

Impact of Tax Avoidance on the Financial Performance of Artisanal and Small-scale Mining Businesses in Midlands Province of Zimbabwe

Nhorito Shadreck^{1*}, Matute Janet², Mazvazva Christopher³, Bhibhi Peter⁴

^{1,2,3,4}Lecturer, Department of Accounting Sciences, Midlands State University, Gweru, Zimbabwe

Abstract: The main purpose of the study is to examine the impact of tax avoidance on the financial performance of Artisanal and Small-Scale Miners (ASMs) in midlands province of Zimbabwe. Artisanal and Small-scale Miners are engaged in various ways of avoiding taxes. The majority of Artisanal and Small-Scale Miners employ agencies to provide them with expert advices to avoid tax burden available to them. The reason being to attain super normal profits. A sample on size of 390 Artisanal and small-scale miners from eight major mining districts of the midlands province of Zimbabwe participated in this study. Stratified random sampling was adopted to select respondents for interviews. The population of the study comprised 9409 registered Artisanal and small-scale miners at the provincial offices of the ministry of mines and mining development in midlands province of Zimbabwe data for this study was analyzed using Pearson, spearman and multivariate regression.

Keywords: tax avoidance, financial performance, artisanal and small-scale miners, mining business, tax evasion.

1. Introduction

Artisanal and small-scale mining has become a popular business in Zimbabwe. Many Zimbabweans of all walks of life developed keen interest to invest in small mining business so as to survive well in the presence of economic hardships. Mining business generate an average of 60% of foreign currency revenue in annually (Wdesango, Mutema, Mhaka and Wadesango, 2018). The Financial contribution of the Artisanal and Small-Scale Miners to the revenue authority is insignificance due to high level of tax avoidance (Nuwagaba, 2015). By avoiding tax burden, the Artisanal and Small-Scale Miners aim to reduce their tax burden so as to maximize their profits. Some Artisanal and Small-Scale Miners develop a number of tax avoidance strategies for the attainment of super normal profits. ASMs evolved negative attitudes towards the tax system in Zimbabwe (Nyamwanza, Mavhiki, Mopetere and Nyamwanza, 2014). The other drawback that promotes the Artisanal and small-scale miners to engage into tax avoidance is the availability of too many taxes that are imposed to them by the revenue authority. The existence of too many taxes in the

Zimbabwean economy resulted in ASMs failing to shoulder the tax burden hence they resort to avoid some of their tax burden (Sheikeh, 2014).

Artisanal and small-scale miners in Zimbabwe are composed of individual's businesses, family and small group businesses to extract minerals for them to attain a normal living. The majority of Artisanal and Small-Scale Miners are not registered as they have a long history of operating informally. From the year 2009 the Zimbabwean Government persuaded the Artisanal and Small-scale Miners to be registered so as to operate formally (Lumumba and Migwi, 2010) in the early 1980s the Artisanal and Small-Scale Miners were conducting their business illegally by extracting the remains of minerals from the closed mining claims which were once owned by large foreign companies from Britain and Germany. During the early 1990s the operation of ASMs was illegal since they were not allowed to extract minerals from the closed mining claims. These mining claims were not allowed to operate by the government as they were posing a number of dangers as many people were dying and some were injured.

According to Wadesango, et al, (2018) during the year 2010 the Zimbabwean Government through the ministry of mines and mining development established a national association of small-scale mining companies known as the Zimbabwe federation mining association. The association provided a number of benefits to the small-scale miners such as providing them with equipment, machineries, protective clothes, loads, tax education, and many other benefits associated with mining activities were provided. In order to benefit from the Zimbabwe mining federation, one was supposed to get registered as well as to sell their minerals to the formal markets. The time in which the ASMs were formalized that the time in which the payment of tax was introduced to them. Some ASMs welcomed the paying of taxes and some disliked the payment of the taxes. The ASMs who failed to adhere to tax regulations were engaged into tax avoidance and tax evasion (Zivanai, Chari and Nyakurimwa, 2015).

