. (2021), a study on presumptive taxation and firms' efficiency using an integrated approach for tax compliance analysis found that, although there are some restrictions, presumptive tax techniques are useful for revealing underreporting by businesses. Presumptive taxation techniques make it difficult to distinguish between under-reporting that is due to tax evasion behavior and under-reporting that is due to managerial incompetence and inefficiency. The researchers suggested combining presumptive frameworks with a technical efficiency metric to address the primary weakness of presumptive taxation. This will create an integrated strategy for tax evasion analysis that will support the audit activities of fiscal authorities.

Rogan (2022) researched whether taxation and the informal sector in the global South strengthen the social contract reciprocity and found that assumptions about the mechanisms by which taxation promotes good governance are generally ill-defined and do not correspond well with the realities of informal employment. Furthermore, the lack of recognition of informal workers and the contributions they already make to local governments does not foster an environment that is conducive to a vibrant social contract (Ferrara et al., 2021). The researcher suggested that informal sector workers are willing to pay taxes when the advantages outweigh the disadvantages, when they are sufficiently empowered, and when there are efficient institutional channels for facilitating collective action and bargaining to ensure they receive the advantages. The researcher also suggested that even though there is still much to learn about taxing the informal sector, it seems that working directly with informal sector operators and their organizations will be the most effective way to ensure a just tax system that maximizes local income while assisting unorganized sector livelihoods. The most promising idea in this regard may be that of association taxation, in which groups that advocate for informal traders are actively involved in the development of tax laws.

2.4. Effects of COVID-19 measures on the tax compliance of presumptive tax

According to Chagonda (2020), the COVID-19 lockdown in Zimbabwe will present difficulties for the informal economy because most merchants are subsistence farmers who already live in abject poverty. Price (2020) studied the impact of COVID-19 regulatory measures on small-scale and informal trade in Zimbabwe and found that, other than presumed taxes, informal sector traders are liable to tax-like payments like storage fees, market fees, and restroom fees. Therefore, it is crucial to consider all other payments that traders make outside of official taxes. Cross-border trading is also done by informal sector merchants. Because of this, these traders ostensibly pay two times as much in taxation.

Price (2020) suggested that when comparing formally employed people who must pay personal income tax or businesses that must pay corporate income tax, most traders who work in the informal sector have a greater tax burden. Regressive taxes are imposed on informal merchants. Contrary to those who pay personal income tax or corporate income tax, those who make more money have a smaller relative tax burden than those who make less money. The researcher also highlighted that, since most women make less money than men and are consequently more negatively impacted by the regressive tax system, women have a higher effective tax rate than men.

Sen (2021) conducted research on exit strategies to ease or eliminate tax responses to the COVID-19 pandemic and found that the pandemic caused several sectors to sputter, especially the informal sector, and some businesses were being adversely affected by lockdowns of varying lengths that have been enacted by various countries to contain the outbreak. To lessen disruptions and the effects on the economy, governments have been offering a variety of economic relief and recovery programs (Sen, 2021). The researcher also mentioned that when economic activity was hampered by the government-imposed lockdowns, it was anticipated that tax policy measures would be crucial in easing the burden on companies. These measures included tax filing date extensions, tax deferrals, direct and indirect reductions in effective company tax rates, temporary and permanent tax deductions, tax waivers, and other short to long-term measures (Sen, 2021).

Mutizwa (2021) investigated the impact of COVID-19 on Zimbabwe's informal sector in Chiredzi District and found that global business has been disrupted by COVID-19, which has ushered developed and developing countries into an unprecedented recession that is unlike anything seen in almost a century. The researcher mentioned that numerous preventive steps have been implemented by governments all over the world, and these corrective measures differ from one nation to another. However, the government of Zimbabwe turned a blind eye to the informal sector, as shown by the adoption of preventive measures that overlooked the suffering of informal traders. The researcher concluded that the problems causing a shadow pandemic include the exclusion of informal economy companies from government grants, business closures, unpaid rent, supply chain disruption, psychological effects, and family dysfunction (Sen, 2021). Jesse et al. (2021) observed slight increases in poverty and economic inequality. Automatic stabilizers are very ineffective at reducing revenue losses across all nations. The government can take corrective action by including companies in the informal economy in its polices and grants, negotiating with landlords, allowing informal traders to function, and creating inclusive social networks.

