

**DEVELOPING A TAX AMNESTY MODEL FOR ZAMBIA TO ENHANCE TAX
PAYMENTS**

BY

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**A Dissertation submitted to the University of Zambia in partial fulfillment of the
requirements for the award of the Degree of Master of Business Administration in
Finance.**

THE UNIVERSITY OF ZAMBIA

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DECLARATION

I, **Olias Shula Simuchile**, do hereby declare that this work is my original work achieved through personal reading and research. This work has never been submitted to the University of Zambia or any other Universities. All sources of data used and literature on related works previously done by others, used in the production of this dissertation have been duly acknowledged. If any omission has been made, it is not by choice but by error.

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APPROVAL

This Dissertation by **Olias Shula Simuchile** is approved as a fulfillment of the requirements for the award of the Degree of Master of Business Administration in Finance by the University of Zambia.

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ABSTRACT

Tax is one of the biggest sources of revenue in any Country. However, because delinquent taxpayers still exist, there are usually large sums of uncollected revenues, in terms of principal tax and subsequent penalties and interest accrued because of either not filing returns on time or not paying the tax on time. Tax Amnesty is a one-time offer to settle an outstanding tax debt relating to previous tax periods, for an amount that is less than the current debt, as penalties and interests are waived. The Zambia Revenue Authority (ZRA) implemented Tax Amnesty for a period prior to 1st March 2017. The aim of this study was to develop a tax amnesty model for Zambia to enhance tax payments. The study used descriptive research design deploying a mixed method approach (Qualitative & Quantitative). A total number of 68 tax consultants were the respondents with two (02) being key informants. The selection of the respondents was purposive in nature owing their availability and demonstrated expert knowledge. Data was collected using Questionnaires and in-depth interviews. Quantitative data were analyzed using Statistic Package for Social Sciences (SPSS). Descriptive statistics applying the composite mean and chi square to test hypotheses and inferences. Qualitative data analysis used thematic analysis following a constant comparison method. The results revealed that although there was a 50% collection of the tax out of the targeted K8 billion, there was also an increase in the Tax Debt owing to the inaccurate database and knowledge gap of the taxpayers on the tax amnesty policy. From the findings, the results showed that the period of the Tax amnesty should not be less than three (3) months, but not more than one (1) year as 95.7% of the respondents were of the view that the implementation of the Tax amnesty should have a sufficient time to file the unfilled returns but should be followed by strict enforcement through the strengthening of the Tax system. It was also noted that 2017 tax amnesty model in Zambia had poor integration of time range of tax amnesty which led to the extensions of amnesty twice. Furthermore, the results showed the proposed Tax Amnesty model which should include the following identified major variables such as ZRA resolving Taxpayer Audit issues, visitation by Tax officers to educate the Taxpayers, allowing a sufficient time to pay at least not less than 3 months but not more than 1 year and an accurate database. Overall, this model was correctly specific for the Zambian Tax amnesty. The study has recommended, based on the findings that: There is need to improve the accuracy of Tax database, through engagement of a third party who could independently verify the details of the taxpayers to ensure accuracy of the data. There should be increased knowledge of the Taxpayers through continuous education about tax amnesty and other tax policies.

Keywords: *Tax Amnesty Model, Tax revenue, Tax amnesty*

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DEDICATION

I dedicate this Dissertation to my mother, Agnes Tisa Bwalya and my loving wife Racheal Makanga Simuchile. I thank you both for your undying love and support shown to me during this time. You always encouraged me that it was possible for me to achieve whatever I set my eyes on and that anything was within my grasp. I will always love you both and may the Almighty God richly bless you.

DEFINITION OF TERMS

Tax amnesty- This is defined as a limited time offer by the government to the specified group of taxpayers to pay a defined amount, in exchange for forgiveness of a tax liability (including interest and penalties), relating to a previous tax period or periods. Baer and Le Borgne IMF (2008)

A Model-This is defined as a representation or abstraction of an actual object or situation. It shows the interrelationships (direct or indirect) and interrelationship of an action and reaction in terms of a cause and effect. Shafique F and Mahmood K., (2010).

Time-To-Pay-Agreements- This is an arrangement that enables taxpayers with cash flow difficulties to pay their outstanding tax in installments over an agreed period of time whilst ensuring the current tax liability is paid. (ZRA Tax Amnesty Guide, 2017)

Tax Payment-This is the payment that is made by a tax payer in relation to the particular tax obligation such as Pay As You Earn, Value added Tax, Company Tax, Withholding Tax etc. (ZRA Tax Amnesty Guide, 2017)

Tax Revenue- This is defined as the funds collected from taxes on income and profits by the Tax Authorities. It is the main income for the state, for funding public expenditure and other costs, tangibly expressing the common efforts of the community. (Kilonzo, 2012)

Tax Compliance -This the term that refers to the willingness of Taxpayers to comply with relevant tax authorities by paying their taxes. Verboon and Dijke (2007).

Tax waiver- This is term that refers to when the penalties and interest are written off upon paying the outstanding principal tax. (ZRA Tax Amnesty Guide, 2017)

TABLE OF CONTENTS

DECLARATION	i
COPYRIGHT	ii
APPROVAL	iii
ABSTRACT	iv
ACKNOWLEDGEMENTS	v
DEDICATION	vi
DEFINITION OF TERMS	vii
LIST OF TABLES	xii
LIST OF FIGURES	xiii
LIST OF ABBREVIATION/ACRONYMS	xiv
CHAPTER 1	1
1.1. Introduction.....	1
1.2 Background of the Study.....	2
1.3. Tax Amnesty in Zambia.....	3
1.4. The challenges of 2017 Tax Amnesty model in Zambia.....	4
1.5. Statement of the Problem.....	6
1.6. General Objective.....	7
1.7. Research Questions.....	7
1.8. Significance of the Study.....	7
1.9. Scope of the Study.....	8
1.10. Limitations of the Study.....	8
1.11. Chapter Summary.....	9
1.12. Dissertation Outline.....	9
CHAPTER 2	10
LITERATURE REVIEW	10
2.1. Introduction.....	10
2.2. Historical Origins of Tax Amnesty.....	10
2.3. Related literature.....	11
2.4. Meaning of taxation.....	11
2.5. Theoretical framework.....	11
2.5.1. Benefit theory.....	11

2.5.2. Neoclassical Theory	12
2.5.3. Ability-to-pay approach theory	13
2.6. The theoretical arguments on tax compliance	13
2.7. Advantages and limitations	14
2.8. Global Aspect of Tax Amnesty	15
2.9. Tax Amnesty in Developed Countries	15
2.9.1. Ireland	15
2.9.2. USA.....	16
2.9.3. Russia	18
2.10. Tax Amnesty in Developing Countries.....	19
2.10.1. Pakistan	19
2.10.2. South Africa.....	20
2.10.3. Kenya	20
2.10.4. Zimbabwe	22
2.10.5. Empirical literature	23
2.10.6. Differences with Reviewed Studies	27
2.10.7. Knowledge Gap	27
2.11. Conceptual Framework	28
2.12. Chapter Summary	30
CHAPTER 3.....	31
RESEARCH METHODOLOGY	31
3.1. Introduction	31
3.2. The pragmatic approach of the research study on tax amnesty.....	31
3.3. The mixed method research strategy	32
3.4. Modeling approach	32
3.5. Study Population and sampling size	32
3.6. Sampling technique.....	32
3.7. Model specification.....	33
3.7.1. Estimation of the factors that affect tax by Ordinary Least Squares -OLS.....	33
3.8. Reliability Testing	33
3.9. Validity, reliability of data and ethical considerations	34
3.10. Ethical considerations	35

3.11 Chapter Summary	35
CHAPTER 4.....	36
PRESENTATION OF FINDINGS, ANALYSIS AND DISCUSSION.....	36
4.0. Introduction	36
4.1. Results Presentation	36
4.1.1. Demographics - Gender	36
4.1.2. Age distribution of the response	37
4.1.3. Professional and academic study response.....	39
4.1.4. Professional certifications for Tax consultants from Tax Consultant firms.....	40
4.1.5. The levels of experience as a Tax consultant	41
4.1.6. Type of Tax paid to ZRA	42
4.1.7. Outstanding tax payments	43
4.1.8. ZRA Tax amnesty system	44
4.1.9. ZRA Tax Amnesty online system configuration knowledge gap.....	46
4.2 Data Analysis	47
4.2.1 Objective 1- Examination of the effects of 2017 tax amnesty timeframe in enhancing tax payments.	47
4.2.2 Objective 2-Evaluation of the factors affecting the enhancement of tax payment in the tax amnesty and its operationalization.....	50
4.2.3 Objective 3-To develop a model for Tax Amnesty that can be periodically used in Zambia.	53
4.3 Discussion of Findings.....	55
4.3.1 Objective 1. Examination of the effects of 2017 Tax Amnesty timeframe in enhancing tax payments.....	55
4.3.2 Objective 2: Evaluation of the factors affecting the enhancement of tax payment in the tax amnesty and its operationalization.....	55
4.3.3 Objective 3: To develop a model for Tax Amnesty that can periodically be used in Zambia.	57
4.3.4 Chapter Summary of Findings.....	58
CHAPTER 5.....	59
CONCLUSION AND RECOMMENDATION	59
5.0 Introduction	59
5.1 Conclusions	59
5.2 Recommendations.....	60

5.3 Suggestions for further research	63
REFERENCES.....	64
APPENDICES	71
Appendix 1: Research Questionnaire	71

LIST OF TABLES

Table 4.1. Certifications for auditors from tax consultant firms	40
Table 4.2. Clients outstanding tax payments	43
Table 4.3. Examination of the effects of 2017 tax amnesty on tax payments. Crosstab.....	47
Table 4.4. Recommended Time range for Taxpayers to file in their unfiled tax returns	48
Table 4.5. Chi – Square test on the examination of the effects of 2017 tax amnesty on tax payments variables.....	49
Table 4.5.1: Breakdown of Collectable Tax Debt by Principal, Interest and Penalties:.....	49
Table 4.6: Correlation Matrix	52

LIST OF FIGURES

Figure 1.1. Zambia Revenue Authority debts stock post tax-amnesty	5
Figure 1.2. Tax penalties, principal and interest trend analysis of the post-tax amnesty.....	6
Figure 2.1. Tax amnesty Conceptual Framework.....	29
Figure 4.1: Gender distribution.....	37
Figure 4.2: Age group distribution.....	38
Figure 4.3: Academic study.....	39
Figure 4.4: Experience as a Tax consultant.....	41
Figure 4.5: Figure Type of Tax in Zambia	42
Figure 4.6: ZRA resolving taxpayers audit issues	43
Figure 4.7: Ways ZRA should configure tax amnesty on penalties and interests	45
Figure 4.8: ZRA Tax Amnesty online system configure knowledge gap.....	46
Figure 4.9: Factors affecting the effectiveness of the tax amnesty program in Zambia.	50
Figure 4.10: Evaluation of the factors affecting the enhancement of tax payment in the tax amnesty and its operationalization.....	51
Figure 5.1. Proposed Tax Amnesty Framework Model.....	62

LIST OF ABBREVIATION/ACRONYMS

AG	Auditor General’s Office
CIT	Company Income Tax
CSO	Central Statistics Office
GDP	Gross Domestic Product
GRZ	Government of the Republic of Zambia
IMF	International Monetary Fund
JCTR	Jesuit Centre for Theological Reflections
OECD	The Organisation for Economic Co-Operation and Development
PAYE	Pay as You Earn
SPSS	Statistical Package for Social Sciences
TOT	Turnover Tax
TPA	Time to Pay Agreements
UNZA	University of Zambia
VAT	Value Added Tax
ZRA	Zambia Revenue Authority

CHAPTER 1

1.1. Introduction

Taxes are a major source of revenue for governments worldwide. The government of Zambia strives in various ways to increase state revenues from taxes as well by implementing diverse initiatives to encourage tax compliance. This because is because not everyone who pays taxes, referred to as taxpayers, is willing to pay their correct taxes. One of the ways used by the government to optimize tax collection is issuance of a policy that can increase tax revenues in the short term. That policy is known as a Tax Amnesty. Economic literature suggest that tax amnesties increase tax revenues only for a short period of time and decrease it in the future and the tax compliance fall after the tax amnesties (Mookherjee and Dasgupta ,1995).

Tax amnesty is a term used to describe a one-time offer to settle an outstanding tax debt for an amount that is less than the current debt (Mhlanga, 2015). Tax Amnesty can also be defined as a limited-time opportunity for a specified group of taxpayers and potential taxpayers to pay a defined amount, relating to a previous tax period or periods, often with some penalties and interest waived, and without fear of criminal prosecution (Mhlanga, 2015). It is also a term used to describe a one-time offer to settle an outstanding tax debt for an amount that is less than the current debt. In other words, this approach seeks to enable taxpayers to pay unpaid tax debts under suitable circumstances without incurring additional late fees and other penalties (WisegEEK, 2014). It is an opportunity for a particular group of taxpayers to disclose incomplete or unreported information about previous tax periods. An effect is the change which is a consequence of an action.

The heart of fiscal planning lies in the ability of a tax administration to optimize on revenue collection (Chichoni, 2012). It, therefore, becomes a priority for any tax administration to optimize tax revenue collection whilst taxpayers seek to minimize their tax obligations (Chichoni, 2012).

According to Ahuja (2012), “a wider measure of equality of incomes, wealth and opportunities must form an integral part of economic development.” A fiscal policy instrument such as taxation can be an ideal tool to ensure that there is an equitable distribution of income. (Andley and Sundharam, 2003) explain that taxes based on income and wealth have the effect of attacking the chief sources of inequality of income. Taxation primarily attempts to reduce the volume of income,

with the higher income groups and transfer the same to the public authorities who may use the revenue to specifically raise standards of living of the poor.

Tax amnesty policy has both advantages and disadvantages, it has been used before and it will probably be used in the future. Therefore, tax authorities look for ways to make tax amnesties efficient. According to the theory, amnesty itself lacks properties in fulfillment of its purposes. Achievement of these purposes not only depends on amnesty content, but also cautions of the government that are taken after amnesty period which are; effective inspections, increased penalties, true enforcements, extent of the amnesty, increase in tax awareness and tax morale and non-recurrence of amnesties.

However, lessening inequality of income through instruments such as Tax Amnesty has still proved to be challenging in enhancing tax payments.

1.2 Background of the Study

According to (JCTR, 2011), increasing tax collection requires good tax policies and models to increase the tax base and allow the government to reduce the highly unequal burden on the formally employed, which is unfair and creates economic distortions. Tax amnesty policy and models reflect the closest one-time policy for enhancing tax payment for tax-payers.

Increasing tax rate is the most obvious solution to a deficit, as the revenue increases, and then the rise generated will offset the deficit, but with it comes the disadvantage of a heavier tax burden. Not only does it mean a reduced level of disposable income for the nation's business organisations and citizens, but it could also lead to reduced productivity in the country, as higher taxes are a disincentive to work, *ceteris paribus* (Stern R and Baurbor, 2006). And cutting down on government spending, similarly, could offset a deficit, in that if government spent less, revenues are not depleted as much, but with that comes the disadvantage of a poorer quality of public services and goods, as there is stunted investment in their production by the government. Therefore, taxation policies must be structured in a way that there is a balance between the tax payers which include the business organisations, individuals who pay tax and the tax authority who are governing tax collection through various policies.

The Zambia Revenue Authority (ZRA) aims at improving tax collection as its mandate. It also optimizes and sustains revenue collection and administration for a prosperous Zambia. ZRA

introduced the Tax amnesty which was designed to benefit the taxpayers in such a way that upon finishing paying the whole principal amount owing, the taxpayer qualifies for a waiver of penalties and interest. Tax waiver means that the penalties and interest are written off.

1.3. Tax Amnesty in Zambia

In Zambia, the tax base is narrow and largely collected from the formal sector which is approximately about 15.4 percent of the economy (Central Statistics Office, 2012). The informal sector, on the other hand, accounts for about 84.6 percent of the economy and yet it contributes far less revenue to the national treasury. This situation has led to the government not meeting optimally the demands of providing social, education and health services, servicing internal and external debt, as well as setting up infrastructure for development.

The government of Zambia through the Zambia Revenue Authority in April 2017 launched the tax amnesty on interests and penalties on all duty accounts in order to encourage tax payers to dismantle their long outstanding tax debt. The Authority was expected to collect about K8 billion after waiving all interest and penalties for tax-payers with outstanding tax returns and debts. The authority offered a 100% waiver on interests and penalties provided the principal tax liabilities were fully liquidated. Taxpayers were required to submit all outstanding returns, pay principal tax liabilities prior to 1st March 2017. Initially, the amnesty ran from 24th April to 31st July 2017 but was extended to 31st August 2017 and then finally extended to 31st December 2017.

