

Abstract

The digital economy is growing at a geometric rate in the world. At the same time that it is growing, Zimbabwe is experiencing fiscal budget deficits consistently. The traditional taxation system has been in use over the years and seems to be producing a fair share of revenue from its administration as shown below. This research paper examined the digital economy taxation, looking at the impacts that it has on the generation of value added tax, tax administration and the impact that it has on the network infrastructure. It is premised in the desire to pursue a stable Zimbabwean economy with budget surplus engulfed in the policies and administration that pertains to taxation. The study did not look at value added tax in isolation of the other revenue sources such as income tax, customs duty, withholding tax and capital gains tax but placed greater emphasis on value added as it is directly affected with trading on the digital platforms through E-commerce which includes B2C, B2B and C2C. A quantitative research methodology was adopted. Questionnaires were used to collect data. The results show that there are both positive and negative impacts that digitalisation brings to the country. It has a bearing on VAT, and on tax administration and also on the network infrastructure. Based on the study conclusions, there is need for the government to fully embrace digital technology on all its departments so that it will be easy to generate VAT using digital economy taxation.