In Zimbabwe ASMs qualify for both direct and indirect

*Corresponding author: snhorito@gmail.com

taxes. Direct taxes are borne by either individual taxpayer organization on which specific tax is levied. Examples of direct taxes for ASMs in Zimbabwe are income taxes which is levied on income earned from employment as guided by the Zimbabwe income tax act 23;06. Capital gains tax levied on sale of immovable goods and marketable securities, guided by the Capital Gains Tax Act Chapter 23; 01. corporate tax which is levied from the company profits. Also, presumptive tax is the major tax head in which many ASMs are subject to it. Presumptive tax is based on average income instead of actual income received by the ASMs. In addition to that, ASMs in Zimbabwe are also, eligible to indirect taxes. The major indirect tax head in which ASMs are liable is the Value Added Tax (VAT). Indirect tax is the tax in which the taxpayer indirectly pays to the revenue authority when they pay for commodities (Nyatanga, 2018). In Zimbabwe the finance act (FA) is the charging act in which it provides guidelines to the minister of finance to revise the current tax rates to the desired tax rates during the pronouncement of the national budget. In the light of this background of Artisanal and small-scale miners study aims to achieve the following specific objectives:

- Establish the method by which ASMs avoid their taxes.
- Examiner the effects of tax avoidance on the financial performance of ASMs.
- Establish the strategies to discourage tax avoidance by ASMs.

Taxation is defined as the financial charge imposed to a taxpayer as an individual or legal entity by the state or any functional institution of a state (Muiruri, 2016). The main purpose of paying tax is to fund government's current public expenditures. Also, the other purpose for paying tax is for accumulating finances for the running of government expenditures, for administrative systems and development agendas.

Tax avoidance is a means by which taxpayers reduce tax liabilities availability them through the available loopholes so as to attract the least tax liability possible. Tax avoidance is not a criminal offense but a bad behavior since the taxpayer's act with available provisions of the tax income tax acts. Tax avoidance may or may not be illegal (Xuereb, 2008). Tax avoidance should not be confused with tax evasion is a criminal offense. Tax evasion is characterized by the breaching of the provisions found in the income tax acts (Muiriri, 2016).

2. Literature Review

The study adopted secondary sources of information from the journal articles and text books with themes that are related to this study of tax avoidance. Literature adopted for this study is important in adding value to this current study in providing valued facts in guiding the study to achieve its stated goals of the impact of tax avoidance on the financial performance of Artisanal and Small-Scale miners in Midlands province of Zimbabwe. Literature review is also, important on this research study as it enables the study to follow the similar approach with that of the renowned scholars.

3. Methods of Tax Avoidance

There are a number of tax avoidance methods that are common to Artisanal and Small-Scale Miners (ASMs) in Midlands Province of Zimbabwe. The most common methods of avoiding taxes by ASMs in Zimbabwe include income reduction technique, exemption technique, deduction technique, income splitting and transactions between employees and employers. These tax avoidance methods are presented by the conceptual framework below. The conceptual framework shows the relationship between the independent variable tax avoidance with the dependent variable financial performance of ASMs.

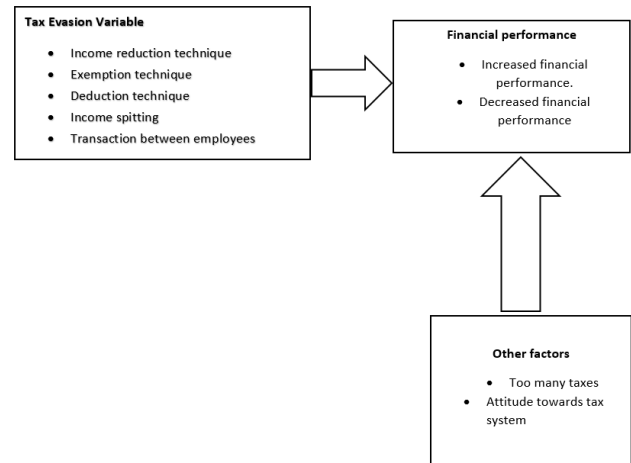


Fig. 1. Conceptual framework based on the variable of the study

The conceptual framework in figure 1, shows the relationship between tax avoidance variable on the financial performance of ASMs.