Based on statistics obtained from ZRA at the time of data collection in 2019, ZRA had a total of 1,203,636 registered taxpayer companies country-wide across the various tax types, which narrows down to 514,004 in Lusaka alone. In line with the Authority's theme based on its revised Corporate Strategic Plan (CSP) for the period 2016 – 2018 of enhancing domestic tax revenue mobilisation, the Authority's priorities for the year 2017 were aimed at enhancing compliance through various initiatives. One of the initiatives which were prioritised in that year was the dismantling of the debt portfolio through Tax Amnesty on penalties and interests. The Amnesty enabled several taxpayers to settle their principal debts immediately while others entered into Time-To-Pay-Agreements (TPAs).

Generally, ZRA received 1,343,681 applications for Tax Amnesty across the various tax types, out of which 1,056,290 were approved as having met all the necessary Tax Amnesty conditions. The

Tax Amnesty beneficiaries had a choice to either pay a lump sum or enter into TPAs. A Time to Pay Agreement (TPA) is an arrangement that enables taxpayers with cash flow difficulties to pay their tax in installments over an agreed period whilst ensuring the current tax liability is paid. Taxpayers wishing to participate in the TPAs had to do so by applying for the facility through the date recovery unit covering the amnesty period.

1.4. The challenges of 2017 Tax Amnesty model in Zambia

Despite the impressive performance of applications received by Zambia Revenue Authority the 2017 tax amnesty didn't meet its target in the first initial period of amnesty running from 24th April to 31st July 2017 which led to ZRA to extend the period of tax amnesty to 31st August 2017 and then 31st December 2017, despite this extension only about 50% of the targeted revenue was collected due to the structure of the 2017 Zambian amnesty model.

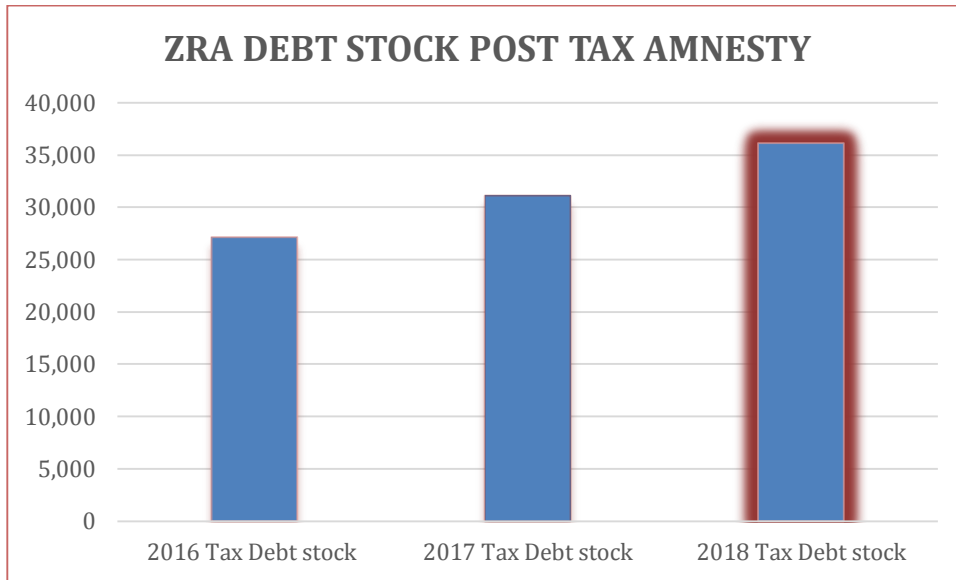
In the report of the Auditor General for the financial year ended 31st December 2017, it was mentioned that there were inefficiencies in collecting taxes which resulted in tax arrears increasing from K24, 430,797,316 in 2015 to K28, 225,582,971 in 2016. A review of the report for 2018 revealed that the trend had continued in that the debt stock escalated from amounts totaling K28,225,582,971 in 2016, to K31,144,696,256 in 2017. (Principal – K13, 838,239,156; Interest - K1, 230,215,749 and Penalties - K16, 076,241,350).

In addition, a review of tax records by the Auditors from the Auditor General's Office relating to the Tax Amnesty revealed that although 12,280 defaulter accounts had settled their tax principal liabilities, amounts totaling K3, 774,834,402 in respect of interest and penalties had not been waived off the Tax Online System. The following were further observed:

As at 31st August 2018, the Tax Online System had not been configured to take into account the effects of the Tax Amnesty on debt reduction thereby increasing the tax debt. From the above statistics on the 2017 tax amnesty model of Zambia it can be observed that it had many challenges that affected their targeted tax revenue collection and the objective of ZRA offering an opportunity of settling corporate tax liabilities in installments by entering into time-to-pay-agreements (TPAS).

The debt stock at the beginning of 2017 was K28, 225 billion covering principle, interest and penalties. The distribution of the domestic taxes debt stock, alone, was as shown in figure 1.1

Figure 1.1. Zambia Revenue Authority debts stock post-tax-amnesty

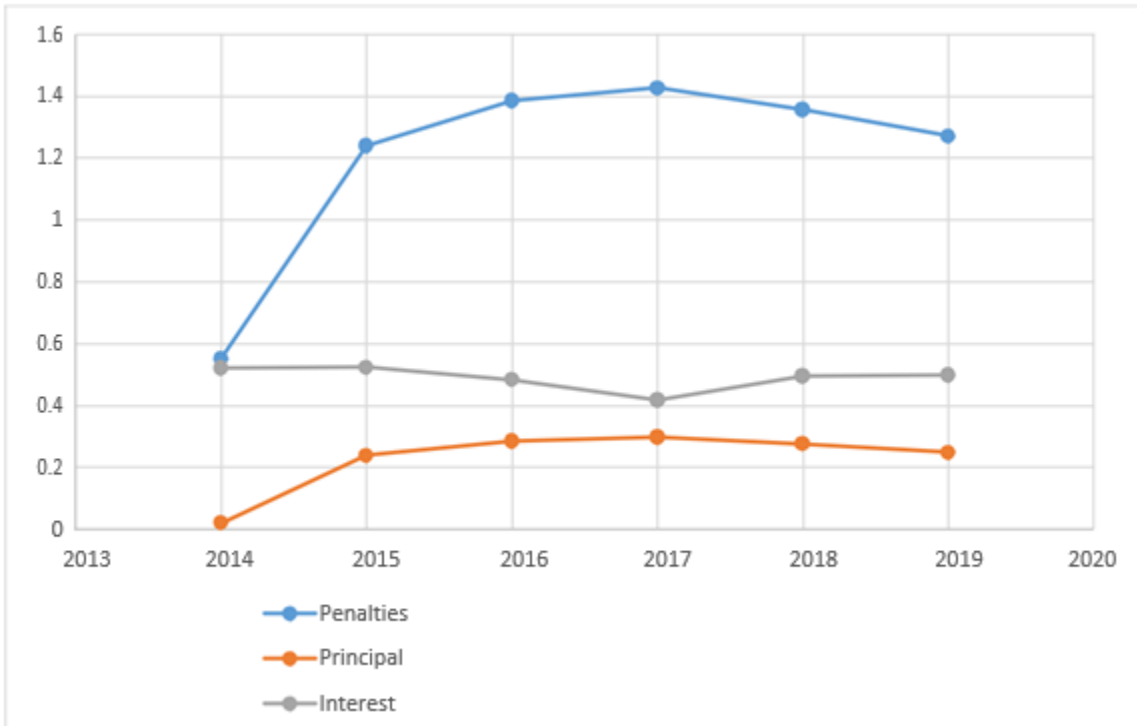


Debt Stock –Auditor General Report 2017-2018

The above-cited graph shows the trend of Zambian Revenue Authority tax debt stock trends within and after 2017 Tax amnesty implementation (Office of the Auditors General report 2017 -2018). Figure 1.1 above shows that despite the implementation of tax amnesty in 2017 the tax debt stock has been increasing. This show that year in and year out, the Zambia Revenue Authority has not been doing well in the collection of Taxes and enhancing tax payment through various policies including the tax amnesty. This situation had negatively affected the Zambian economic performance, as the taxes collected were not enough to finance public finance activities in the economy.

The failure to collect taxes led to pressure on the government from various stakeholders in the economy such NGOs, Civil Society Organisations, citizenry, etc. Therefore, the Minister of Finance through the Zambian President had requested ZRA to make sure they collect tax payment more than its maximum initial capacity (Minister of Finance Speech, 2017).

Figure 1.2. Tax penalties, principal and interest trend analysis of the post-tax amnesty



The increase in tax penalties and interest post-Tax amnesty indicates that tax payments were not enhanced and that even the amnesty model implemented in 2017 may have not been well-structured and was possibly underutilized. From the Auditor General’s report of 2018, it was clear that key variables were not analysed according to the requirement needed for taxpayers to fully participate in the amnesty. Issues, such as lack of information by the taxpayers about the tax amnesty, lack of an accurate database system and un-readiness of the Tax Online system to handle the tax amnesty could have contributed to the tax amnesty not being as effective as was intended.

1.5. Statement of the Problem

As stated in the background, in April 2017, the ZRA launched the tax amnesty on interests and penalties on all duty accounts in order to encourage tax payers to dismantle their long outstanding tax debts. The Authority was expected to collect about K8 billion after waiving all interest and penalties for tax-payers with outstanding tax returns and debts, but they managed to collect K4.2 billion which is about 50% of the expected collection. Assessing what was collected, the tax Amnesty was required to be sustained after some period. However, there were no indications that

the Authority would consider re-invoking any amnesty in the foreseeable future. Hence if a model was not developed Zambia shall continue to lose even a kwacha that it could have gained had there been periodical amnesties (Anik Yuesti, 2018). Therefore, a model needed to be developed that can be a reference for the future.

1.6. General Objective

To develop a tax amnesty model for Zambia to enhance tax payments.

Specific Objectives:

1. To examine the effects of the 2017 tax amnesty timeframe in enhancing tax payments.
2. To evaluate the factors affecting the enhancement of tax payment in the tax amnesty and its operationalization.
3. To develop a model for Tax Amnesty that can be periodically used in Zambia.

1.7. Research Questions

This study was seeking answers to the following research questions:

1. What is the effect of 2017 tax amnesty timeframe in enhancing tax payments?
2. What are the factors to be considered for a Tax Amnesty be properly operationalized in Zambia?
3. How can the current ZRA Tax Amnesty model be improved?

1.8. Significance of the Study

The findings of this study will provide information to tax officials and administrators on how efficient a tax amnesty model must be formulated and implemented to enhance tax payments for both the taxpayers and ZRA to receive the much-needed revenue. The tax model will furthermore allow many taxpayers to start on clean accounting records without various tax audit issues which will in turn allow further tax compliance by taxpayers. The following are the 1additional significance of the study:

- The findings of this study will help the Tax Consultants to be able to help advise their clients on the application of, and utilisation of the Tax amnesty whenever it is offered.
- It will also be used as literature review for further research since the practical solutions to problems that will be revealed as a result of this study shall be availed.
- Furthermore, the results of this study will benefit the general public, specifically, the taxpayers that may want to participate in future Tax Amnesties as they will be able to make informed decisions, having understood how a tax amnesty operates.

1.9. Scope of the Study

The focus of the study was on developing a tax amnesty model for Zambia to enhance tax payments. The study targeted relevant Tax Consultant firms whose clients were eligible for tax amnesty under ZRA as these were perceived to be relevant in providing the research with credible information on which the study would base its inferences.

This study adopted the pragmatic approach on developing an effective tax amnesty model using a mixed method research strategy. The mixed method approach used both qualitative and quantitative methods. The study used the exploratory research paradigm. It was holistic in collecting qualitative data from various sources to gain a deeper understanding of the key variables of the research aimed at closing the gaps in the problems.

1.10. Limitations of the Study

The limitation of the study included limited literature review on tax amnesty models as many of the study covered Tax amnesty by looking at how it affects taxpayer's compliance and not considering the variables in the amnesty models. Another limitation of the study was that many theories on taxation consider economic growth and not effects on the corporate firms which would have allowed linking the study to a specific theory relating to a specific model adjustment of tax amnesty.

The model considered in this study is not exhaustive of all the variables, because of inherent data problems associated with developing countries such as Zambia. To that effect, some factors such as those that are qualitative in nature may not be included. A lack of secondary dataset from Zambia Revenue Authority affected the cross validation of data given by the respondents.

1.11. Chapter Summary

This chapter provided the introduction of the study by providing background information on the Zambian tax amnesty framework. It outlined the background of tax collection, tax amnesty, challenges of tax amnesty in Zambia, the statement of the problem, the research objectives and the research questions, the significance of the study based on developing a tax amnesty model for Zambia to enhance tax payments and the limitations of the study. Therefore, it provided direction of the entire research.

1.12. Dissertation Outline

The Study was divided into five main chapters:

Chapter 1 provides a background of the study and focuses study to the Zambian framework on tax amnesty. The following description is followed: the background of tax collection, tax amnesty, challenges of tax amnesty in Zambia and the statement problem of the problem, the research objectives and the research questions, the significance of the study based on developing a tax amnesty model for Zambia to enhance tax payments and the limitations of the study.

Chapter 2 contains the literature review of the tax amnesty in discovering the gaps and developing questions. Review on tax theories and policies, reviews of the variables of the tax amnesty model operations. It explains the related studies and the differences & similarities of this study to those conducted by others.

Chapter 3 discusses the research methodology of the study. Specific topics that were discussed are: the design of the research, research area, data and sampling design, and the actual methods that will be used to collect data for the research study in order to develop a tax amnesty model for Zambia.

Chapter 4 presents the findings from the research study conducted and provides a discussion of the results in terms of the theory in the literature review based on developing a tax amnesty model.

Chapter 5 concludes the research study. A summary on Tax amnesty function established is provided, followed by a summary of the empirical results obtained from the research study. In ending the chapter, conclusions and recommendations are outlined.

CHAPTER 2

LITERATURE REVIEW

2.1. Introduction

This chapter focused on the discussion of underlying theories and empirical studies that are unique to the area of this study. The theories reviewed are in relation to developing a tax amnesty model for Zambia to enhance tax payments of tax payers and other underlying issues in the taxation systems in Zambia aimed at enhancing the increase in the tax base. The chapter then illustrated the various approaches given in determining viability of tax amnesty, and its possible rewards.

2.2. Historical Origins of Tax Amnesty

Tax amnesties *provide delinquent taxpayers with a one-time opportunity to clear their accounts by paying back taxes and interest without being subject to criminal or civil penalties.* (Parle and Hirlinger 1986,: Mhlanga, 2015). A tax amnesty can also be defined as a limited time offer by the government to the specified group of tax payers to pay a defined amount , in exchange for forgiveness of a tax liability (including interest and penalties), relating to a previous tax period or periods. (Baer and Le Borgne, 2008).

The benefits of tax amnesties for the government are the opportunity to raise revenues in the short run, the chance to bring tax evaders back on the right track of tax compliance as well as a facilitation to monitor their future compliance, to provide a soft option for those who evaded out of a mistake, and to show that the government cares about tax evasion (Hasseldine, 1998). Furthermore, amnesties may support the transition to a new tax system with stricter enforcement measures (Alm et al., 1990).

The main purposes of amnesties included bringing non-filer on tax net, revenue generation, future tax compliance and repatriation of foreign assets (Alstadsaeter et al., 2017).

2.3. Related literature

In every country, whether with a developing, developed or certainly planned economy, the major source of capital output growth is in an increase in productivity which is as results of taxation to finance government expenditure (Abamovitz, 1981).

2.4. Meaning of taxation

Tax is compulsory contribution from a person to the government to defray the expenses incurred in the common interests of all without reference to special benefits conferred. The essence of a tax, as distinguished from other charges by government, is the absence of a direct quid pro quo between the tax payer and the public authority (Andley and Sundharam, 2003). The revenue from taxes came from three main sources. Viz; (a) Taxes on income (b) Taxes on wealth and property and (c) Taxes on commodities.

It is compulsory payments to the government from the citizen. Each individual irrespective of caste, colour or creed, of age or sex has to pay it. Refusal to pay it or delay in payment brings punishment. Furthermore, it imposes a personal obligation this means that it is duty of tax payer to pay it and he should in no case think to evade it. Taxation primarily attempts to reduce the volume of income, with the higher income groups and transfer the same to the public authorities who may use the revenue to specifically raise standards of living of the poor.

