

ABSTRACT

The research focused on the evaluation of the effectiveness of Presumptive tax administration on revenue collection. The researchers observed that there is little contribution that is collected from the presumptive tax to an extent that it can act as a stand-alone tax head and as a result Zimbabwe Revenue Authority (ZIMRA) has been missing its revenue targets for the past eight years from 2011 to 2018. A mixed method approach was used to gather data through the use of questionnaires and interviews. A sample size of 50 people was used (25 ZIMRA SCO employees and 25 cottage industry operators that consist of the furniture manufacturer, metal fabrication and upholstery operators). The research findings revealed that the effectiveness of presumptive tax administration was affected by the high tax rates that were imposed by the ministry of finance relative to the income levels that the cottage industry earn on a monthly basis, high levels of corruption and the political interference that occur. The research recommend that the authorities should lower the presumptive tax rates by taking into consideration the general economic environment, include the relevant stakeholders in the setting up of the tax rates for the cottage industry, embark on registering the informal sector operators through mobile units in the areas of operation for the informal sector operators.