The conceptual of the current research study consist of independent and dependent variables and other factors that directly influence the dependent variable. The independent variables of the research study are, Income reduction technique, Exemption technique, Deduction technique, Income splitting, Transaction between employs and employers. Other factors influencing the depended variables of the study are, too many taxes demanded by the revenue authority, attitude towards tax systems by the taxpayers. The dependent variable of the study is the financial performance for Artisanal and Small-Scale-Miners. The dependent variable of the study consists of two outcomes being high financial performance, or low financial performance.

A. Income reduction technique

Artisanal and Small-Scale Miners (ASMs) adopted income reduction strategy by reducing their income which is subject to tax. In many circumstances ASMs spread their income over several years. This means that, their tax liability is postponed to future years. The main purpose of such actions is to reduce the tax burden they are supposed to shoulder.

B. Exemption technique

Artisanal and Small-Scale Miners (ASMs) adopt the exemption technique by reducing their tax liability through

exploiting the available tax exemptions. They do this by claiming all the available tax exemption to them according to the existing statutory instrument. They even get to an extent of adopting all the available tax incentives so as to enjoy free tax from all their revenue.

C. Deduction technique

Deduction technique is employed ASMs through claiming maximum allowances available to them such as special initial allowance (SIA) instead of claiming wear and tear (W and T).

D. Income splitting

The ASMs adopt income splitting technique by dividing their income from a higher tax bracket to a lower tax bracket. In many cases ASMs apply income splitting to personal taxes by way of redirecting income within the family group so as to take of the lower tax bracket, deductions, and credits available to the existing family members.

Transactions between employees and employers is common amongst the ASMs in Zimbabwe. ASMs distribute their income between the employees and employers so as to reduce their tax liability. According to section 98B of the income tax act chapter 23:06 empowers the commissioner to distribute, apportion or allocate income, deduction or tax credits between associates or persons as they may consider necessary to reflect the taxable income that could have accrued to them in an arm's length transaction.

E. Anti-avoidance rules

Generally, not all tax avoidance schemes are acceptable. According to section 98 of the income tax act provides a number of anti-avoidance strategies. The section provides value factors on curbing tax avoidance, reduction or postponing the payment of taxes. Section 98 of the income tax act chapter (23; 06) spells out the alternative tests to determine whether an avoidance scheme is allowed, as follows;

- That it was entered into or carried out by means or in a manner which would not normally be employed for such a scheme.
- That it has created rights or obligation which would not normally be created between persons dealing at arm's length under such scheme. Generally impermissible avoidance scheme, operations or transactions involve four basic objectives; these are deferral of tax liability, conversion of character of an item for examples from revenue to capital, or the conversion of a taxable item such as interest to an exempt one such as dividends, the permanent elimination of tax liability and shifting of income from a taxpayer with highest marginal rate to a taxpayer subject to a lower rate of tax.

F. Other factors influencing tax avoidance

Specific anti-avoidance rules and include anti-set off rules and anti-trust donations. On the anti-set off rules the Zimbabwe authority (ZIMRA) set specific tax legislation to prohibit the set-off of expenses or lessees and income from different areas. Also, anti-trust donations are restricted by the income tax act in

which certain donations which were, in the opinion of the commissioner, made to avoid tax. Such as donations are to be taxed in the hands of the donor (Zimbabwe income tax act 23; 06).

On income splitting section 98A of the Zimbabwean income tax act 23; 06 the commissioner is empowered to refuse any transaction by a taxpayer which aims to split income of the taxpayer. Also, transactions between the employer and the employees, the commissioner is empowered to distribute, apportion or allocate income, deductions or tax credits between the employer and employees (Zimbabwe income tax act, 23;06 section 98B)

The major development established by Zimbabwe Revenue Authority (ZIMRA) in 2017 is to empower the commissioner to report unprofessional conduct by tax consultants, customs clearing agents to their controlling bodies. Unprofessional conduct involves where a person assists the taxpayer avoid or contravene any available tax rules. In addition to that, the powers of the commissioner are extended to include disclosing the affairs of the taxpayer who would have assisted. The commissioner has the mandate to make a written notification to the taxpayer and the person against whom the complaint is lodged (Zimbabwe income tax act 23; 06 section 98B).