A wider measure of equality of incomes, wealth and opportunities must form an integral part of economic development. A fiscal policy instrument such as taxation can be an ideal tool to ensure that there's an equitable distribution of income (Ahuja, 2012). Andley and Sundharam (2003) explains that taxes based on income and wealth have the effect of attacking the chief sources of inequality of income

2.5. Theoretical framework

2.5.1. Benefit theory

According to this theory, the state should levy taxes on individuals according to the benefit conferred on them. The more benefits a person derives from the activities of the state, the more he should pay to the government (Fjeldstad and Heggstad, 2013). Therefore, under the benefit theory,

tax levels are automatically determined, because taxpayers pay proportionately for the government benefits they receive. In other words, the individuals who benefit the most from public services pay the most taxes. This principle has been subjected to severe criticism on the following grounds:

- If the state maintains a certain connection between the benefits conferred and the benefits derived. It will be against the basic principle of the tax. A tax, as we know, is compulsory contribution made to the public authorities to meet the expenses of the government and the provisions of general benefit. There is no direct quid pro quo in the case of a tax.
- Most of the expenditure incurred by the state is for the general benefit of its citizens, it is not possible to estimate the benefit enjoyed by a particular individual every year.
- If we apply this principle in practice, then the poor will have to pay the heaviest taxes, because they benefit more from the services of the state. If we get more from the poor by way of taxes, it is against the principle of justice (Cooper, 1994).

With the above criticism the government on taxing the informal sector must make sure that the sector also derives benefits from the tax they pay. This also implies that the government and tax authorities must find a model that would account for the tax and make the benefits of the tax have an impact on the informal sectors as well.

2.5.2. Neoclassical Theory

Neoclassical theories have analyzed the effectiveness of tax amnesties in their own view. Alm and Beck (1993) showed that amnesties may sometimes increase compliance and tax collections especially if individuals perceive paying taxes as a social norm and the amnesty is accompanied by heightened enforcement efforts. However, amnesty revenues may come at the expense of reduced long-run tax revenues because of the reduction in tax compliance. The authors concluded that although tax amnesties generate short-term revenues, their ability to generate revenues in the long run is ambiguous. Andreoni (1991), on the other hand, examined fully anticipated tax amnesties and found that evasion rises as a result of the amnesty, but tax revenue does not necessarily fall. This is because evasion rises only to the extent that people expect to participate in the amnesty and if they participate in the amnesty, then the government can recapture not only the new evasion but also the pre-existing evasion. According to Andreoni (1991), if the initial evasion is large, then the amnesty may increase tax revenue even if there is an increase in evasion.

2.5.3. Ability-to-pay approach theory

Andley and Sundharam (2003) explained that the ability-to-pay approach treats government revenue and expenditures separately. Taxes are based on taxpayers' ability to pay; there is no *quid pro quo* which explains that tax should be paid in accordance with benefits each would receive from expenditure programmes to be financed by tax revenues by the governments. Taxes paid are seen as a sacrifice by taxpayers, which raise the issues of what the sacrifice of each taxpayer should be and how it should be measured:

- *Equal sacrifice*: The total loss of utility as a result of taxation should be equal for all taxpayers (the rich will be taxed more heavily than the poor)
- *Equal proportional sacrifice*: The proportional loss of utility as a result of taxation should be equal for all taxpayers
- *Equal marginal sacrifice*: The instantaneous loss of utility (as measured by the derivative of the utility function) as a result of taxation should be equal for all taxpayers. This therefore will entail the least aggregate sacrifice (the total sacrifice will be the least).

2.6. The theoretical arguments on tax compliance

Overall, there is a lot of internal goodwill towards the governing bodies for the support for tax policy and administration reforms for the taxation in Zambia. There are yearly scheduled IMF and World Bank missions to Zambia for the purpose of supporting tax administration. For instance, at the inception of ZRA, the Department for International Development (DFID) provided support in form of infrastructure, information technology and human resource development for taxation systems.

Verboon and Dijke (2007) stated that tax compliance is the willingness of individuals to comply with relevant tax authorities by paying their taxes. Others like, Alm (1999) and Jackson and Milliron (1986) defined tax compliance as the reporting of all incomes and payment of all taxes by fulfilling the provisions of laws, regulations and court judgments. In addition to these, Singh defined as tax compliance is a person's act of filing their tax returns, declaring all taxable income accurately, and disbursing all payable taxes within the stipulated period without having to wait for follow-up actions from the authority. Tax compliance is also defined as the full payment of all

taxes due (Braithwaite, 2009). Tax non-compliance is referred to as any difference between the actual amount of taxes paid and the amount of taxes due. This difference occurs because of overstating and understating income, expenses, and deductions. Non-compliance comprises both intentional evasion and unintentional.

One of the goals of the government is to maximize citizen's compliance with tax law. Besides providing resources to the state, tax compliance serves as a route for state-society relations. Nevertheless, it is not always possible to catch the mentioned compliance. Because, policy makers don't have the power to control individuals all the time and at the same time, taxpayers are encountered with various factors that cause tax incompliance. The issues like educational level, age intervals, income level and religious perspective are the factors that affect tax compliance. Also in the country; basic problems such as appropriate conditions for tax evasion and tax avoidance, existence of policies designed with short-term approaches, regulations for satisfying some certain groups, belief that tax systems are unfair and unequal, psychological factors, inadequacy of inspection and audits by tax authorities, immature moral obligation, inefficiency of coercion and deterrence mechanisms and the lack of state legitimacy direct the process of tax compliance negatively; and according to some authors, this case reflects the entire tax paying culture.

2.7. Advantages and limitations

According to JCTR (2014), it explains that the tax system must be equitable and neutral in that it must be seen to be fair and non-discriminatory. "It must not prescribe a different tax regime for one group of citizens and another regime for others. Therefore the advantage of the benefit theory is the direct correlation between revenue and expenditure in a budget. It approximates market behaviour in the allocation procedures of the public sector. Although simple in its application, the benefit theory has difficulties: It limits the scope of government activities, the government can neither support the poor nor take steps to stabilize the economy, and its applicable only when beneficiaries can be observed directly (impossible for most public services) Taxation in accordance with the benefit principle would leave distribution of real incomes unchanged.

2.8. Global Aspect of Tax Amnesty

The implementation of tax amnesty is not unique to Zambia. Amnesties have been implemented in many countries, both developed or developing countries (Kluwer, 2011). There are at least 29 countries in the world that have carried out this policy (Martinez, 1991). France made tax amnesty policies in 1986, Argentina, and Colombia in 1987, Ireland in 1988, and India in 1997 (Alm, 1993). Some of the countries in Europe include Austria, Belgium, Denmark, Finland, France, German, England, Ireland, Italy, Netherland, Norway, Portugal, Russia, Swiss, and Sweden. While in Latin America, Argentina, Bolivia, Brazil, Chili, Colombia, Costa Rica, Ecuador, Honduras, Mexico, Panama, Peru, and Uruguay stand out. Indonesia, Malaysia, Pakistan, Philippines, and Sri Lanka are examples of countries in Asia that have also implemented tax amnesties. Australia and New Zealand have equally done the same. And in Africa, countries such as South Africa, Kenya and Nigeria have implemented tax amnesties.

Below is detailed description of selected countries and their amnesty implementation.

2.9. Tax Amnesty in Developed Countries

2.9.1. Ireland

Ireland, in its 1988 fiscal budget, introduced a tax amnesty that relieved delinquent taxpayers of the obligation to pay interests and penalties on overdue amounts (IMF, 1988). The tax amnesty was considered a success because the central Bank of Ireland revealed that the tax amnesty program raised over SDR 750 million against a target set of SDR 50 million, (IMF, 1988). Among other factors resulting in that tremendous success was the fact that the government had emphasized that the amnesty was going to be a one-off program thereby explaining why there was an increase in the number of taxpayers that applied for an amnesty towards the end of the program. The government went on to support the amnesty program with an increase in tax compliance officers to enforce tax collection. The government also gave the tax administrators the authority to seize stock and other assets and to freeze bank accounts of convicted taxpayers prior to the enactment of the amnesty; so that influenced the taxpayers to take advantage of the amnesty (Stella, 1989). The government also promised not to prosecute any of the delinquent taxpayers and a publication exercise which disclosed delinquent taxpayers in newspapers was put into place. At the end of the ten months' amnesty, a new tax system was introduced to shut out those who had failed to take

advantage of the amnesty program. Therefore, it is important to consider that while strengthened enforcement measures should help sustain a tax reform and widened a tax base, the maintenance of high tax rates may well increase the incentive for evasion.

2.9.2. USA

In the USA, state tax amnesties have become a commonplace component of state tax administration over the last 30 years (Mikesell and Ross, 2012). A study done by Mikesell and Ross (2012) reviewed the structural evolution of all state amnesty programs and makes the case that their fundamental purpose has shifted from improving tax administration to emphasizing revenue maximization.

An exploration of the structures of state tax amnesties and amnesty policies revealed that the purpose of state tax amnesty programs had evolved (Mikesell and Ross, 2012). Early amnesty programs were coupled with important administrative reforms and efforts at improving compliance and enforcement, while the structure of recent programs and their timing relative to adverse fiscal shocks demonstrated an emphasis on revenue generation (Mikesell and Ross, 2012). A regression analysis of the effects of amnesty features on amnesty recoveries suggested that if states were aggressively pursuing revenue maximization, the factors they could modify that were most influential on revenues also compromise existing tax administration (Mikesell and Ross, 2012). That raised some concerns because the historical record has demonstrated amnesty recoveries were seldom large enough to make any dramatic impact on state finances, even compared to non-traditional slack revenue sources (Mikesell and Ross, 2012). In the same vein, Jaka (2016) undertook a study in which he sought to analyze the effectiveness of the tax amnesty introduced in October 2014 in Zimbabwe, towards promoting tax compliance and raising revenue for Zimbabwe Revenue Authority (ZIMRA). The major findings of the study indicated that the tax amnesty program was a failure, and this was attributed mainly to the socio-economic condition which prevailed at that time. Even among the early amnesties, which were more interested in long-term compliance and tax administration, the preponderance of evidence suggests that amnesties represent only a temporary revenue shock, not a continuing fiscal base (Mikesell and Ross, 2012). Somewhat paradoxically, if state legislatures continue to enact amnesty programs, the belief that there is zero long-term revenue effect at best or a negative effect at worst suggests that

administrators should seek to maximize revenue to the greatest possible extent, as it will likely be the only fiscal contribution. The avalanche of tax amnesties since 2000 and the generally improving state revenue yields with the end of the Great Recession probably mean a pause in the pace of such programs for a few years. Nevertheless, it appears that such programs have become an accepted tool in state tax administration, as states generally regard their experiences with amnesties to have been successful (Mikesell & Ross, 2012).

Another approach was taken in Indiana State in the United States of America in order to have a positive response towards an amnesty. The first Indiana Tax Amnesty Program was conducted in 2005-2006 and it was introduced as a onetime offer for delinquent taxpayers to square accounts. According to Indiana Department of Revenue (IDR, 2006) Indiana entered the year 2005 with \$1.3 billion in uncollected taxes, with some liabilities dating back more than three decades. The tax amnesty program started in September 2005 and officially ended in June 2006. With a target set of \$65 million, the program managed to collect more than \$244 million over a total cost of \$15.5 million in amnesty related administration expenses.

IDR (2006) concluded that the Indiana Tax Amnesty was an undeniable success. This success was owed to a number of factors including, the ability of the strategic management to develop a road map for success from a research that was conducted to obtain sufficient appropriate reasons on the factors that influenced the success of other amnesties held by other states in the USA. The IDR instituted a training exercise to equip its workforce with the relevant technical knowhow, which also ensured uniformity and consistence in the application of the amnesty law. The IDR also outsourced services from external credit collectors to reinforce its workforce in order to surpass the target set without additional permanent workforce to the payroll system. According to IDR (2006) the amnesty was supported by a public relations team that identified various stakeholders and its strategy was to exhaust all communication channels as broadly as possible. The publications team published weekly reports on the progress of the amnesty program to ensure transparency and a toll-free number for amnesty related queries was established for convenience purposes. In addition, a public announcement was made that confirmed the existence of an anti-evasion drive that would double the penalties for those that were eligible for the amnesty but chose not to participate.

The other factor that influences a positive response towards tax amnesty is planning. A well-planned tax amnesty builds up compliance if it is supported by an increase in tax audits and penalties post amnesty (Saraçoğlu, 2011). Under the Deterrent Economic Theory, taxpayers evaluate the cost and benefits of participating in a tax amnesty program (Mavengere, 2015). Their decision to comply and in turn raise revenue rests on the feasibility of an amnesty in its offer to minimize their tax obligations. Therefore, tax amnesties will only increase tax compliance if the cost of evasion far outweighs the cost of participating in an amnesty. However, there must be an imposition of punitive measure prior and after an amnesty so as to compel the taxpayer towards the amnesty, higher levels of income will be declared by taxpayers as the probability of detection increases.

2.9.3. Russia

According to Alm et al. (2009), Russia experienced high levels of outstanding tax collections and widespread tax evasion. It is for these reasons that the government's tax authority attempted to reform the tax system although they partially succeeded. As part of its tax reform programs, the Russian government enacted a number of tax amnesties. The first amnesty was introduced on 27th October 1993 by Presidential Decree No. 1773 (Alm, 2009). The amnesty allowed taxpayers who disclosed their unpaid taxes and tax payments for the year 1993 and prior years to be exempted from all penalties and interests on the principal amount owed. This amnesty was for a one month and it began on 27th October 1993 and ended on 30th November 1993. This could be one of the reasons why the tax amnesty program failed. Among the other factors which were attributed for the failure of the program was the requirement that the liability be repaid within one month. Further, the tax amnesty failed to allow for inadvertent or unintended mistakes.

Another amnesty was also introduced by Presidential Decree No. 65 of 19 January 1996. This amnesty did not also produce satisfying results for Russia. Alm (2009) pointed out that this decree was widely perceived by the taxpayers as burdensome because of the fact that unpaid up nominal amounts attracted an interest of 30%, annually. That is why the decree was amended by the Presidential Decree No. 685 on 8th May 1996, in order to reduce interest penalties on late payments and tax arrears as well as allow for 'technical errors' in the computation of tax returns. However, lack of government control of current events, including the ineffectiveness of the tax administration authorities, did not help to make the amnesty relevant in the eyes of taxpayers since

Russia was going through a transition. In as far as Russia is concerned; the tax amnesties issued from 1993 to 1998 were not as successful as expected.

2.10. Tax Amnesty in Developing Countries

2.10.1. Pakistan

Pakistan implemented several tax amnesties programs since 1950s with various results. Pakistan gathered a mix of results through nine tax amnesty programs over the years. Further, in 2016, the government proposed some new tax amnesty programs which started in January. The first was a program that was to last for two years and was to end in 2018 with just one percent tax charged on taxpayers' income, especially in the real estate sector (Arsal, 2016). The second and third program continued with the first program's tax amnesty on real estate. However, in the second program the government would settle past transactions in real estate with a fixed tax rate of four – five percent, the third program however reduced the rate to three percent (Rana, 2016a; Rana, 2016b). It was said that the third program launched as a response to the second program which was unsuccessful (Rana, 2016b). Lastly, the latest proposal of tax amnesty program was considered by the government and implemented in 2017. This time, the main point was wealth of foreign assets hidden abroad (Pakistan mulls tax amnesty, 2017). In addition, Pakistan mulls tax amnesty (2017) suggests that through this latest program, the Pakistan government would collect US\$ three billion five hundred for tax revenue (around one percent of GDP), with 30 percent and eight and half percent for disclosed foreign assets and tax was levied, respectively. As earlier indicated, since this program was new, there was not much available data for its results.

There is a direct relationship between tax compliance and revenue collected during a fiscal year and as such the higher the level of compliance the higher the revenues collected “*ceteris paribus*”. Tax amnesties can result in a positive or negative effect on these fundamentals. Other Scholars contend that tax amnesties have no effect on compliance and revenue collection. In the short-term, tax amnesties increase revenue collection and tax compliance by courting in taxpayers who were outside the tax system. According to Rakhmindyarto (2011) Indonesia achieved 14.2percent in its aggregate tax growth after implementing an amnesty program which was introduced in 2008 under the title Sunset Policy. It raised Seven trillion and 46 rupees and registered over five million new

taxpayers by the end of the amnesty. A well-planned tax amnesty builds up compliance if it is supported by an increase in tax audits and penalties post amnesty (Saraçoğlu, 2011).