3. RESEARCH METHODOLOGY

This study employed a quantitative research approach to investigate compliance strategies in the commuter omnibus industry, specifically focusing

on presumptive tax collection. The quantitative method was selected due to its ability to statistically analyze data and draw generalizable conclusions regarding the factors affecting tax compliance. A structured questionnaire was developed, incorporating both closed and open-ended questions designed to gather quantitative data on the attitudes, experiences, and perceptions of operators within the commuter omnibus sector. The questionnaire was distributed to a purposive sample of commuter omnibus drivers and operators within the selected regions. Data collected were analyzed using Microsoft Excel and Statistical Package for the Social Sciences (SPSS), which facilitated the creation of graphs, tables, and pie charts to visually represent findings related to tax compliance levels, perceptions of tax officials, and the effects of COVID-19 measures on financial operations. This method aligns with the principles of quantitative research, allowing for clear measurement of variables and relationships among them (Creswell, 2014).

Table 1 shows the population and the sample size of the study. The sample size was randomly determined.

Table 1. Population and sample size

Category	*Population*	*Sample*	*Sample (%)*
Officers responsible for presumptive tax	8	8	100
Commuter omnibus owners	35	30	86
Total	43	38	88

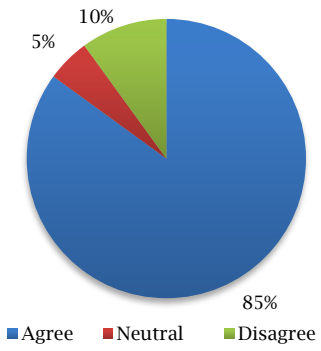
Source: Field work data.

4. RESEARCH FINDINGS AND DISCUSSION

4.1. The presumptive tax being levied is too high for the commuter omnibus

Figure 1 shows that 85% was the majority response, which agrees that the rate for presumptive tax is too high. Five percent were neutral to this question, and 10% disagreed that the tax rates were too high. Çollaku et al. (2023) concurred that current presumptive tax rates are negatively affecting the commuter omnibus operators' from pay tax. ZIMRA should give an ear to the taxpayers when making tax policies so that they give their opinion and highlight if they can pay the presumptive tax. If they cannot pay those rates, adjustments should be made before they are published. Kim (2023) also advised that "under tax smoothing theory that ZIMRA can reduce non-compliance of taxpayers through maintaining tax rates constant, for example, from 2022 to 2022, the presumptive rates were the same" (p. 34).

Figure 1. The presumptive tax being levied is too high for the commuter omnibus

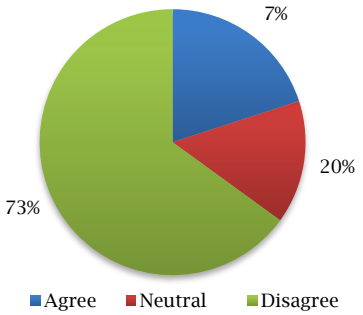


Source: Authors' elaboration.

4.2. ZIMRA has sufficiently informed the commuter omnibus industry about presumed taxes

Figure 2 below shows responses from participants on whether they have sufficiently been informed by ZIMRA about presumed taxes.

Figure 2. Information about presumed taxes



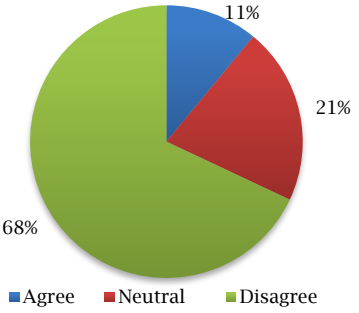
Source: Authors' elaboration.

Figure 2 shows that 73% of the participants indicate that ZIMRA does not sufficiently inform the commuter omnibus industry about presumptive tax. 20% of the respondents were neutral, and 7% agreed with the question. This shows that non-compliance with tax laws by the operators is due to a lack of knowledge about the presumptive tax. Interview responses also agree with the response from questionnaires that ZIMRA does not educate and does not give enough information to the taxpayers. Kilozi (2022) recommended that tax education must start from the primary level up to the tertiary level so that bad attitudes towards tax compliance can be eliminated.