G. Hypothesis development

The taxpayers develop a number of strategies to avoid the taxes available to them. The major purpose of avoiding taxes is to reduce the tax burden so as to maximize their profitability. (Frank et al, 2009). However, empirical literature on tax avoidance revealed that, tax avoidance is associated with a number of costs such that, the taxpayer increases the tax burden instead of reducing it through tax avoidance. Tax avoidance is attracting high costs to the taxpayer through engagement of agency to provide expert advice on the best strategies to reduce the available tax burden (Chen et al, 2014, Jensen, 1986). In addition to that, consultation costs to engage tax experts is high. Also, in some instances the taxpayer is taken to Law courts as some tax avoidance techniques are almost similar to tax evasion. Once the taxpayer is taken to Law courts this means that, more costs are needed to engage Law experts to help to stand on behalf of the taxpayer (Kessler, 2004). Also, in some instances spend more money to bribe the tax administrators so as to avoid taxes (Nyamwanza, et al, 2014) in the light of such evidence that, tax avoidance increases agency costs and, in some instances, more money is lost through bribes. The study hypothesizes that, *H₀*, Tax avoidance does not influence financial performance of ASMs.

Tax avoidance denotes the activities by the taxpayer to pay less tax than the existing Law charges. Tax avoidance exists when the taxpayer takes full advantage of the existing Loopholes to attract the least incidence of tax (Muiruri, 2016). Lord Nolan in the Willoughby case distinguished between tax avoidance and tax mitigation by stating the fact that the hallmark of tax avoidance is that the taxpayer reduces his liability to tax without incurring the economic consequences that the legislators intended to be suffered by any taxpayer qualifying for the reduction in tax liability (Xuereb, 2008). The

basic fact that no person is obliged to suffer more tax what is due for them can be best summed up by Lord Tomlin’s widely quoted words, in which he says, “Every man is entitled, if he can to order his affairs so that the tax attaching is less than it otherwise would be” the issue of accepting tax avoidance as a legal action by the taxpayer is echoed in many Law Courts Judgements, for example in IRC vs fishers executors in which Lord sumner stated, “the subject is entitled to arrange his affairs as not to attract taxes imposed by the crown. Also, in the case of CIR V Newman, it was clearly stated that “there is nothing Sinister in so arranging one’s affairs so as to keep taxes as Low

as possible (Kessler, 2004) in addition to that, Lord Nolan, in the case of IRC V Willoughby, 1997), described tax avoidance as a course of action designed to conflict with the evident intention of the parliament (Xuereb, 2008).

Also, tax avoidance refers to types of the transactions that result in the alteration of the incidence to taxation in a manner contrary to the purpose and policy of the relevant revenue provisions. To be more specific tax avoidance is related more with what the legislature did not specifically impose by way of taxation. Tax avoidance covers instances in which Legislative intention and policy miscarried and failed to anticipate as well

Table 1
Pearson’s correlation test results for effects of tax avoidance on financial performance variables

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
(1) wtptx	1.000									
(2) txaipf	0.93* (0.00)	1.000								
(3) achcc	0.91* (0.00)	0.86* (0.00)	1.000							
(4) txaca	0.85* (0.00)	0.90* (0.00)	0.81* (0.00)	1.000						
(5) irtec	0.95* (0.00)	0.93* (0.00)	0.90* (0.00)	0.86* (0.00)	1.000					
(6) extec	0.96* (0.00)	0.92* (0.00)	0.89* (0.00)	0.88* (0.00)	0.97* (0.00)	1.000				
(7) detec	0.91* (0.00)	0.88* (0.00)	0.87* (0.00)	0.86* (0.00)	0.92* (0.00)	0.92* (0.00)	1.000			
(8) inspl	0.9* (0.00)	0.98* (0.00)	0.90* (0.00)	0.88* (0.00)	0.93* (0.00)	0.92* (0.00)	0.88* (0.00)	1.000		
(9) tbee	0.94* (0.00)	0.98* (0.00)	0.85* (0.00)	0.88* (0.00)	0.92* (0.00)	0.92* (0.00)	0.88* (0.00)	0.97* (0.00)	1.000	
(10) attx	0.93* (0.00)	0.97* (0.00)	0.84* (0.00)	0.88* (0.00)	0.91* (0.00)	0.91* (0.00)	0.90* (0.00)	0.96* (0.00)	0.98* (0.00)	1.000