2.10.2. South Africa

Tax Amnesties were also introduced in South Africa between 1995 and 2010 (Junpath et al, 2016). South Africa has seen tremendous changes since 1994, from the introduction of a new government to structural changes in tax administration. One of the challenges the South African government faced in the new democracy was the restructuring of the tax system (Junpath et al, 2016). Multiple tax amnesty programmes were thus introduced between 1995 and 2010 to provide immunity for limited periods to citizens and small businesses for past non-compliance without being subjected to additional tax, interest, penalties or prosecution (Junpath et al, 2016). A study done by Junpath et al. (2016) presented the results of a survey on the attitudes of taxpayers towards tax compliance and tax amnesties in South Africa. The findings from the study indicated that taxpayers are of the view that the offering of multiple tax amnesties might not generate additional revenue, as non-compliant taxpayers will continue to evade taxation in anticipation of additional future amnesties. According to the information availed by the South African Revenue Services, the need to raise revenue is considered one of the key objectives that influence tax administrators to issue tax amnesties, (SARS, 2006). The amnesties are targeted at taxpayers existing on the register and those outside the register. The intention is to collect back outstanding taxes and to bring on board taxpayers outside the tax register under conditions that are desirable to the taxpayer. According to SARS (2006), part of the purpose and objective of the Small Business tax amnesty was to broaden the tax base. Nar (2002) highlighted that governments generally limit tax amnesties to taxpayers not currently reporting their income or to those with outstanding liabilities that have not been identified by the tax authorities in order to increase revenue inflows.

2.10.3. Kenya

Saidimu (2009) conducted a study on the effect of tax amnesty on value added tax compliance in Kenya which examined the revenue effect of tax amnesty on VAT collection. The study distinguished short and long run effects of the amnesty by focusing on the period immediately after the amnesty and the subsequent months. The findings indicated that VAT collections consistently improved over the study period. Both domestic and import related VAT improved

over time with domestic element being higher for much of the period under review. The increase in domestic VAT collection was consistent with the rise in the number of registered VAT taxpayers. The study further showed that offering tax amnesty to taxpayers enhanced VAT compliance. In the year 2004, tax amnesty did not only allow the government to recover tax debts but also improved future compliance. Participation in the amnesty cleared longstanding debt portfolio of approximately Ksh two billion on VAT alone and Ksh four and half billion in totals with other taxes. The response towards tax amnesty is evident from the results since the actual collections exceeded the normal (expected) VAT after the amnesty period. However, an experimental analysis conducted by Saidimu (2009) shows that honest taxpayers' perception of the unfairness of a tax amnesty under the comparative treatment theory will result in a decrease in compliance which will negatively affect revenue collection as honest taxpayers perceive that an amnesty is a reward for delinquent behavior and as such it does not serve as justice in their eyes.

In, another study conducted Kenya by Mwangi (Mwangi, 2014), which looked at factors influencing tax compliance among small and medium enterprises in Nairobi's industrial area. The relationship between the dependent and the independent variables was illustrated in a conceptual framework. The independent variables were tax rate and system, tax information and education, tax compliance cost and taxpayers attitude. Tax rate and system as an independent variable. Influencing tax compliance was indicated by the complex nature of the tax system and high tax Rate. Tax information and education as the second independent variable was characterized by the Lack of knowledge of taxation by SMEs as well as misunderstanding of the taxation system. Tax compliance cost was characterized by the time it takes and the cost of compliance by SMEs. Taxpayer's attitude was indicated by the attitude the taxpayer's peers have with regards to tax compliance as well as the motivation tax compliance held for the SMEs. The dependent variable for the study was tax compliance by SMEs. Government policies and regulations were the moderating variables for the study. Findings from the study revealed that all the identified factors have a direct influence on the tax compliance among SMEs (Mwangi, 2014).

According to the Theoretical Model of Behavior under an Amnesty proposed by Alm and Beck (1991), total revenue collected during an amnesty is a summation of revenue collected from an amnesty and real revenue collected during the year. It is important to note that the figure arrived at when calculating revenue collected from an amnesty is ambiguous as it is subjective to the level

of unreported income a defaulter chooses to voluntarily disclose, which reflects their attitude towards compliance. According to OECD (2015), some taxpayers may use an amnesty as an opportunity to underreport overdue taxes and as such undermining the upheld belief that amnesties increase revenue inflow and compliance because of their voluntary nature.

2.10.4. Zimbabwe

Mavengere (2015) conducted an Analysis on the factors affecting tax compliance among SMEs in Zimbabwe. According to the Deterrent Economic Theory, taxpayers evaluate the cost and benefits of participating in a tax amnesty program; their decision to comply and in turn raise revenue rests on the feasibility of an amnesty in its offer to minimize their tax obligations (Mavengere, 2015). Therefore, tax amnesties will only increase tax compliance if the cost of evasion far outweighs the cost of participating in an amnesty. However, there must be an imposition of punitive measure prior and after an amnesty so as to compel the taxpayer towards the amnesty. Higher levels of income will be declared by taxpayers as the probability of detection increases.

Some of the ZIMRA officials expressed concern that some of the applicants that had decided to take part in Zimbabwe's tax amnesty program were submitting returns with nil balances (Mhlanga, 2015). Mavengere (2015) highlighted that whilst there might be short-term revenue gains from a tax amnesty, it is important to note that tax amnesties create long run losses due to diminishing compliance levels in anticipation of future tax amnesties by the taxpayer. The Organization for Economic Development (OECD) (2010) expressed concern over the fairness of the tax system as this has a bearing on compliance and revenue.

Romer (2010) refers to the expected utility model of evasion proposed by Allingham and Sandmo in 1972 which predicts that a tax amnesty would have no effect on the behavior of delinquent taxpayer and as such no effect on tax compliance and revenue. The reasoning behind this notion is that taxpayers rationalize the marginal costs or benefits of tax evasion and as such if their decision was to evade, then the introduction of an amnesty would neither influence nor induce them to comply. Feldstad (2012) paid particular attention on habitual tax evaders and claimed that because of the fact that this class of evaders are habitual, the introduction of a tax amnesty alone would not compel them to comply and this assertion disregards the proposal that through the

introduction of an amnesty long term evaders are brought back into the tax system thereby providing long-term revenue. However, this proposition has been offset by the fact that amnesties should be reinforced by aggravating penalties and high risk of detection in a manner that a taxpayer is forced to recalculate their marginal costs or benefits and make the decision to comply (Alesina, 2010).

Following the lessons learnt from the review of literature above, the discussion below highlights a set of conditions that are necessary for a tax amnesty implementation in developing countries. It is important to note that a similar approach to tax amnesties was also proposed by Agbonika (2015) while carrying out a research in Nigeria. There must be high levels of tax evasion and less risk of the taxpayers opposing the amnesty. Agbonika (2015) identified that a tax amnesty would be most successful where there has been high tax evasion and there is a minimum risk of the taxpayers opposing the offer of an amnesty. This opinion was also brought out by Saraçoğlu, (2011) when he stated that if it is possible to conduct a pre-amnesty survey that allows taxpayers to indicate their preference in the form of votes in favor of or against a tax amnesty then compliance would increase or decrease as the results from the votes are drawn. This reduces the risk of issuing an amnesty that would be opposed by the taxpayers.

2.10.5. Empirical literature

A study by Villalba in (2017), conducted a research on the effects of repeated tax amnesties. The study used data from the Tucuman province (Argentina) to test the main hypothesis of the model, namely, that amnesties lower the government's revenue, as they reduce the penalties and make evasion more profitable.

- From the findings, it was seen that amnesties do not affect the long-term revenue. The other main result was in line with the theoretical predictions which that: the increase in short-run revenue is temporary and only accelerates the collection of the taxes but does not increase the amount collected. Thus, we conclude that amnesties were used only to obtain a short-run surge in revenue and to avoid more fundamental tax reform.

Knowledge Gap from study by Villalba in (2017); in this study it was stated that the frequent amnesties issued in the period, increased revenue only temporarily but did not affect the long run levels, and so they were just used to avoid a tax reform that is getting more and more urgent as

time goes by. For Zambia this has not been done to test how frequent amnesties affect revenue perhaps that can be an area of study that can be done specifically to look at the effects of repeated amnesties. Therefore, this did not provide a clear measurement model for effects of repeated tax amnesties.

Alm & Beck (1991) conducted a research on tax amnesty and its effects on tax compliance. The study tested the effects of tax amnesties using data from 1980ies's amnesties in US states.

- To reduce the financial incentive associated with tax evasion the difference between the tax actually paid (potentially zero) and the legal tax obligation governments ought to have as broad a tax base as possible so as to avoid high marginal tax rates (the incentive to underreport taxable income or to overclaim deductions is directly influenced by the taxpayers' top marginal rate).

Knowledge Gap from the study by Alm & Beck (1991), found that greater enforcement increases the income reported in the amnesty, but stressed the fact that the revenue impact is relatively small. There was no specific tax amnesty model proposed by this research. And we should understand that on its own, a tax amnesty has no direct effect in increasing compliance. This key result in this literature has the following intuition: tax amnesties offer citizens an incentive to reveal past tax evasion and become current with their tax payments. They do not, however, affect the direct cost-benefit of tax evasion: the tax code is unchanged, tax administration enforcement is unchanged, and so on. For tax evaders, that is, citizens for whom the tax-evasion benefits were higher than its cost, an amnesty has no direct effect on their equilibrium trade-off: they will continue to evade tax. A revelation of the tax administration's weak detection capacity (the more so, the more popular the amnesty is): in an asymmetric information environment where the government's type (weak/strong tax law enforcer, weak/strong tax administration, etc.) is imperfectly known to the public, merely granting an amnesty once immediately reveals the government's type and therefore increases citizens' expectation of further tax amnesties (or reduces citizens' expected probability of being detected), which, in turn, reduces compliance. The mere discussion of an amnesty has a similar effect on compliance.

In a study conducted by Torgler and Schaltegger (2005), in Switzerland and Costa Rica where they analyzed the relationship between amnesty revenues and citizens ability to vote in favor or not of introducing a tax amnesty program.

- The research provides a model for analyzing an individual's voting decision on tax amnesty and the change of his reporting behavior given amnesty is granted/rejected. Success at the polls is predicted to increase with higher penalties meted out to detected evaders while success in terms of reporting would be jeopardized. These and other implications of the model are empirically tested for two Swiss tax amnesty proposals; one was rejected while the other was approved by the majority of citizens/taxpayers. In conclusion, they found that amnesty revenues only increase after voting it provides citizen with an opportunity to express their opinions on the amnesty policy.

Knowledge Gap from the study Torgler and Schaltegger (2005), the standard tax amnesty problem is for the government, taking into account the citizens' optimization problem, to design, a tax model code so as to raise a desired amount of revenue efficiently (assuming an exogenous amount is needed), and, ex post, to decide whether to offer an amnesty or not depending on whether revenue targets have not been achieved since citizens have different choices and considering all citizens is difficult. Citizens, given the tax environment chosen by the government, decide whether to comply with the tax code or not. For those who do not comply, an amnesty, if provided, is an opportunity to reassess their choices in light of the (potentially) new tax environment that the government is announcing, or of unexpected changes in their own situation.

Pommerehne & Zweifel (1991), constructed a political economy model where people must vote in favour or against the granting of a tax amnesty and then decide whether or not to participate.

- They found that the amnesty increases compliance, insinuating that the success of the amnesties depends heavily on public support. The model provided in this study had different variables including people voting for or against the tax amnesty.

Knowledge Gap from the study by (Pommerehne & Zweifel, 1991), the model used in this research is different from the Zambian model, where no voting was conducted.

Another study conducted by Saidimu (2009) on the effect of tax amnesty on value added tax compliance in Kenya examined the revenue effect of tax amnesty on VAT collection. The study findings indicated that VAT collections consistently improved over the study period. Both domestic and import related VAT improved over time with domestic element being higher for much of the period under review.

- The study further showed that offering tax amnesty to taxpayers enhanced VAT compliance. However, (Mavengere, 2015), highlighted that whilst there might be short-term revenue gains from a tax amnesty, it is important to note that tax amnesties create long run losses due to diminishing compliance levels in anticipation of future tax amnesties by the taxpayer.

Knowledge Gap from the study by (Mavengere, 2015), lack validity of data when it comes to value added tax (VAT) because we know from literature the increase in domestic VAT collection is consistent with the rise in the number of registered VAT taxpayers.

Anik Yuesti (2018) conducted study on Taxpayer Compliance Analysis of Tax Amnesty Application as Effort Improvement of Increasing on Country income and Development through Tax Sector in Indonesia.

- The findings of the study were that Tax Amnesty had a positive effect on Revenue collection and that offering amnesty improves compliance. However, this study did not provide an amnesty model for reference.

Knowledge Gap from the study by (Anik Yuesti, 2018), the proposition has been offset by the fact that amnesties should be reinforced by aggravating penalties and high risk of detection in a manner that a taxpayer is forced to recalculate their marginal costs or benefits and make the decision to comply.

Alm & Beck (1993) empirically investigated the effects of the 1985 Colorado amnesty. The research discussed time series methods that can be used to examine the long run effects of a tax amnesty and applied these methods to the 1985 Colorado amnesty. Several time series models were estimated: simple ordinary least squares time trend models, univariate time series models, and multivariate intervention models.

- Their main result was that it had virtually no long run impact on either the level or the trend of tax collection. They also presume that if the amnesty had not been followed by stiffer penalties, then post-amnesty revenue may well have fallen. Consequently, they concluded that a typical amnesty seems unlikely to generate large one-time revenues but (opposite to theoretical predictions) it also seems unlikely to have significant negative effects on long run compliance.

Knowledge Gap from the study by (Alm & Beck, 1993), the empirical results from all models strongly indicate that the Colorado amnesty had no long run impact on either the level or the trend of tax collections. The best gap here is that typical amnesty seems unlikely to generate significant new revenues, but also seems unlikely to compromise voluntary compliance.

Mookherjee and Dasgupta (1995) stated that tax amnesties increase the tax revenues only for a short period of time and decrease it in the future and the tax compliance fall after the tax amnesties.

Knowledge Gap from the study by (Mookherjee and Dasgupta, 1995) is it based the whole research on this theory, a dummy variable technique to study the impact of amnesties on revenue is developed and applied to Indian data.

2.10.6. Differences with Reviewed Studies

This study is different for other studies reviewed in the following:

- None of the studies reviewed sought to develop an explicit a tax amnesty model for Zambia to enhance tax payments. The studies all suggest what factors lead to a shift in compliance. There are none on structuring tax amnesty model for Zambia to enhance tax payments with underlining factors for consideration.

This study differs from the study by (Twiza Mwaka, 2019), which found that tax amnesty positively and significantly influences tax compliance. Additionally, the study's key recommendations were reducing the tax rates, reducing the cost of compliance and lowering tax on factors of production, to enhance tax compliance.

- The study thus came to the conclusion that the offer of the 2017 Tax Amnesty typically had a beneficial impact on tax compliance. This study by Twiza Mwaka (2019), did not even consider generating a tax amnesty model for the Zambia Revenue Authority.

2.10.7. Knowledge Gap

Most of the studies reviewed above do not provide a Tax amnesty model that can be used as reference in Zambia periodically hence the need to develop a model that can be of reference to Zambia based on the identified variables. Following the lessons learnt from the review of literature

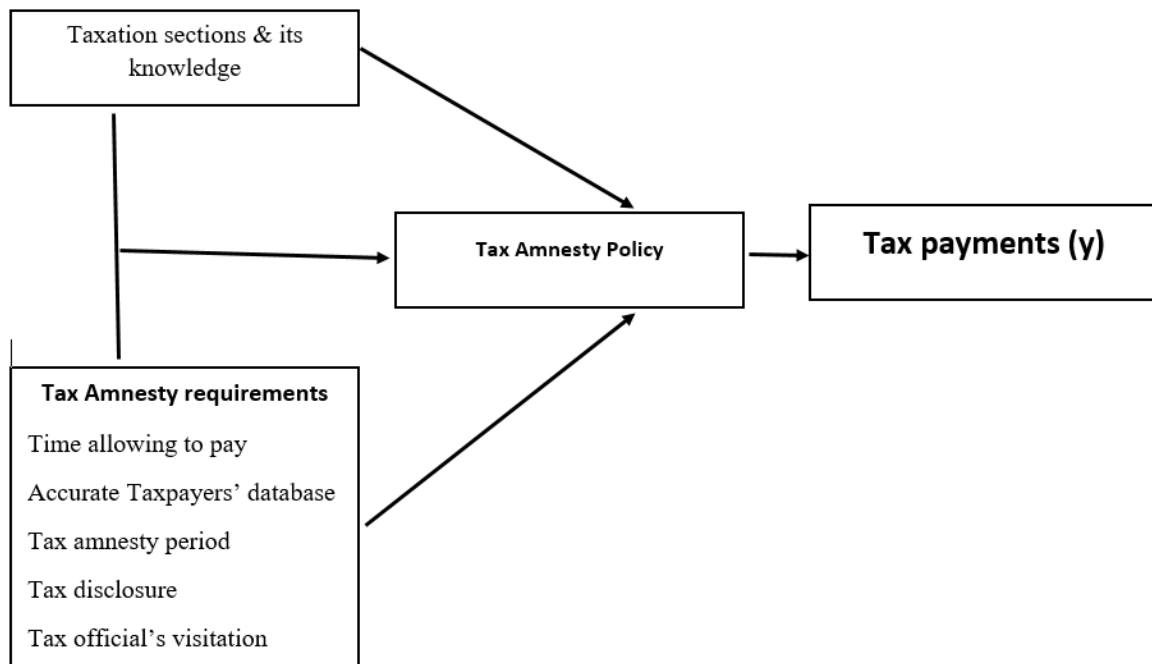
above, the discussion below highlights a set of conditions that are necessary for a tax amnesty implementation in developing countries.