4.3. Penalties are available to decrease non-compliance

Figure 3 shows that 68% disagree, 21% were neutral, and 11% agree that penalties are available to decrease non-compliance. This shows that the majority of respondents disagree with the question. Chagonda (2020) pointed out that the ZIMRA officials must provide written copies to the taxpayer that show the tax laws, penalties, and fines that will be charged for non-compliance. This can help to improve tax compliance since taxpayers are willing to pay tax if they find that the consequences of non-compliance outweigh those, tax compliance. According to the responses from the interviews, ZIMRA officials must educate the taxpayers so that they will be aware.

Figure 3. Penalties are available to decrease non-compliance

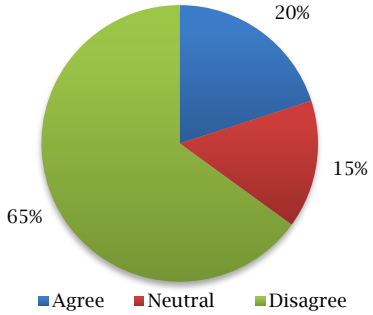


Source: Authors' elaboration.

4.4. ZIMRA develops and maintains roadways that taxpayers use with the help of tax dollars

Figure 4 shows that most of the respondents disagree that ZIMRA develops and maintains roadways that taxpayers use with the help of tax dollars, 65% of the respondents, 15% were neutral, and 20% agree with the question. Ferrara et al. (2021) pointed out that the informal sector is missing out on the benefits that can help their businesses.

Figure 4. Roadways that taxpayers use with the help of tax dollars

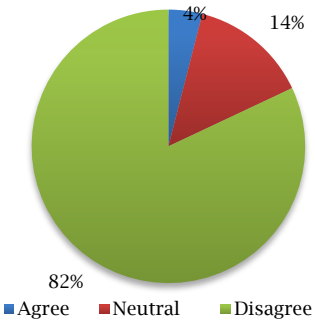


Source: Authors' elaboration.

4.5. ZIMRA offers tax holidays

Figure 5 illustrates participants' views on whether they agree that ZIMRA offers tax holidays.

Figure 5. Tax holidays



Source: Authors' elaboration.

Figure 5 shows that 82% of the respondents disagree that ZIMRA offers tax holidays to the commuter omnibus, 14% of the respondents were neutral, and 4% of the respondents agree that ZIMRA offers tax holidays. However, this is in argument with what was pointed out by Chisala (2021) that "tax holidays help tax compliance by informal sector" (p. 21).

4.6. COVID-19 affected the commuter omnibus operators' income negatively

Table 2 shows that the majority (83%) of the respondents agree that lockdown measures negatively affected commuter omnibus operators' income. Ten percent of the respondents were neutral, and 7% disagreed with the question. According to the interview responses, it shows that COVID-19 measures caused a loss of income since the number of passengers was limited in commuter omnibuses, and this made it difficult for the operators to pay taxes. Price (2020) pointed out that the informal sector had many expenses to incur, which are tax-like payments, for example, market fees and restroom fees.

Table 2. COVID-19 affected the commuter omnibus operators' income negatively

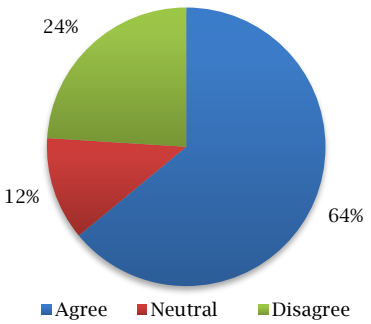
Responses	*Number of respondents*	*Percentage*
Agree	25	83%
Neutral	3	10%
Disagree	2	7%
Total	30	100%

Source: Authors' elaboration.

