

The effectiveness of tax amnesties in enhancing revenue generation

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Abstract

The relationship between tax amnesty and compliance levels of taxpayers depends on the objective in which the tax authority grants the tax amnesty. The purpose of this desktop study investigation was to determine the effectiveness of tax amnesties in enhancing revenue generation. We have located the research of this paper within a qualitative approach (Gay 1992; Babbie 1998; Leedy & Ormrod 2013). This decision was informed by the fact that this paper is not interested in the quantification of data, but its main interest lies in the painting of qualitatively rich picture of the phenomena being studied within the context of limited respondents (Hall 2007; Maserumule 2011; Baugh & Guion 2016). To this end, the problem of this study is explained descriptively and theoretically for generating a crispy understanding of the effectiveness of tax amnesties in enhancing revenue generation. In terms of data collection, the authors sourced and reviewed literature on the topic. Among others, these sources included journal articles, books, magazines and newspapers. The study revealed that factors such as high compliance cost, tax audits and tax rates affect tax compliance with amnesties. More so, tax education, the use of IT and simplification of tax laws and procedures within a tax system can be measures that can be implemented to motivate tax compliance other than tax amnesty. Studies reviewed showed that the relationship between tax amnesty and tax compliance depends on the objective tax amnesty is granted for.