From the above related studies and empirical literature from various researchers it showed that the Zambian case is unique as most of approaches targeted compliance levels, VAT impact, the effects of tax amnesty on political economy. Therefore, none of these studies generated a model on tax amnesty that would enhance tax payments.

2.11. Conceptual Framework

The Conceptual Framework, in the figure 2.1., shows the conceptual linkages. It highlights the relationship among the six (6) independent variables which are key in enhancing the tax payments by taxpayers. Therefore, the statistical outcome of dependent variables will depend on the effects of the independent variables, which will affect tax payments linked with Tax Amnesty based on the outcome of the correlation of the variables which could be positive, meaning both variables move in the same direction, or negative, which means they don't have an effect on tax amnesty to improve tax payments. In this case of tax amnesty, the conceptual framework will determine the effects of the variables on tax payments which is the dependent variable and the independent variables are: Time to Pay Agreement (TPA), Taxation sections and its knowledge, the accurate taxpayers database, tax official visitation, tax amnesty period, and tax disclosure.

Figure 2.1. Tax amnesty Conceptual Framework



(Source: Adapted from Renny Sri Utami (2013), and Ngadiman and Danil Huslin (2015))

The relationship of the variables in the tax amnesty model with the tax payments:

- Time to Pay Agreement (TPA) is an arrangement that enables taxpayers with cash flow difficulties to pay their tax in installments over an agreed period of time whilst ensuring the current tax liability is paid. Taxpayers wishing to participate in the TPAs had to do so by applying for the facility through the debt recovery unit of ZRA covering the amnesty period.
- Therefore, in this framework tax amnesty policy must ensure that the TPA is within a good time frame from the ZRA and taxpayers, the relation of this is that it will allow taxpayers who are not able to pay a lump sum to pay according to the agreed payment plan ,
- The accurate taxpayers database relates to the online system which captures all the taxpayers details on time,

- Tax amnesty period this is the most important variable in that it is the period of the amnesty in which the tax payer must be able to respond to the amnesty in which it can enhance the tax payments.
- With the tax official visitation the primary responsibility of revenue officers is collecting delinquent or back taxes and overdue tax returns from taxpayers. This entails conducting face-to-face interviews with taxpayers, obtaining, and analysing financial information to ascertain their ability to pay the tax bill which improves their knowledge on tax policies and requirement and this in turn improves tax payments.

2.12. Chapter Summary

This chapter discussed the literature review relating to the study developing a tax amnesty model for Zambia to enhance tax payments. It has provided the reader with the required explanations of theoretical rationale of the problem being studied as well as what research has already been done and how the findings relate to the problem at hand. According to Ridley (2008), the main purpose of the literature review is to provide the researcher and the reader with an understanding of the body of literature as it relates to the current or proposed research. The chapter covered both theoretical and empirical literature related to the current study in terms of differences and similarities thereby establishing research gaps and finally it reviews the variables of the tax amnesty model leading to a Tax Amnesty conceptual framework.

CHAPTER 3

RESEARCH METHODOLOGY

3.1. Introduction

This chapter looks at the methodology that was used to achieve the objective of the study. It highlights the research design, source of data and the methods that were used in the collection of data. It also identifies the target population for the study, sample size, sampling technique and how the data obtained were analysed.

3.2. The pragmatic approach of the research study on tax amnesty

This philosophical approach of this research is choosing between one position (epistemology, ontology, or axiology) and the other is somewhat unrealistic in practice; and it is argued that the most important determinant of which position to adopt are the research questions (Creswell & Plano Clark, 2011; Saunders et al., 2009). This is particularly relevant where the research question does not suggest clearly that either a positivist or interpretive philosophy should be adopted in an inquiry, for example, within an epistemological perspective. Therefore, in this philosophical quarrel, the uses of both qualitative and quantitative methods to resolve a real-life world challenge are commended.

Therefore, developing a tax amnesty model for Zambia to enhance tax payments research is considered pragmatic research if there is evidence of multiple views being chosen to best answer the research questions and interpreting the results. In addition, this research adopted both subjective and objective points of view and mixed methods designs such as quantitative and qualitative methods.

Saunders et al (2009) pointed out that, the validity epistemology position on pragmatic research is that, the research questions can provide acceptable knowledge and that which constitutes an acceptable knowledge in a field of this research. By using pragmatic approach it increases the true nature of the research. This implies that the research focuses on the valuable, appropriate and useful results that bring positive consequences to the research and it is a chance use different methods in data collection, analysis, interpretation and important variables and issues being discussed.

3.3. The mixed method research strategy

The need of employing the mixed method paradigm is providing the fundamental underpinnings on the various research philosophies and approaches to elicit the potential assumptions of each, which guides the choice of a particular paradigm for this research. Therefore, formulation of mathematical equations, mixed methods research strategies are applied to gather and apply the information needed for a tax amnesty model. Example of such studies are; Kinobe et al (2015); Ferri et al (2015), Lee and Ti (2012). In order to achieve the research questions and objectives, a concurrent mixed method strategy is applied to this study. Although quantitative and qualitative methods are different, and no one approach is superior to the other; but qualitative method appears to be invaluable for in-depth exploration of a subject area, while quantitative method is recognized to facilitate the discovery of quantifiable information about the area.

3.4. Modeling approach

The empirical modelling specified for this study to develop the tax amnesty model for enhancing tax payments in Zambia by looking at the relationship of key variables developed from literature review and previous Zambian tax amnesty for 2017. The mathematical model is formulated using econometrics on stated factors tax models for public finance (Gujarati, 2007).

3.5. Study Population and sampling size

The data source used for this research was the Questionnaires from the Tax consultant firms and the secondary data from the various documents such as Zambia Revenue Authority Annual Reports, Office the Auditor General Annual Audit Reports and Ministry of Finance Publications, quantitative information was collected through questionnaires from the tax consultant firms.

3.6. Sampling technique

In measuring the operational tax amnesty model for the Zambia Revenue Authority (ZRA) in Zambia, the samples were drawn from the tax consultant firms in Zambia. However, due to the nature of the study, purposive sampling was used because the researcher wanted to focus on particular characteristics of the tax consultant firms which have been in operation for a very long time which will enable to answer tax amnesty model research questions. Therefore, no sampling frame was set for this study.

3.7. Model specification

3.7.1. Estimation of the factors that affect tax by Ordinary Least Squares -OLS

The following is the **Tax Amnesty model** which is below:

$$T = \beta_0 + \beta_1 T\text{-rate} + \beta_2 TO + \beta_3 TAP + \mu$$

Where: $\beta_0 \geq 0$ and $\beta_1 \geq 1$

Where:

T = Tax Amnesty Function

T-rate = Tax rate on business organisations

TO = visitations by tax officials

TAP = Time allowing to pay

B = Coefficients (Estimators)

U = Disturbance error term

In addition to the statistical chi-square tests, the study also used the R-square value to assess the fit of the model. The value interpreted in a manner similar to the co-efficient of determination in multiple regressions. R- Square value ranges from 0.0 to 1.0. A perfect fit has k-2L value of 2 and an R- square of 1.0. The R- square measure as common in most statistical software packages was used in the study.

3.8. Reliability Testing

The test of reliability is one of the important sound tests of measurement (Kothari and Garg, 2014). Welman et al (2005) defines reliability as the extent to which results; are a stable measurement of data, consistent over time; present the total population of the study and if reproduced under similar methodology, the results can be the same. Two aspects of reliability are given attention in this research: stability and equivalence.

Stability in reliability is concerned with securing consistent results with repeated measurements of the same person and with the same instrument. To test for internal consistency of the scale, the

Cronbach's alpha is used. The Cronbach's alpha is one of the widely reported popular conventional standards for ascertaining internal consistency reliability (Shelvin et al, 2000; Hinkin, 1995). According to Pallant (2010), the Cronbach's alpha of the scale should be above 0.7. In cases where the Cronbach's

- ❖ Alpha is lower than 0.7, it is appropriate to report the mean inter-item correlation. Briggs and Cheek (1986) recommend an optimal range for the mean inter-item correlation of 0.2 to 0.4 while Clark and Watson (1995) recommend a range of 0.15 to 0.4. In order to guide interpretation of the Cronbach's alpha, Nunally (1978) provides values of guidance below:

Values	Reliability
< 0.5	Good
0.5 to 0.7	Sufficient
> 0.7	poor

Furthermore The P- Value Criterion: Working with an alpha-value of 5%, that is, confidence interval of 95%, variables with p-value less than or equal to 5%, would be treated as statistically significant. The Z- test or Wald test Criterion: Variables with a Z- value of greater or equal to absolute value of two (2) would be retained in the final model which we may have the below acceptance values.

* p < .05

** p < .01

*** p < .001

3.9. Validity, reliability of data and ethical considerations

Validity of data explains whether the research will be measuring what it claims to be measuring while reliability is predominantly concerned with verifying the technique for information gathering leads to reliable results. Data collected for the study was based on the premise of giving outcomes that matched up with the objectives of the study. Also the convenience and purposive sampling method used to solicit the data will produce consistent results if these same methods are used by any group of researchers, thus making the results of this study reliable.

3.10. Ethical considerations

Data was collected from Zambia Revenue Authority's published documents for analysis accordingly without bias plus the data from the Tax consultants through questionnaires and face to face interviews where appropriate. No part of the data was altered but every data point was recorded and reported honestly so as to avoid bias and help the research obtain accurate and reliable results.

3.11 Chapter Summary

This chapter identified the research methodology and design used for this study. It gave a more detailed analysis of the research design, population size and the sampling process that was used in obtaining the research data. The data collected was analysed using the Statistical Package for Social Sciences (SPSS) and Microsoft Excel 2013 displayed in charts. It also introduced the model specification to be used in developing the tax amnesty model.

CHAPTER 4

PRESENTATION OF FINDINGS, ANALYSIS AND DISCUSSION

4.0. Introduction

This chapter presents the findings and analysis of developing a tax amnesty model for Zambia to enhance tax payments. Further, this discusses the results of the questionnaire which was administered to various Tax consultant firms and the secondary data from the various documents such as Zambia Revenue Authority Annual Reports, Office the Auditor General Annual Audit Reports and Ministry of Finance Publications, quantitative information which was collected through questionnaires from the tax consultant firms.

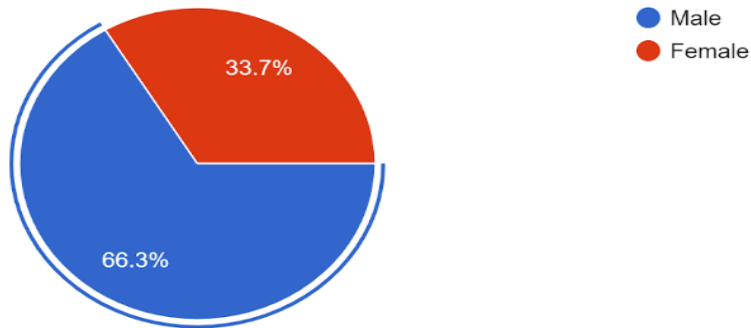
The statistics of the secondary data from ZRA collected included PAYE, Turnover tax, Income tax and VAT, covering a period of four years, which was analyzed using time series to make valid conclusion on the findings of the study. Finally, a conclusion is drawn from the results to summarise the effect of tax amnesty on tax revenue and tax compliance in Zambia. The data presentation is illustrated with the use of frequency distribution, bar charts; data analysis is conducted with the use of cross tabulations regression analysis. The data was analyzed by Statistical Package for Social Sciences Version 25 SPSS and Microsoft Excel 2013 displayed in charts.

4.1. Results Presentation

4.1.1. Demographics - Gender

For quantitative research there were 68 respondents, the pie chart below shows that about three quarters of the sample were male respondents, with males showing a percentage of (66.3%) and females about 33.7%. This clearly the data shows that there is more than 50% of the response who were working as the tax professional agents for different firms are male.

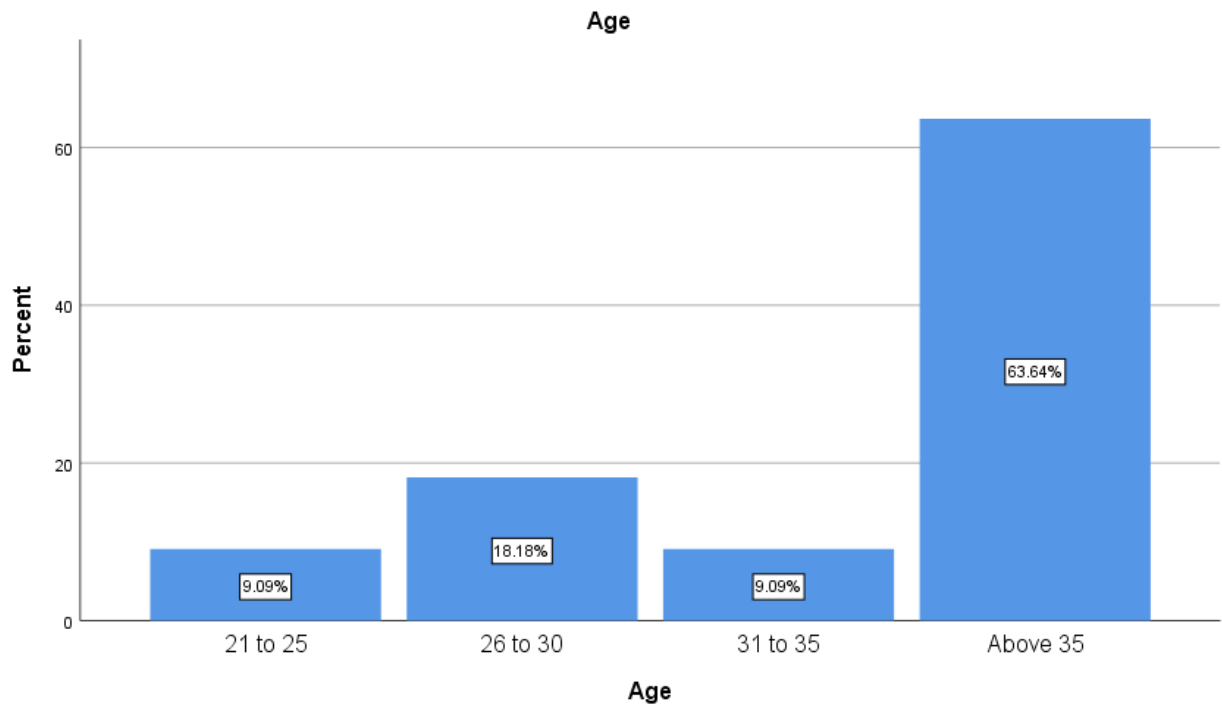
Figure 4.1: Gender distribution



4.1.2. Age distribution of the response

Figure 4.2: Below unveiled the age groups of the respondents included in the study. About 9.09% of respondents fell within the lowest age group which was 21 to 25 years while most of the respondents 63.64% were above 35 years, with 18.3% of respondents indicating 26 to 30 as their age group range. Another set of 9.09% respondents fell 21 to 25 were in the dominant group.