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

The table reports the results of the Pearson correlation matrix for effects of Tax Avoidance on Financial Performance variables; the annotation *** indicates results significant at a 0.01%, **, at 0.05% and * at 0.10% levels of significance.

Key: wtptx: willing to pay tax, txaipf: tax avoidance increases financial performance, achcc: agency cost is higher than tax compliance, txaca: tax avoidance is a criminal activity, irtec: income reduction technique, extec: exemption technique, detec: deduction techniques, inspl: income splitting, tbee: transaction between employers and employees, attx: attitude towards tax.

Table 2
Spearman rho correlation test results for effects of tax avoidance on financial performance variables

Variables	stxa	txaipf	wtptx	achcc	txaca	irtec	extec	detec	inspl	tbee	attx
Stxa	1.000										
Txaifp	0.710* 0.000	1.000									
Wtptx	0.746* 0.000	0.973* 0.000	1.000								
Achcc	0.656* 0.000	0.906* 0.000	0.908* 0.000	1.000							
Txaca	0.710* 0.000	0.866* 0.000	0.872* 0.000	0.820* 0.000	1.000						
Irtec	0.697* 0.000	0.976* 0.000	0.960* 0.000	0.896* 0.000	0.880* 0.000	1.000					
Extec	0.732* 0.000	0.966* 0.000	0.964* 0.000	0.878* 0.000	0.897* 0.000	0.981* 0.000	1.000				
Detec	0.700* 0.000	0.942* 0.000	0.946* 0.000	0.883* 0.000	0.901* 0.000	0.963* 0.000	0.961* 0.000	1.000			
Inspl	0.709* 0.000	0.979* 0.000	0.961* 0.000	0.941* 0.000	0.846* 0.000	0.956* 0.000	0.947* 0.000	0.926* 0.000	1.000		
Tbee	0.737* 0.000	0.981* 0.000	0.982* 0.000	0.889* 0.000	0.853* 0.000	0.960* 0.000	0.964* 0.000	0.934* 0.000	0.971* 0.000	1.000	
Attx	0.740* 0.000	0.970* 0.000	0.973* 0.000	0.874* 0.000	0.849* 0.000	0.948* 0.000	0.954* 0.000	0.950* 0.000	0.957* 0.000	0.981* 0.000	1.000

The table reports the results of the Spearman correlation matrix for effects of Tax Avoidance on Financial Performance variables; the annotation *** indicates results significant at a 0.01%, **, at 0.05% and * at 0.10% levels of significance.

Key: wtptx: willing to pay tax, txaipf: tax avoidance increases financial performance, achcc: agency cost is higher than tax compliance, txaca: tax avoidance is a criminal activity, irtec: income reduction technique, extec: exemption technique, detec: deduction techniques, inspl: income splitting, tbee: transaction between employers and employees, attx: attitude towards tax.

Table 3

Multivariate linear regression model results for tax avoidance on financial performance variables

wtptx	Coef.	St.Err.	t-value	p-value	[95% Conf	Interval]	Sig
txaifp	-.008	.075	-0.11	.911	-.157	.14	
achcc	.35	.034	10.27	0	.283	.417	***
txaca	-.118	.028	-4.18	0	-.173	-.062	***
irtec	.061	.07	0.87	.384	-.077	.2	
extec	.452	.061	7.46	0	.333	.571	***
detec	-.002	.039	-0.05	.964	-.078	.075	
inspl	-.34	.067	-5.05	0	-.472	-.207	***
tbee	.477	.074	6.41	0	.331	.623	***
attx	.201	.069	2.91	.004	.065	.337	***
Constant	-.321	.04	-8.11	0	-.399	-.243	***

Mean dependent var	2.560	SD dependent var	1.271
R-squared	0.960	Number of obs	400
F-test	1052.245	Prob > F	0.000
Akaike crit. (AIC)	53.946	Bayesian crit. (BIC)	93.860

****p*<.01, ***p*<.05, **p*<.1

The table reports the results of the Multivariate Linear Regression Model of Tax Avoidance on Financial Performance variables; the annotation *** indicates results significant at a 0.01%, **, at 0.05% and * at 0.10% levels of significance.