4.7. Data analysis and presentation from ZIMRA/ ZINARA officials

Figure 6 shows that most of the respondents, that is 64% agreed that commuter omnibuses are subject to tax payment. Twelve percent were neutral, and 24% disagreed with the question. The majority response was supported by the findings from interviews which showed that tax revenue increases government income which can be used to develop infrastructure which will help the public including the taxpayers hence its commuter omnibus operators' obligation to pay presumptive tax Chisala (2021) recommended that "the tax authority must conduct meetings with the taxpayers to inform them about the benefits of paying taxes so that they get to understand that it is their duty to practice payment of presumptive taxes" (p. 21).

Figure 6. Commuter omnibus operators ought to pay presumptive tax

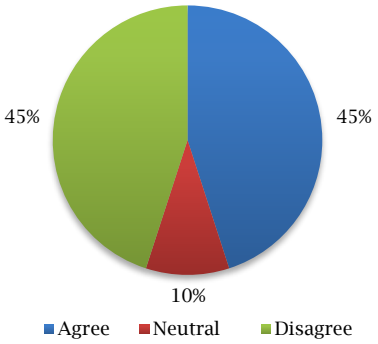


Source: Authors' elaboration.

4.8. The presumed tax on commuter omnibus operators is equitable

RQ2 was designed to investigate whether the presumed tax on commuter omnibus operators was equitable, and the results are illustrated in Figure 7.

Figure 7. The presumed tax on commuter omnibus operators is equitable



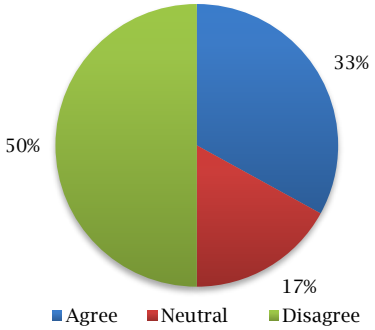
Source: Authors' elaboration.

Figure 7 shows that 45% of the respondents were in agreement with the question, 10% were indifferent, and 45% disagreed that the presumed tax on commuter omnibus operators is equitable. According to Wadesango et al. (2022), this is supported by the response from interviews, which shows that the commuter omnibuses are paying a lot to the government since they pay tollgate fees and road licenses, hence they must be excluded from the payment of presumptive taxes.

4.9. Presumptive tax implementations have been effective

The authors wanted to verify if presumptive tax implementations have been effective, and Figure 8 captures that information.

Figure 8. Presumptive tax implementations have been effective



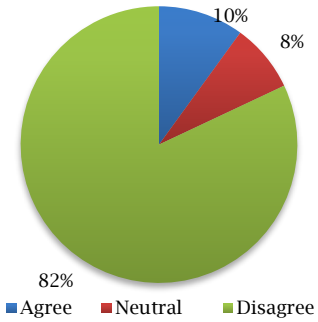
Source: Authors' elaboration.

Figure 8 shows that 50% is the majority response where they disagree that presumptive tax implementation is successful. Seventeen percent were neutral, and 33% agreed that the implementation has been effective. Wadesango et al. (2024) highlighted that the tax authority must fight against corruption since it is a major problem that is causing implementation to be ineffective.

4.10. Strong sanctions lead to more non-compliance

Figure 9 shows that 82% of the respondents disagree that the punitive measures increase non-compliance, whilst 8% were neutral and 10% agreed with the question. Kilozi (2022) pointed out that taxpayers are willing to pay tax if they are aware that the costs of not paying tax are higher than just paying tax, hence they will comply. ZIMRA must ensure that the fines and penalties are published to everyone so that they will be aware of reducing non-compliance.

Figure 9. Strong sanctions lead to more non-compliance

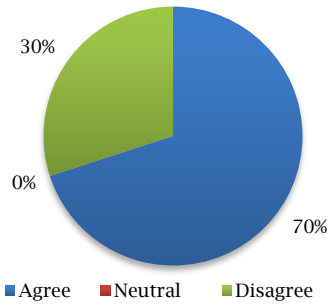


Source: Authors' elaboration.

4.11. Taxes are being avoided by commuter drivers

The authors also wanted to investigate whether taxes are being avoided by commuter drivers. Figure 10 shows how participants responded.