Figure 4.2: Age group distribution

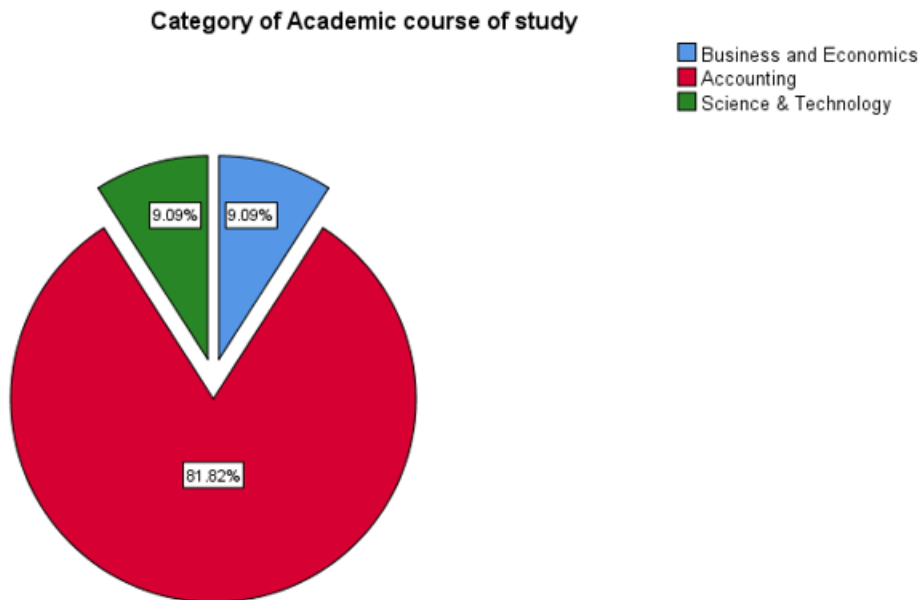


As seen from the data above the Tax consultant firm's staff most them where of the good age of 35 years and business which to reduce some levels of biasness in the ways they make decision on tax issues for different firm relating to ZRA and company tax benefits. Therefore the age distribution is within the research acceptable group for the respondents.

4.1.3. Professional and academic study response

From the figure below most of the respondents for their academic level, did an accounting course which accounted for 81.82%, which did business and economics and science and technology had 9.09% each.

Figure 4.3: Academic study



From the pie chart above relating to the amnesty it shows that most accounting courses have major variables of tax and, compliance, returns and management this shows that the response rating of having good knowledge on tax issues was within acceptable rates.

4.1.4. Professional certifications for Tax consultants from Tax Consultant firms.

Table 4.1. Certifications for auditors from tax consultant firms

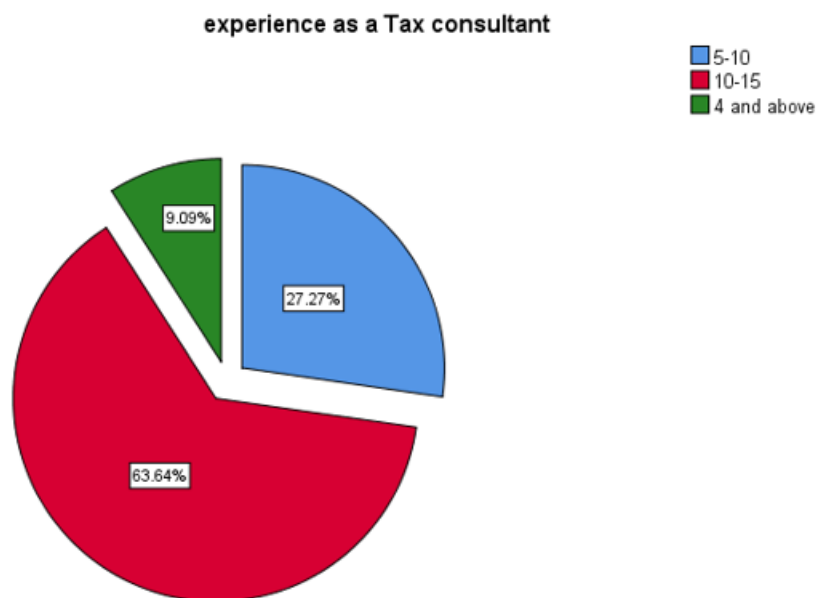
		Professional certification			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	ACCA	36	52.9	52.9	52.9
	CIMA	14	20.6	20.6	73.5
	CIA	6	8.8	8.8	82.4
	ZICA-CA \$ ACCA	12	17.6	17.6	100.0
	Total	68	100.0	100.0	

Table 4.1 shows the professional certification of Tax consultants who dealt with different company's tax issues in Zambia. The results show that 17.6% have a professional certification from Zambia Institute of Chartered Accountants, 52.9% of the professionals are from Association of Chartered Certified Accountants, 20.6% of the respondents have CIMA and 8.8% have CIA professional certification. The data was being distribution in all levels of academic and professional.

4.1.5. The levels of experience as a Tax consultant

The level of experience of the Tax consultant shows how the staff deals with tax issues including the tax amnesty, preparation of tax returns, provide information and advise clients, answer clients questions, help in preparing future tax situations and analyze information to ensure compliance with tax law set by government.

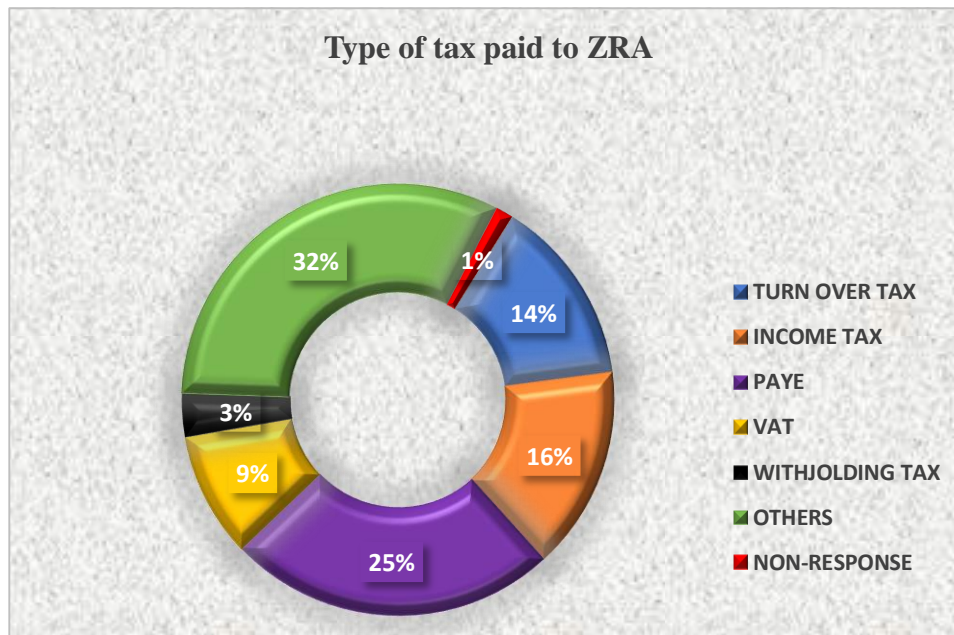
Figure 4.4: Experience as a Tax consultant



The results showed that 63.64% of the respondent indicated that they had 10-15 years of experience as the Tax consultant at auditing firms, 27.27% of the respondent stated that they had between 5 to 10 years work experience as Tax consultant and 9.09% of the respondent had 4 years and above experience as Tax consultant.

4.1.6. Type of Tax paid to ZRA

Figure 4.5: Figure Type of Tax in Zambia



(Source: Field Data, 2020)

The types of taxes which the sampled firm's clients were paying to Zambia Revenue Authority (ZRA) are shown in *Figure 4.5*. 14% were paying turn over taxes, 15.3% were paying income taxes, 24.7 % were paying Pay as You Earn (PAYE), 9.3% were paying Value Added Tax (VAT), 3.3% were paying withholding taxes, and 32% indicated that they were paying all afore- mentioned taxes, while the remaining 1.3% businesses did not indicate the types of taxes they paid to the ZRA. This means that most of businesses paying a combination of tax types.

4.1.7. Outstanding tax payments

Table 4.2. Clients outstanding tax payments

Do your client's have any overdue or outstanding tax payments with Zambia Revenue Authority after the tax amnesty program?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	56	82.4	82.4	82.4
No	12	17.6	17.6	100.0
Total	68	100.0	100.0	

Table 4.2. Shows the response of the tax consultants on their client's outstanding tax. From the results it shows that 82.4% of the respondent had clients with overdue or outstanding tax payments with Zambia Revenue Authority. And 17.6% of the respondent's showed that their clients didn't have tax overdue or outstanding payments with the Zambia Revenue Authority.

Figure 4.6: ZRA resolving taxpayers audit issues

Did ZRA ensure that they resolve the taxpayers tax audits issues before evoking Tax Amnesty?

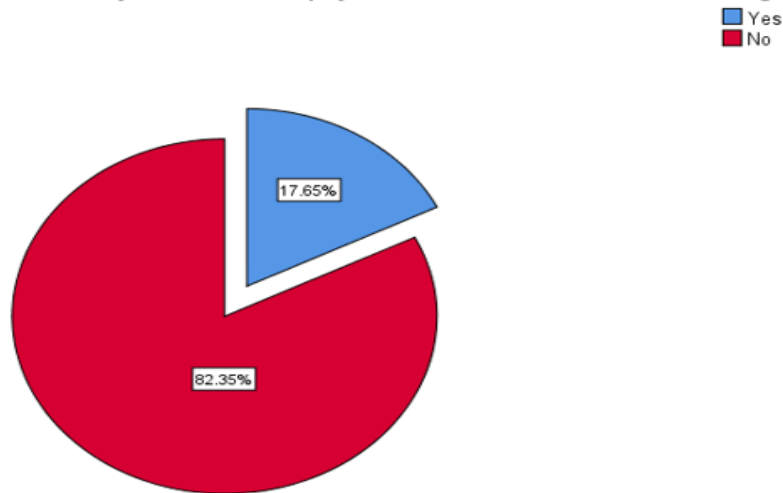


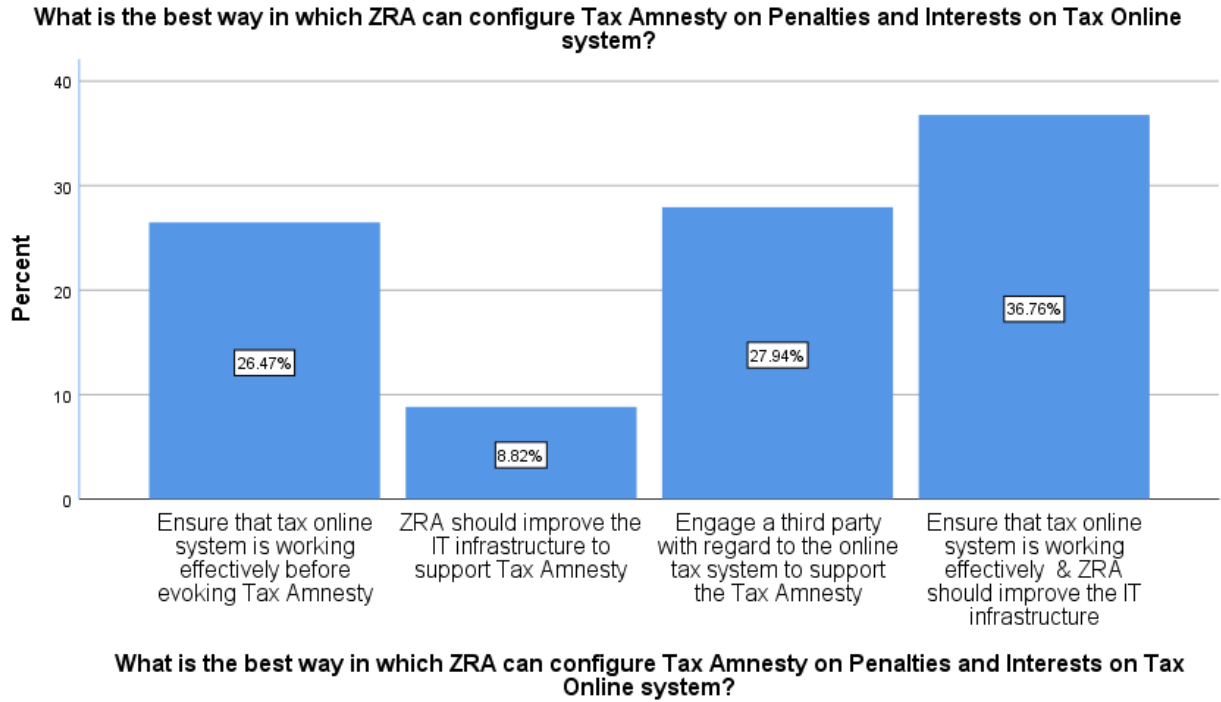
Figure 4.6: shows ZRA resolving taxpayers audit issues before the amnesty, it indicates that 82.35% of the respondents had their clients with unresolved audit issues, whereas only 17.65%

had there audit issues resolved, this shows that there were a lot of pending Tax audit cases to be resolved which made many taxpayers not to participate in the amnesty in 2017.

4.1.8. ZRA Tax amnesty system

As seen from below on *figure 4.7* below there were many factors that affected the Zambia Revenue Authority amnesty system invoked in 2017 which impeded the effective implementation of the tax amnesty for the stated period and meeting its objectives. The respondents were asked on the best way in which the ZRA tax amnesty could be configured and the following where the results. 36.7% stated that in order for tax amnesty system in Zambia to be effective the Zambia Revenue Authority(ZRA) should ensure that Tax online system is working effectively and they should improve the information technology infrastructure for tax system, 27.94% stated that Zambia Revenue Authority should engage a third party with regard to the Tax online tax system support and management , 26.47% of the respondents explained that Zambia Revenue Authority should ensure that tax online system is working effectively before offering a tax amnesty and finally 8.83% of the respondent stated that Zambia Revenue Authority should focus on improving the information technology for tax amnesty support systems.

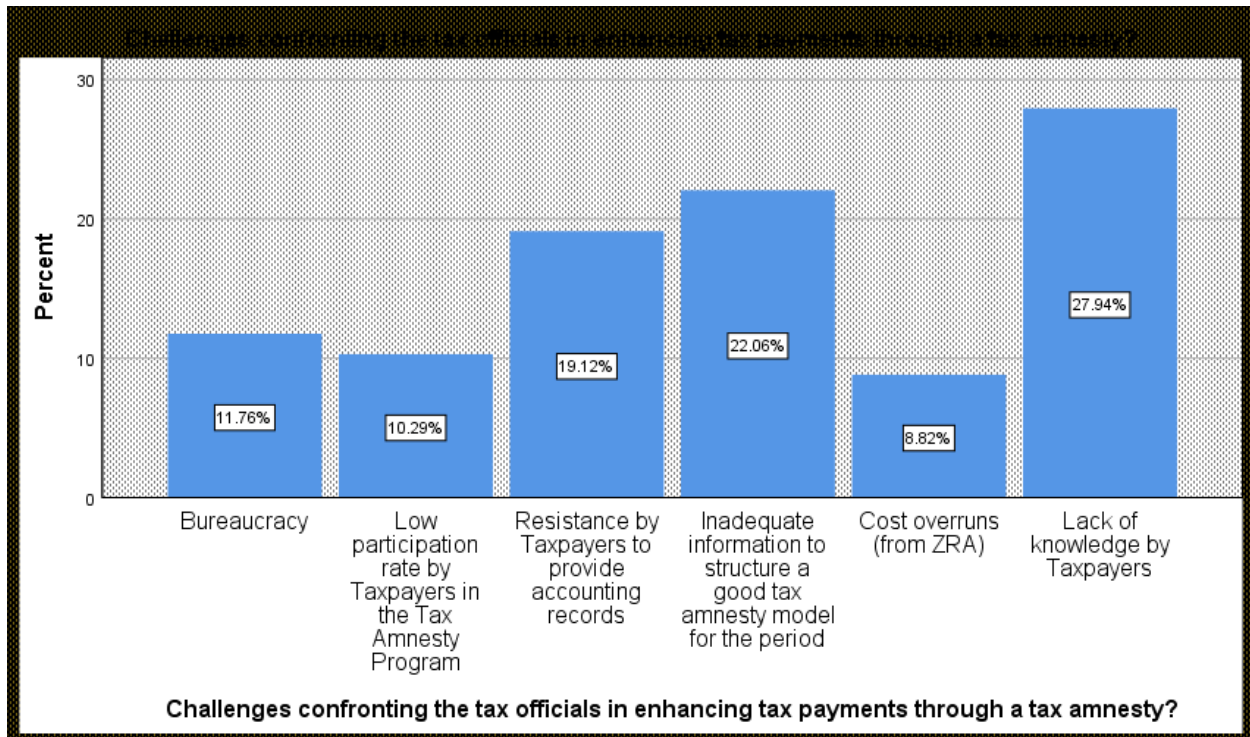
Figure 4.7: Ways ZRA should configure tax amnesty on penalties and interests



4.1.9. ZRA Tax Amnesty online system configuration knowledge gap

The figure below shows the knowledge gaps in the Zambia Revenue Authority tax amnesty management.