Key: wtptx: willing to pay tax, txaifp: tax avoidance increases financial performance, achcc: agency cost is higher than tax compliance, txaca: tax avoidance is a criminal activity, irtec: income reduction technique, extec: exemption technique, detec: deduction techniques, inspl: income splitting, tbee: transaction between employers and employees, attx: attitude towards tax.

as to reach the transactions under consideration (Grbich and Bradbrook, 1990). In the light of such definition and once tried cases of tax avoidance the study also, hypothesized that, Tax avoidance does not account for a criminal action.

Tax avoidance is usually described with references to specific observable criteria and unique characteristics, which include; the extent in which the transaction is influenced through the prescribed taxation purpose, whether the transaction was artificial or being contrived, whether the transaction aim to exploit statutory loopholes or available tax weaknesses, and whether the transaction lacks economic reality (Kessler, 2004, Grbich and Bradbrook, 1990). The stated attributes are arguably not unique to tax avoidance practices and are considered by many authors not sufficient as the final decision lies with the court of law to give a final decision after weighing the advantages of each case. In the case of Grove Enterprises Ltd vs Frank Bowers et (case 526/2003) in which Bowers was distributing the tax for leasing in many properties to avoid tax. The court held that this was a civil case and the element of tax planning was considered to be immaterial. The results of this case demonstrates that when a taxpayer arranges his affairs to pay least tax possible, they are not breaching any article.

Table 1 shows that wtptx has a strong positive significant correlation with all the variables (txaifp, achcc, txaca, irtec, extec, detec, inspl, tbee and attx) as seen by a p-value of 0.000 with each of the variables.

Table 2 shows that wtptx has a strong positive significant correlation with all the variables (txaifp, achcc, txaca, irtec, extec, detec, inspl, tbee and attx) as seen by a p-value of 0.000 with each of the variables.

Table 3 shows results of the overall significance of the model [F (9, 391) = 1052.245; Prob>F =0.000], suggesting that the nine variables: txaifp, achcc, txaca, irtec, extec, detec, inspl, tbee and attx together impact on wtptx and account for about 96.0% (R² =0.960) of the variation in tax avoidance.

Table 3 also shows that achcc (0.350, p=0.000), extec (0.452,

p=0.000), tbee (0.477, p= 0.000) and attx (0.201, p=0.000) are small to moderate significant positive predictors of wtptx, whereas txaca (-0.118, p=0.000) and inspl (-0.340, p=0.000) are small to moderate significant negative predictors of wtptx.

H. Reliability and Validity Tests

Table 4
Collinearity diagnostics

Variable	SQRT VIF	VIF	Tolerance	R- Squared
wtptx	1.18	1.04	0.0396	0.9604
txaifp	2.05	1.03	0.0174	0.9826
achcc	1.16	1.14	0.0835	0.9165
txaca	1.09	1.04	0.1396	0.8604
irtec	2.09	1.25	0.0262	0.9738
extec	1.12	1.06	0.0294	0.9706
detec	3.07	1.53	0.0768	0.9232
inspl	1.29	1.19	0.0206	0.9794
tbee	1.19	1.21	0.016	0.984
attx	1.34	1.07	0.02	0.98
Mean VIF	1.56			

Author own computation using STATA

Table 4 shows that there is no collinearity among the Model Independent Variables as seen by the individual Variance Inflation Factors (VIF) and Mean VIF that are less than 5.

