



Faculty of Commerce

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THE EFFECTIVENESS OF ELECTRONIC FISCAL DEVICES ON VAT COMPLIANCE: A SURVEY OF BULAWAYO SMES VAT REMITTANCE

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ABSTRACT

This research intended to establish the effectiveness of electronic fiscal devices on VAT remittances by small to medium enterprises in Bulawayo. The researcher selected 100 SMEs from various industries in Bulawayo and 20 ZIMRA officials. The main objective was to determine whether VAT registered SME operators are fiscalised, to identify the process all their sales their sales through fiscal devices and to identify if ZIMRA has enforcement measures to ensure that all VAT registered operators are fiscalised. The research findings indicated that although there has been an increase in the revenue collected from the VAT tax head since the introduction of electronic fiscal devices SME operators are not all fiscalised and those that are fiscalised are not processing all their sales through the fiscal devices thereby under declaring their revenue and under paying their tax. Electronic fiscal devices can be deemed to enhance revenue collections and should be fully adopted by all VAT registered operators. The study recommends that ZIMRA to put in place stiff measures as a way of enforcing fiscalisation by every operator who is eligible to. The revenue authority should also implement tight strategies such that all sales are processed through the fiscal devices in the first instance to avoid any temptations of under declaring sales and paying less tax. Tax education is also vital to SME operators in order to enforce voluntary compliance. Regular inspections by ZIMRA officials save as a reminding strategy for the tax payers to pay the correct taxes and also as a way for ZIMRA to check if the electronic fiscal devices are in good working conditions so that any loopholes are sealed.