Figure 4.8: ZRA Tax Amnesty online system configure knowledge gap



From the *figure 4.8* above the respondents stated that lack of knowledge by taxpayers affected the performance of tax amnesty systems which in turn affects tax payments thereby leading to low revenue collections by the government, 27.94% of the respondents confirmed existence of the lack of knowledge or the knowledge gap, while 22.06% of the respondents stated that inadequate information to structure a good tax amnesty model for a period affected the performance of the tax amnesty implementation, 19.12% stated that performance of the tax amnesty is affected by the resistance to provide accounting records by taxpayers, 11.76% of the respondents stated that bureaucracy has an effect on the performance of the tax amnesty and 10.29% of the respondents stated that low participation rate by taxpayers in the tax amnesty program has been one of the factors or challenges in the implementation of the tax amnesty due low publicity.

4.2 Data Analysis

4.2.1 Objective 1- Examination of the effects of 2017 tax amnesty timeframe in enhancing tax payments.

The objective of the Tax amnesty was a collection of the targeted K 8billion however from the statement of the problem, the Zambia Revenue Authority did not reach its target on the Revenue collection as stated in the Auditor General’s report of 2018 they only collected fifty percent of the target owing to the failure integrate the correct time frame for tax amnesty period. In order to understand the time frame effect of 2017 tax amnesty whose objective was to improve tax payment thereby enhancing tax revenue the cross tabulation and chi square was used which is shown below.

Table 4.3. Examination of the effects of 2017 tax amnesty on tax payments. Crosstab.

Cross tabulation

		Tax amnesty should be implemented simultaneously with measures to strengthen the tax system		Total
		agree	strongly	
What is the recommended time range for Taxpayers to file in their unfiled tax returns on implementation of tax amnesty?	1 to 3 months	0	12	12
	3 to 6 months	8	8	16
	6 to 1year	8	8	16
Total		16	28	44

Table 4.4. Recommended Time range for Taxpayers to file in their unfiled tax returns

Recommended Time range for Taxpayers to file in their unfiled tax returns on implementation of tax amnesty

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 to 3 months	20	29.4	29.4	29.4
	3 to 6 months	24	35.3	35.3	64.7
	6 to 1year	24	35.3	35.3	100.0
	Total	68	100.0	100.0	

Table 4.4 shows the recommended time range in which the taxpayers would need to fill in their unfiled tax returns. From the table most of the respondents recommended that the best time frame period for them to fill in their clients unfiled tax returns would be six months to one year. From the literature review, it was observed that; during the tax amnesty, taxpayers settled their dues either through lumpsum payments or by signing Time to Pay Agreements (TPAs).

Table 4.4, shows that 35.3% of respondents were of the view that the tax amnesty period for filling unfiled returns should be between 3 to 6months whereas the other 35.3% where of the view that the period should be between 6-months to one year. Therefore, from the results the period of the Tax amnesty should not be less than 3months but not more than 1 year.

Table 4.5. Chi – Square test on the examination of the effects of 2017 tax amnesty on tax payments variables.

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	9.429 ^a	2	.009
Likelihood Ratio	13.321	2	.001
Linear-by-Linear Association	6.547	1	.011
N of Valid Cases	44		

a. 1 cells (16.7%) have expected count less than 5. The minimum expected count is 4.36.

Table 4.5.1: Breakdown of Collectable Tax Debt by Principal, Interest and Penalties:							
Year	Principal Tax		Penalties		Interest	Total	Percentage increase
	K'Million		K'Million		K'Million	K'Million	
2017	13,839		16,076		1,230	31,145	
							14%
2018	17,248		17,359		1,560	36,167	

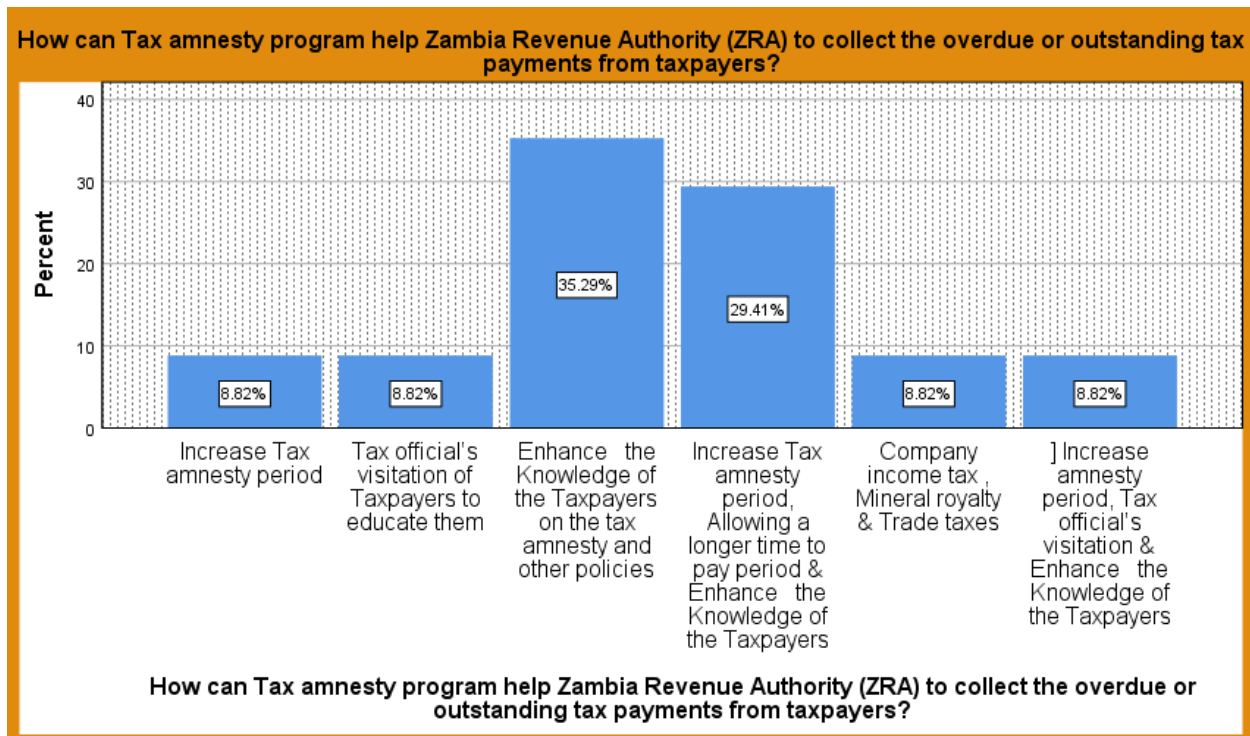
- One of the major effects of 2017 tax amnesty model in Zambia was poor integration of time range of tax amnesty with measures to strengthen the tax system. As Crosstabulation, Asymptotic Significance (2-sided) was significant at 5%
- Secondary data reviewed supported these findings as there was increase in Tax Debt even after the Tax Amnesty. There may be low level of compliance by Taxpayers going by the increase in the tax debt by 14% after the tax amnesty in 2017.

- ZRA had anticipated to collect K8 billion but only collected K4.2billion which is only fifty percent of the targeted revenue after the amnesty.

4.2.2 Objective 2-Evaluation of the factors affecting the enhancement of tax payment in the tax amnesty and its operationalization

The following are the results of the factors that affected the effectiveness of the tax amnesty program.

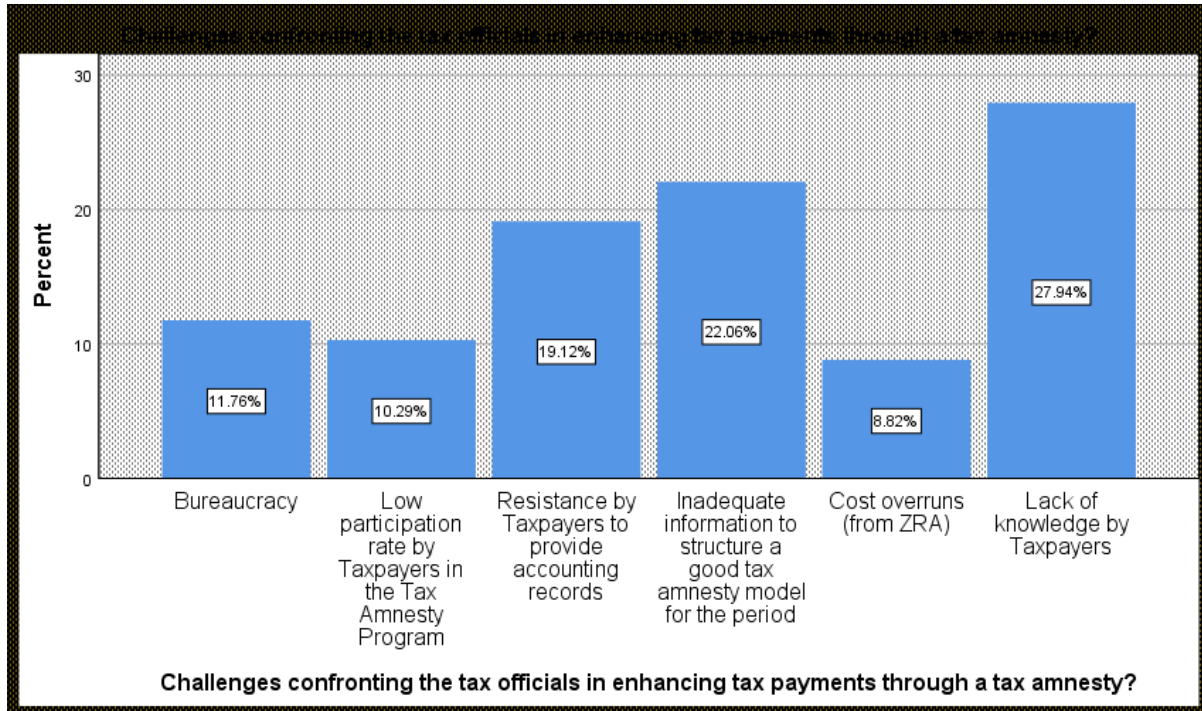
Figure 4.9: Factors affecting the effectiveness of the tax amnesty program in Zambia.



The results showed that 35.29% of the respondents stated that in order to have an effective tax amnesty that could help in reducing the overdue tax and outstanding tax payments ZRA should enhance the knowledge of the taxpayers on the amnesty and other policies, while 29.41% of stated ZRA should increase the tax amnesty period, allowing a longer time to pay period , 8.82% of the respondents stated that ZRA should improve on its visitation to the business organizations and

follow up on tax audit issues. These factors would help ZRA to collect the overdue or outstanding tax payments.

Figure 4.10: Evaluation of the factors affecting the enhancement of tax payment in the tax amnesty and its operationalization



From the figure 4.10 shows the factors affecting the enhancement of tax payment in the tax amnesty and its operationalization. The factor that contributes most to ineffectiveness of the tax amnesty system in Zambia is lack of knowledge by taxpayers at 27.94% and inadequate information to structure a good tax amnesty model at 22.06%, resistance by taxpayers to provide accounting records and bureaucracy 19.2% and 11.76% respectively.

Table 4.6: Correlation Matrix

Q8 - Did your client's declared tax returns increase due to the Tax Amnesty Program?	Pearson Correlation	1	.713**	.114	.570**	.812**	.462*	.116
	Sig. (2-tailed)		.000	.318	.000	0.00	.003	.311
	N	298	298	298	298	298	298	298
bQ10-Taxpayer understood that having tax amnesty program would help them clear tax records with ZRA	Pearson Correlation	.713**	1	.039	.496**	-.041	.561**	.100
	Sig. (2-tailed)	.000		.730	.000	.720	0.00	.379
	N	298	298	298	298	298	298	298
Q15 – Should ZRA consider engaging the third party with regard configuring the system for tax amnesty?	Pearson Correlation	.114	.039	1	-.171	.466**	.632**	.109
	Sig. (2-tailed)	.318	.730		.133	.000	.000	.339
	N	298	298	298	298	298	298	298
Q18 – ZRA should have an accurate Taxpayers' database	Pearson Correlation	.570**	.496**	-.171	1	-.033	-.032	.762**
	Sig. (2-tailed)	.000	.000	.133		.775	.779	.000
	N	298	298	298	298	298	298	298
Q26– Length period of tax amnesty should be sufficient	Pearson Correlation	.812**	-.041	.466**	-.033	1	-.466**	.130
	Sig. (2-tailed)	0.00	.720	.000	.775		.000	.255
	N	298	298	298	298	298	298	298
Q26b – Tax amnesty should be implemented simultaneously with measures to strengthen the tax system	Pearson Correlation	.462*	.561**	.632**	-.032	-.466**	1	-.006
	Sig. (2-tailed)	.003	0.00	.000	.779	.000	.873	.957
	N	298	298	298	298	298	298	298
Q26c – Length period of tax amnesty should be sufficient	Pearson Correlation	.116	.100	.109	.762**	.130	-.006	1
	Sig. (2-tailed)	.311	.379	.339	.000	.255	.957	
	N	298	298	298	298	298	298	298

Note: * significant at 1% (0.01), ** significant at 5% (0.05) and * significant at 10% (0.1)**

- 81.2% of the respondents agreed that there would be an increase in the declared returns after the amnesty provided the time period of the amnesty is sufficient.
- 56.1% stated that the Implementation of the Tax amnesty should be followed by strict enforcement through the strengthening of the Tax system.
- 63.2% stated that Implementation of the Tax amnesty should be followed by strict enforcement through the strengthening of the Tax system as well as engaging the Third party to help configure the system to support the Tax Amnesty.
- 76.25% agreed that the database used for the Tax amnesty should be accurate and that the time of the filling unfilled returns should be sufficient.
- 95.7% of the respondents are of the view that the Implementation of the Tax amnesty should have sufficient time to file the unfilled returns but should be followed by strict enforcement through the strengthening of the Tax system. This is supported by the fact ZRA had to extend the 2017 amnesty period twice from the initial period of 24th April

to 31st July 2017 to 31st August 2017 and then finally to 31 December 2017 and also this is in line with the study done by Abdurrahmani and Doğan (2019) which looked at the required practices for successful Tax Amnesty Kosovo Case, in which they stated that there should be sufficient time for a successful tax amnesty, though no specific time period was stated

For the qualitative results the researcher carried out in-depth open ended interviews with the two key informants in order to strengthen the results of analysis and discussion (Pohan et al, 2019). These results have been integrated in the analysis.

4.2.3 Objective 3-To develop a model for Tax Amnesty that can be periodically used in Zambia.

In order to develop an effective Tax amnesty model for Zambia which can be used periodically, the following variables were identified through literature review as some of the major variables to be adopted in the Tax amnesty function- ZRA resolving Taxpayer Audit issues, Visitation by Tax Officers to educate the Taxpayers and allowing a longer time to pay.

Hence, the Regression analysis was used to know the contribution X variables to the tax amnesty, which variables are mentioned below.

Standard reporting of the regression analysis

Tax Amnesty Function = -0.3878669 Audit issues + 0.06152 visitation by tax officials + .1213587 Time allowing to pay

Coefficients of the study

Variables	Coef.	Std. Err.	t	P>t
ZRA Resolving taxpayers tax audits issues	-.3878669	.0544678	7.12	0.000
Visitation by tax officials	.06152	.01272	4.84	0.000
Time allowing to pay	.1213587	.0160713	7.55	0.013
_cons	-.6966644	.0753278	-9.25	0.000

Prob > F	0.0000
R-squared	0.8458
Adj R-squared	0.8409
Root MSE	.29269

From the regression analysis ZRA resolving the Tax audit issues had a coefficient of -.38, while visitation by Tax officials for education had a coefficient of 0.162 and allowing time to pay had a coefficient of 0.121 thereby contributing 12 times to the function. This entails that ZRA resolving audit issues despite having a negative coefficient was significant at 5%. In this model it can still contribute more if ZRA can work on this variable by ensuring that tax audit issues are resolved in good time. Visitation by Tax officials to provide education to taxpayers was significant at 5% and had a positive coefficient of which means that this variable is significant in the Zambian Tax amnesty program. In this regression model it shows a 12 % contribution to the function. Time allowed to pay was also significant at 5% and had a positive coefficient which means this variable holds in the model as well. On the Overall the model was correctly specific for the Zambian Tax amnesty as it has been by 84% adjusted R Square.