Figure 10. Taxes are being avoided by commuter drivers



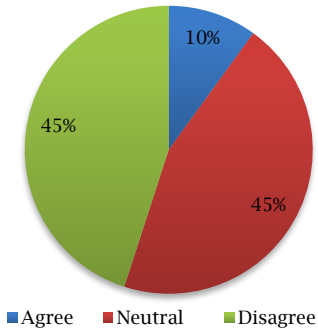
Source: Authors' elaboration.

Figure 10 shows that 70% is the majority response, which shows that they agree that the commuter omnibus operators are evading presumptive tax. Thirty percent disagreed with the question. ZINARA officials mentioned that they are having problems with the commuter omnibus operators in paying tax because they have a bad attitude towards tax payment, and they try to avoid payment (Wadesango et al., 2023). Commuter omnibus operators do not like paying tax because they highlight that tax rates are not fair. Kim (2023) pointed out that in the tax smoothing theory, the government must maintain stable tax rates to reduce tax evasion.

4.12. Presumptive tax awareness campaigns have been effective in spreading information

The study further investigated whether presumptive tax awareness campaigns have been effective in spreading information.

Figure 11. Presumptive tax awareness campaigns have been effective in spreading information



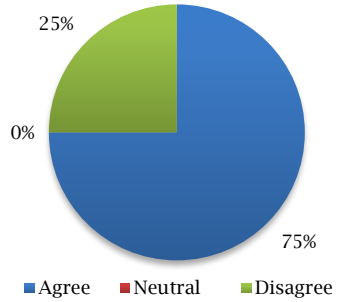
Source: Authors' elaboration.

Figure 11 shows that 45% disagreed that the presumptive tax awareness campaigns have been effective in spreading information. Ten percent of the respondents agree, and 45% were indifferent. The officials also pointed out that there is a lack of resources to do the training. This is also shown by the majority disagreeing with the question. Chagonda (2020) recommended that the tax authority must offer education opportunities to its staff and training regularly.

4.13. To increase compliance, changes must be made to the existing tax system

Figure 12 shows that 75% of the respondents agreed that to increase tax compliance, the must be changes to the current tax system. Twenty-five percent disagreed that there must be changes. They highlighted that there is a need for tax reforms on presumptive tax because the current tax system is placing a burden on the taxpayers. Esayas (2018) pointed out that there is a need to build a trusting relationship between the tax system and taxpayers to increase compliance. Kim (2023) postulates that an electronic tax system makes payment easier for the taxpayers.

Figure 12. To increase compliance, changes must be made to the existing tax system

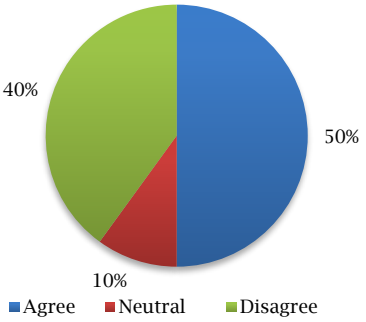


Source: Authors' elaboration.

4.14. COVID-19 measures negatively affected tax collection

Figure 13 shows that 50% of the respondents agreed that COVID-19 measures negatively affected tax collection, whilst 40% disagreed and 10% were neutral. The majority of responses, which is 50% agree with the question. The respondents highlighted that, since the commuter omnibus operators were affected by the measures, it increased non-compliance with tax, and this made it difficult to chase taxpayers in paying tax. Mutizwa (2021) mentioned that the government was supposed to provide grants to compensate the losses encountered by the informal sector so that they could be willing to pay tax.

Figure 13. COVID-19 measures negatively affected tax collection



Source: Authors' elaboration.

4.15. Analysis of measures for assumptions

4.15.1. Responses from commuter omnibus operators

Table 3 shows the responses from commuter omnibus operators on the analysis of the measure for the assumption.