I. Test for Normality

Table 5
Shapiro-Wilk W test for normal data

Variable	Obs	W	V	z	Prob>z
wtptx	400	0.995	1.472	0.920	0.009
txaifp	400	0.990	2.889	2.524	0.006
achcc	400	0.989	2.944	2.569	0.005
txaca	400	0.984	4.481	3.569	0.000
irtec	400	0.994	1.580	1.088	0.013
extec	400	0.994	1.557	1.053	0.014
detec	400	0.993	1.967	1.610	0.024
inspl	400	0.995	1.358	0.729	0.023
tbee	400	0.990	2.712	2.374	0.009
attx	400	0.991	2.466	2.147	0.016

The table 5 shows normality test using Shapiro-Wilk test to check for normality between the independent variables and dependent variables of the study. The results of the Shapiro test show that, P-Values (pro > z) are greater than 0.5 hence not

significant. This therefore, means that the variables are normally distributed.

J. McDonald's omega

The study also performed the McDonald's omega/Raykov's rho to test the internal reliability of the data.

Table 6
Results from McDonald's omega relating to the study

Number of items in the scale	10
Scale reliability coefficient	0.9899

Author own computation using STATA

Scale reliability coefficient = McDonald's omega

McDonald's omega = 0.9899 showing that the internal consistency and reliability of the questionnaire is valued and reliable. The value of McDonald's omega ≥ 0.70 indicates acceptable reliability (Hayes & Coutts, 2020).

K. Heteroscedastic for Model Residuals

Breusch-Pagan/Cook—Weisberg test for heteroskedasticity;

Ho: Constant variance

Variables: fitted values of wtpt

$\chi^2(1) = 13.36$

Prob > $\chi^2 = 0.0656$

Since p-value is greater than 0.05 data is homoscedastic.

L. Cronbach Alpha

The study also performed the Cronbach Alpha so as to test the internal reliability of the data.

Table 7
Results from Cronbach Alpha relating to the study

Average inter item Covariance	1.370061
Number of items in the scale	10
Scale reliability coefficient	0.9905

Author own computation using STATA

Scale reliability coefficient = Cronbach's Alpha.

Cronbach's Alpha = 0.9905 showing that the internal consistency and reliability of the questionnaire is valued and reliable.

4. Findings

The following are the findings of the research study:

- Artisanal and Small-Scale Miners (ASMs) in Midlands province of Zimbabwe are engaged in various forms of tax avoidance in order to minimize their tax responsibilities.
- The majority of Artisanal and Small-Scale Miners (ASMs) engage their private consultancy to provide them with advices to avoid various taxes available to them.
- The Artisanal and Small-Scale Miners (ASMs) spent large amount of money in paying their tax consultancy.
- There is a negative relationship between tax avoidance and profitability of the Artisanal and Small-Scale Miners (ASMs).
- The majority of Artisanal and Small-Scale Miners

(ASMs) have a wrong perception about taxes as they think being faithful in paying their taxes result in them incurring large sums of money.

- Tax consultancy charge too much tax fees to the Artisanal and Small-Scale Miners (ASMs) than the amount they would pay to the revenue authority.
- Artisanal and Small-Scale Miners (ASMs) lacks adequate information on the actual taxes they should remit to the revenue authority.
- Artisanal and Small-Scale Miners (ASMs) does not the purpose of remitting their taxes to the revenue authority.

1) Policy Recommendations

The following are the recommendations of the research study:

- Artisanal and Small-Scale Miners (ASMs) need more tax education on the purpose and importance of paying their taxes to the revenue authority.
- There is need to encourage Artisanal and Small-Scale Miners (ASMs) not engage their private consultancy to acquire tax knowledge instead they should acquire more adequate tax knowledge from the revenue authority.
- There is need to educate the Artisanal and Small-Scale Miners (ASMs) on the financial burden they incur by engaging their private tax consultancy who charge them large tax fees.
- Artisanal and Small-Scale Miners (ASMs) need to be advised on the negative relationship between tax avoidance and their profitability.
- Artisanal and Small-Scale Miners (ASMs) need to be educated on the advantages of being faithful in remitting their taxes to the revenue authorities.
- Artisanal and Small-Scale Miners (ASMs) need to be advised on the large tax fees charged by their private tax consultancy.
- There is need for the revenue authority to provide more tax education through workshops so as to provide more tax information to the Artisanal and Small-Scale Miners (ASMs).
- The Zimbabwe Revenue Authority (ZIMRA) has to provide more tax education to the Artisanal and Small-Scale Miners (ASMs) on the purpose and importance of paying tax.