Table 3. Responses

Aspect	*Minimum*	*Maximum*	*Mean*	*Standard deviation*
Commuter omnibus operators are required to pay a presumptive tax.	1	4	1.833	1.279
Commuter omnibus business is successful.	1	4	3.4	1.020
Operators of commuter omnibuses maintain accurate records.	1	4	2.4	1.428
Commuter omnibus operators are proficient in tax payment.	1	4	2.333	1.374
Administration of presumed taxes by ZIMRA is subpar.	1	4	2.033	1.303
The presumptive tax being levied is too high for the commuter omnibus.	1	4	1.433	0.989
ZIMRA has sufficiently informed the commuter omnibus industry about presumed taxes.	1	4	3.6	0.8
Penalties are available to decrease non-compliance.	1	4	3.5	0.923
ZIMRA develops and maintains roadways that taxpayers use with the help of tax dollars.	1	4	3.233	1.174
ZIMRA offers tax holidays.	1	4	3.767	0.616
COVID-19 affected the commuter omnibus operators' income negatively.	1	4	1.4	1.183

Source: Authors' elaboration.

4.15.2. Responses from ZINARA/ZIMRA officials

Table 4 shows the responses from ZIMRA officials on the analysis of the measure for the assumption.

Tables 3 and 4 show the minimum and standard deviation for each aspect. The responses were coded using the 5-point Likert scale, where 1 = agree, 2 = strongly agree, 3 = neutral, 4 = disagree, and 5 = strongly disagree. The minimum response for all questions was one, and the maximum response was coded four.

Table 4. Responses

Aspect	*Minimum*	*Maximum*	*Mean*	*Standard deviation*
Commuter omnibus operators ought to pay presumptive tax.	1	4	1.967	1.303
The presumed tax on commuter omnibus operators is equitable.	1	4	2.5	1.432
Presumptive tax implementation has been effective.	1	4	3.333	1.105
Strong sanctions lead to more non-compliance.	1	4	3.633	0.912
Taxes are being avoided by commuter drivers.	1	4	1.9	1.959
Presumptive tax awareness campaigns have been effective in spreading information.	1	4	3.233	0.8825
To increase compliance, changes must be made to the existing tax system.	1	4	2.3	1.487
COVID-19 measures negatively affected tax collection.	1	4	2.3	1.418

Source: Authors' elaboration.

Table 4 shows that an aspect that revealed about tax evasion had a low mean but a higher standard deviation, and this shows a significant relationship between tax evasion and tax collection.

4.16. Reliability test

Studying the characteristics of measurement scales is made possible by reliability analysis. The reliability analysis procedure computes several frequently used scale reliability measures and gives data on the connections between the scale's individual items (Wadesango et al., 2023). The researcher can calculate inter-rater reliability values using intra-class correlation coefficients. Is my research instrument helpful for gauging the results in an investigation into presumptive tax compliance by the commuter omnibus operators? A model known as Cronbach's alpha was built on the average inter-item correlation and is a model of internal consistency. Both determinant factors and presumptive tax collection items were tested for the Cronbach's alpha coefficient to determine the reliability of the measures (Wadesango et al., 2020). The acceptable range for the Cronbach's alpha value is 0.70.

Table 5. Cronbach's alpha scores for all sub-sections on the questionnaire

Scale	*Cronbach's alpha*	*Number of Items*
Presumptive tax administration	0.742	8
Tax compliance	0.724	6
Taxpayer awareness	0.673	4
Tax law enforcement	0.784	3
Developing good tax service	0.776	3

Source: Authors' elaboration using SPSS.

Table 5 illustrates the Cronbach's alpha scores for all sub-sections on the questionnaire, which was used to collect data. The values of presumptive tax administration, tax compliance, tax law enforcement, and developing good tax service were between 0.70 and 0.79, which is considered to be acceptable, whilst the taxpayer was the only one that had 0.673 and is in a fair range.

4.17. Normality test

Table 6 shows the results of the distribution of the dependent variable, which is tax administration.

Table 6. Normality test

Tax administration	*Kolmogorov-Smirnov*			*Shapiro-Wilk*		
	Statistic	*Df*	*Sig*	*Statistic*	*Df*	*Sig*
	0.633	20	0.8	0.756	20	0.7

Source: Authors' elaboration.

When something is regularly distributed, such as the sample distribution, the justification for hypothesis testing is dependent on it. In Table 6, there are results of the distribution of the dependent variable, that is, tax administration, and the outcomes show that the data is normally distributed. This is vital to know before parametric tests such as linear regression.