References

- [1] Amanamah, R.B. (2016). Tax compliance among small and medium scale enterprises in Khumasi metropolis, Ghana, Kumasi, Journal of Economics and sustainable Development, vol. 7, no. 16, 2016.
- [2] Desai, M.A. and Dharmapala, D. (2011). Corporate tax avoidance and firm value. SSRN Electronic Journal, 91 (3), 1-27.
- [3] Frank, M, et al., (2009). Tax reporting aggressiveness and its relationship to aggressive financial reporting. The International Journal of Accounting, 46, 179-202.
- [4] Gcabo, R, and Zurika, R. (2007). Tax Compliance and Behavioural Response in South Africa: An alternative investigation, Pretoria, SAJEMS NS10.
- [5] Ghozali, (2011). Analysis and applications of multivariate with SPSS program. Semarang Diponegoro University.

- [6] Grbich, Y, Bradbrook, K. (1990). Revenue Law cases and materials (Sydney).
- [7] Jensen, M.C. (1986). Agency costs of free cash flow, corporate finance, and takeovers. *The American Economic Review*, 76(2), 326-328.
- [8] Kessler, J. (2004). Tax Avoidance and section 741 of the Taxes Act 1988 *British Tax Review* 2004.
- [9] Kirchler, E, Heezi, E and Wahl, I. (2008). Enforced versus voluntary Tax Compliance: The “slippery Slope” Framework. *Journal of Economic Psychology*, vol. 2, pp. 212-219, 2008.
- [10] Lumumba, O.M and Migwi, S.W. (2010). Taxpayer’s attitude influence compliance behavior. *Africa Journal of business management*, 1(5), 115-117.
- [11] Mukhlis, I, Utomo, S.H and Sosetio, Y. (2015). The role of taxation Education on Taxation Knowledge and its effects on Tax fairness as well as Tax compliances on Handicraft SMEs sectors in Indonesia. *international Journal of financial research*, vol. 6, no. 4, pp. 163-165, 2015.
- [12] Nuwagaba, A. (2015). Taxation of enterprises (SMEs) in Zambia. *International Journal of Economics, finance and management*.
- [13] Nyamwanza, T, Mavhiki, S, Mapetere, D and Nyamwanza L. (2014). An analysis of SMEs attitudes and practices towards tax compliance in Zimbabwe: SAGE Publications.
- [14] Nguyen Minh Ha, Pham Tuan Anh, Xiao-Guang Yue and Nguyen Hoang Phi Nam. (2012). The impact of tax avoidance on the value of listed firms in Vietnam, *Cogent Business and Management*, 8:1, 1930870.
- [15] Nyatanga, P. (2018). *A Guide to Zimbabwe Taxation*. Unpublished text book.
- [16] Sheikh O, S.N (2014). The influence of penalties on Taxpayer’s Compliance: A comparison of the theoretical models, *journal of Economics and Management* 12(1), 3-14.
- [17] Wadesango, W, Mutema, A, Mhaka, C and Wadesango, V.O. (2018). Tax Compliance of small and medium Enterprises through the self-Assessment system: Issues and challenges, *Academics, journals matrix proceedings*, vol. 22, no. 3, 2018.
- [18] Xuereb, A. (2008). Tax avoidance or tax evasion? A case of SMEs in malt, Malta: Symposia Elitensia Publishers.
- [19] IRC v Duke of Westminster (1936), ACI (HL).
- [20] IRC v Fisher’s Executors (1926).
- [21] Zivanai, O, Chari, F, and Nyakurimwa, C. (2015). Tax Compliance Challenges in fulfilling tax obligations among SMEs in Zimbabwe: A Survey of SMEs in Bindura. *International Journal of Scientific and Engineering research*, vol. 7, Feb. 2016.