4.18. Linearity test

A linear relationship between the dependent and independent variables is necessary for linear regression. P-P plots are the most effective way to verify the linearity assumption. By fitting a line to observed data, regression models are used to describe relationships between variables. You can estimate a dependent variable's change as an independent variable using regression. The researchers utilized simple linear regression as shown in Table 7.

Table 7. Linear regression between tax compliance and tax administration

Variables	*B*	*Std. error*	*Beta*	*T*	*Sig*	*Lower bound*	*Upper bound*
Independent	-0.335	0.155		-2.196	0.35	-0.665	-0.022
Dependent	1.096	0.040	0.980	25.602	0.000	1.011	1.181

Authors' elaboration using SPSS.

$$Y = B_0 + B_1 X_1 + \varepsilon \quad (1)$$

Where:
Y — tax administration (tax collection);
B_0 — intercept;
B_1 — regression coefficients;
X_1 — tax compliance;
ε — error term.

Table 7 shows that tax compliance has a significant positive relationship with tax administration (p-value = -0.335, B = 1.096). Therefore, for every unit increase in the tax compliance, there is a predicted 1.096 increase in tax administration.

5. DISCUSSION

The findings of the study on compliance strategies in the commuter omnibus industry indicate that a significant portion of operators view the presumptive tax rates as excessively high, aligning with previous research that emphasizes the need for tax authorities to adopt more taxpayer-inclusive policymaking (Sebele-Mpofu, 2021). Issues of information scarcity are highlighted, as 73% of respondents indicated that ZIMRA does not adequately inform them about tax obligations, underscoring Kilozi's (2022) call for enhanced tax education initiatives. A notable disconnect was observed regarding the perception of penalties for non-compliance, with 68% of respondents indicating that existing punitive measures are ineffective, suggesting that tax authorities need to improve transparency and communication of consequences.

Moreover, the lack of perceived fairness and effectiveness in tax implementation appears to contribute to evasion concerns, supported by Wadesango et al. (2022), who emphasize the disproportionate burden on omnibus operators. The adverse effects of COVID-19 lockdown measures on income further exacerbated tax compliance challenges, as indicated by 83% of operators experiencing reduced earnings (Mutizwa, 2021). As the results illustrate a strong demand for tax reform, with 75% of respondents advocating for systemic changes, this is echoed in the literature advocating for trust-building measures to bolster taxpayer confidence and compliance (Esayas, 2018). Lastly, the reliability of measurement tools used in the study indicates that ongoing research could focus on refining these tools to gain deeper insights into taxpayer behaviors and attitudes towards presumptive taxes in the commuter omnibus sector.

6. CONCLUSION

In conclusion, this study reveals critical insights into compliance strategies within the commuter omnibus industry, particularly concerning the impact of presumptive tax collection on business operations. The findings suggest that a significant portion of operators, 73%, express concern about inadequate communication from the ZIMRA regarding tax obligations, highlighting a pressing need for expanded tax education initiatives (Kilozi, 2022). Moreover, 68% of operators perceive penalties for non-compliance as ineffective, indicating that there is a clear disconnect in the communication of consequences, which hampers compliance efforts. The adverse impacts of COVID-19 lockdown measures have further compounded these challenges, with 83% of respondents experiencing a decline in earnings. Collectively, these insights underscore the necessity for tax authorities to adopt more taxpayer-inclusive approaches and transparency in policymaking to foster trust and promote enhanced compliance.

Despite the valuable contributions of this research, certain limitations must be acknowledged, including the reliance on self-reported data, which may reflect biases or inaccuracies in operators' perceptions. Additionally, the study may not capture the full spectrum of compliance challenges across all regions or demographics of the commuter omnibus industry. Future research could focus on refining measurement tools to deepen the understanding of taxpayer behaviors and attitudes toward presumptive taxes, as well as exploring the broader socio-economic factors influencing tax compliance. This would enable a more nuanced approach to tax reform within the industry, promoting strategies that build trust and effectively address the concerns

of operators, as echoed by 75% of respondents advocating for systemic changes. Ultimately, addressing these issues could lead to improved revenue collection mechanisms and strengthen the relationship between taxpayers and tax authorities.

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