4.3 Discussion of Findings

4.3.1 Objective 1. Examination of the effects of 2017 Tax Amnesty timeframe in enhancing tax payments.

There was positive effect on the tax payment by the tax amnesty as the collection from amnesty contributed about K4.2 billion in revenue out of targeted K 8billion kwacha , the positive effect on revenue is in line with the various studies carried out by many researchers such as Torgler and Schaltegger (2005) who found that tax amnesty had a positive and significant impact on tax revenue of Switzerland and Costa Rica, Kwatamba (2016) who found that obtaining more tax revenue depended in part on the tax amnesty which had contributed to the revenue in Kenya, Ahmed (2020), found out that the tax amnesty had positively impacted on government tax revenues in Tanzania as 75% of large taxpayers' increased their tax payment after receiving tax amnesty , Kilonzo (2012) in a study conducted in Kenya did also find that there was a strong relationship between tax amnesty and tax revenue increase, inflation rate and gross domestic product. And Yucedogru and Sarisoy, (2020) in their study stated that a tax amnesty does have a direct positive significant influence on tax revenue as well as an indirect stimulation of tax compliance. However, despite this positive impact of the amnesty on the tax collections in Zambia there was also an increase tax debt by 14% from 2017 to 2018 as revealed by the secondary data reviewed, the reasons for this increase in tax debt during an amnesty need to be investigated further, this can be an area of further research. One of the other major effects of the 2017 tax amnesty was the poor integration of the of time range of tax amnesty with measures to strengthen the tax system, as the tax amnesty had to be extended twice from 31st July 2017 to 31st August 2017 then to 31st December 2017 this could have contributed to the collection of only 50% of the targeted revenue.

4.3.2 Objective 2: Evaluation of the factors affecting the enhancement of tax payment in the tax amnesty and its operationalization

In relation to the objective 2 of the study which evaluates factors affecting the enhancement of tax payment in the tax amnesty and its operationalization discussed below are the major factors based on the results of the study.

Lack of knowledge of the taxpayers on tax amnesty and tax policies was identified as one of the factors contributing to the ineffectiveness of the Tax amnesty since 35.29% of the respondents

stated that there was need to enhance the knowledge of the taxpayers through various publications and education methods .The Taxpayers' level of knowledge about the Amnesty policy is an important factor, so there should be sufficient education about taxes generally-why they are important and when they fall due and also specifically about the tax amnesty program. There should be continuous taxpayer education on the importance of compliance among the entire citizenry. For example, there should be readily available literature on the tax system in Zambia, which should be easily accessible to help masses understand how taxes operate. In the same vein, there should be adequate funding to the tax authority to carry out enforcement and awareness activities. It was reported in the 2017 and 2018 ZRA Annual Reports that the Tax authority conducted taxpayer education and advisory services in 2017 and 2018 however this needs to be a vigorous ongoing exercise.

Inaccurate database and inadequate information to structure a good tax amnesty model were some of the factors affecting the operationalisation of the tax amnesty. The requirement of an accurate database or system is a critical component of the Tax amnesty as the tax payers use it to submit their tax related information as well as file returns. The respondents were of the view that it should be accurate and configured to accommodate the tax amnesty. In the 2017 Tax amnesty, the Auditor General reported that as at 31st August 2018, the Tax Online System had not been configured to take into account the effects of the Tax Amnesty on debt reduction thereby increasing the tax debt even when the amnesty was in the progress, this impacted the tax payments that should have been made by taxpayers. Therefore, a consideration should be made on engaging a Third party to help configure the system to support the Tax Amnesty. It was noted that there was inadequate information to structure a good tax amnesty model, as the Tax online system had challenges in functioning effectively therefore respondents were of the view that the Zambia Revenue Authority(ZRA) should ensure that Tax online system is working effectively and they should improve the information technology infrastructure for tax system, with 27.94% stating that ZRA should engage a third party with regard to the Tax online tax system support and management while 26.47% of the respondents explained that Zambia Revenue Authority should ensure that tax online system is working effectively before offering a tax amnesty and finally 8.83% of the respondents stated that Zambia Revenue Authority should focus on improving the information technology for tax amnesty support systems.

The results indicates 35.3% of respondents were of the view that the tax amnesty period for filling unfilled returns should be between 3 to 6 months whereas the other 35.3% where of the view that the period should be between 6 months to one year .This means that time range for the Tax amnesty proposed by the respondents is the period not less than 3 months but not more than one year, this stems from the fact that the Tax amnesty requires time to prepare for the unfilled returns by the tax payers as well as communication period and then the actual filling of the unfilled returns. In 2017 the tax amnesty was extended twice as the initial period for the amnesty was 24th April to 31st July 2017 which was extended to 31st August 2017 and then finally extended to 31 December 2017.This extension is an indication that the time range was not appropriate hence the proposal of sufficient time to file unfilled returns as well as sufficient time to pay would be necessary. The view of a sufficient time is supported by Abdurrahman and Doğan (2019) in a study on the required practices for a successful tax amnesty the case of Kosovo. This view is also supported by Ahmed (2020) who stated that the Government of Tanzania should enhance the time for the application of tax amnesty so that large taxpayers may have ample time to gradually understand the importance of tax amnesty for business development and tax collection.

95.7% of the respondents were of the view that the implementation of the Tax amnesty should have a sufficient time to file the unfilled returns but should be followed by strict enforcement through the strengthening of the Tax system, this is to avoid the compliant tax payers to become incompliant according to Alm et al. (1990), who stated that a good tax amnesty should be followed by government enforcement in the form of tax audit to increase tax compliance and It should be clear that no other tax amnesties will be repeated in the future. The conviction that the tax amnesty will only be applied once and will not be repeated anymore can affect the success of tax amnesty (Abdurrahmani and Doğan, 2019). Also in a study conducted Saragoglu and Caskurlu (2011) in Turkey on the success of tax amnesty on increased revenues using descriptive studies of secondary data, it was concluded that the success of tax amnesty depended on tax audits, imposition of efficient enforcements of tax and other related laws and better organisation of tax administration .

4.3.3 Objective 3: To develop a model for Tax Amnesty that can periodically be used in Zambia.

In order to develop an effective Tax amnesty model for Zambia, to be used periodically, the following variables were identified through literature review which ultimately form the part of the

Proposed Tax amnesty Model these are ZRA resolving Taxpayer Audit issues which falls under behavioural issues ,this had a coefficient of -0.38 , however despite having a negative coefficient this variable was significant at 5% and can still contribute more if ZRA can work on this variable by ensuring that tax audit issues are resolved in good time., visitation by Tax Officers to educate the Taxpayers had a coefficient of 0.162 , contributing 16 times to the function and allowed time to pay had coefficient of 0.121 hence contributing 12 times to the function . Using Regression analysis to know the contribution X variables to the tax amnesty, which variables are mentioned above, it was found that the these variables hold in the model as they contributed to the Tax amnesty function and the overall the model was correctly specific for the Zambian Tax amnesty as it has been by 84% adjusted R Square . Figure 5.1 under recommendations shows the proposed Tax amnesty model.

4.3.4 Chapter Summary of Findings

This chapter has presented the findings of the research addressing the research objectives. The chapter highlighted of how the data collected was prepared for analysis, as well as the results of the analysis. It has also reviewed the findings of other studies and how they relate to the findings of this study.

CHAPTER 5

CONCLUSION AND RECOMMENDATION

5.0 Introduction

This chapter presents the conclusion and recommendations of the research. It illustrates the summary of the findings as related to the research objectives. The aim of the study was to develop a tax amnesty model for Zambia to enhance tax payments by providing recommendations and strategies on how to improve on the effectiveness of a Tax amnesty if evoked in the future. The objectives of the study were set as follows: To examine the effects of 2017 tax amnesty on tax payments, to evaluate the factors affecting the enhancement of tax payment in the tax amnesty and its operationalization and to develop a model for Tax Amnesty that can periodically be in Zambia.

5.1 Conclusions

Based on the findings and in line with the objectives, the study found that although the objective of the of the 2017 Tax Amnesty was to collect the outstanding tax debts from taxpayers for which about fifty percent was collected out of the targeted amount of K8 billion though this was a positive impact on the tax payments, however, much more can be done to ensure that more is collected in the future should the tax amnesty be evoked. Even though the amount collected was fifty percent of the tax targeted, there was also the increase in the tax debt of 14% even after the tax amnesty and it was established that the 2017 tax amnesty model in Zambia had poor integration of time range of tax amnesty with measures to strengthen the tax system as result there were extensions within the period.

The results above have shown a knowledge gap existed of the taxpayers due to lack of knowledge on the tax amnesty policy hence the need to educate them on such policies. There is also needed to improve the Tax database, through engagement of a third party who could independently verify the details of the taxpayers to ensure accuracy of the data. And that in order to get maximum revenue from the amnesty, taxpayers must be allowed a sufficient time to pay as well as sufficient time to file their unfilled returns.

Based on the Literature review and the findings of the study the proposed amnesty model should include the following identified major variables such as ZRA resolving Taxpayer Audit issues,

visitation by Tax officers to educate the Taxpayers, Allowing a Sufficient time to pay at least not less than 3 months but not more than 1 year, having an accurate tax database verified by a third party and strengthening the Tax System through having adequate information on good amnesty structures as well as improving the knowledge of the taxpayers.

5.2 Recommendations

Arising from the findings of the study above, there are recommendations that can be drawn from the findings in order to overcome challenges in the implementation of tax amnesty program. The following can be carefully looked at in order to have a successful amnesty whenever it is evoked:

The Zambia Revenue Authority (ZRA) should ensure they have an accurate Taxpayers' database and a configured system that can support the amnesty as an inaccurate database and a non-configured tax system leads to errors such as the failure to offset the tax debt for taxpayers who participated in the amnesty as reported in the Auditor General's Report (2018) ,in doing so they should consider engaging the Third party through outsourcing before evoking another amnesty so that they can help in cleaning the data.

The Zambia Revenue Authority (ZRA) should engage in continuous Taxpayer education, especially on the importance of tax compliance among the entire citizenry, which will subsequently increase tax revenue. Also, it is important to provide more education to the taxpayers about programs like the tax amnesty, how it works and its advantages to them. (Ibrahim, 2020)

The next Tax Amnesty implemented should have sufficient time of submitting unfiled tax returns; it should be not less than 3-months but not more than a year. According to Ahmed (2020), this enhancement of the time for the application of tax amnesty will enable taxpayers have ample time to gradually understand the importance of tax amnesty for business development and tax collection as well as increase voluntary tax compliance.

The Tax amnesty program should be implemented simultaneously with measures to strengthen the tax system meaning it should be followed by strict enforcement of the tax laws to avoid the increase in tax debt after the amnesty as stated by Alm et al. (1990) that a good tax amnesty should be followed by government enforcement in the form of tax audit to increase tax compliance. Therefore, Zambia Revenue Authority (ZRA) can do well to maintain the renewed tax compliance brought about by tax payers who have participated in the tax amnesty through various enforcement

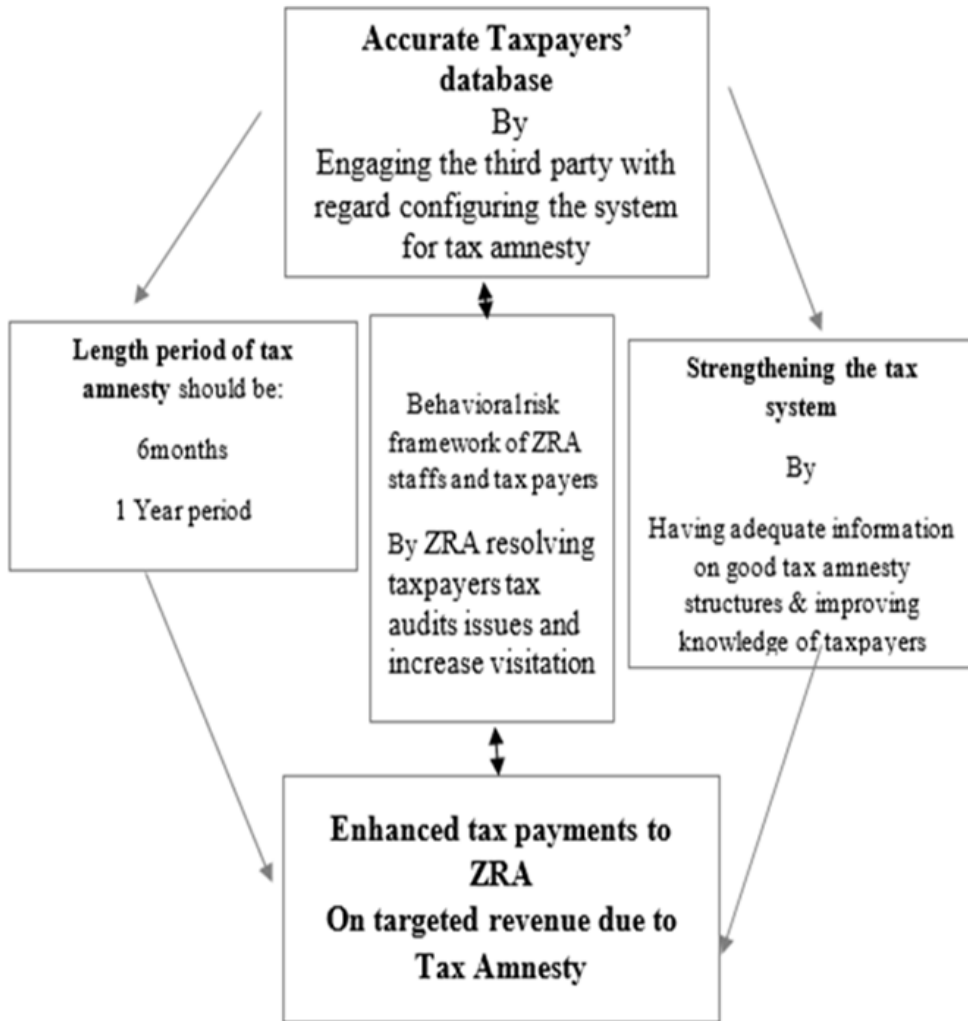
strategies as studies have shown that tax amnesties can have a positive effect on tax compliance such that many previously non-compliant taxpayers continue to be compliant long after the amnesty has ended as the fear of being caught by the tax authorities is reduced. (Yucedogru and Sarisoy, 2020). After the tax amnesty serious and strict sanctions must be applied. If taxpayers' who benefit from tax amnesty find that nothing has changed after amnesty, they will see no reason to change their behavior. Therefore, the implementation of serious and strict sanctions after amnesty will increase the success of tax amnesty.

The Tax amnesty should not be applied repeatedly as it may encourage taxpayers to engage in temporary non-compliance, treating the state as a short-term loan provider. Not only can they encourage old tax evaders but also honourable members of society to choose non-compliance. (Erdoğdu and Akar, 2022)

There is a need for the Zambia Revenue Authority to deal with all the outstanding Tax Audit cases expeditiously so that many taxpayers can benefit from the Tax Amnesty when implemented as those who had outstanding audit issues did not qualify for tax amnesty in 2017.

Finally, the amnesty program must be massively publicized so as to make sure every Taxpayer knows about it and have a willingness to participate in the program. Furthermore, government should maintain the positive view of the program to create a change in taxpayers' as well as tax evaders' behavior. In their study Parle and Hirlinger (1986) found that publication of an amnesty creates more revenue if more spending is put into it. Therefore, investing a proportional amount of budget for publicity to attract maximum participants is important.

Figure 5.1. Proposed Tax Amnesty Framework Model



5.3 Suggestions for further research

The main objective of this study was to develop Tax amnesty model for Zambia to enhance tax payments. However, in the findings above it has been established that though there was a collection of the revenue of K4.2 billion of the targeted K8 billion from the amnesty, there was also an increase in the Tax debt in the year 2018 by 14% therefore, there is a need to carry out a research to find out the factors leading to the increase in Debt even when there is a Tax amnesty. Further, future studies may be conducted to examine the effects of tax amnesty on tax compliance in Zambia. Also another research can be conducted to examine the effects of repeated amnesties on revenue collection in Zambia. And there can be another study conducted to examine the impact of Tax amnesties on taxpayers' attitudes and behavior in Zambia. Finally, a future study can also be carried out to establish whether the tax amnesty is a good tax policy or not for Zambia.

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APPENDICES

Appendix 1: Research Questionnaire



Graduate School of Business

Dear Respondent,

My name is **Olias Shula Simuchile** a student at University of Zambia under the Graduate School of Business, pursuing Master of Business Administration in Finance. My student identification number is **GSB152011**.

This questionnaire is part of my thesis requirements for the completion of MBA – Finance. The information required pertains to *Developing a tax amnesty model for Zambia to enhance tax payments*. The information that you will provide will be treated as confidential and no names or any sensitive information shall be published. The information will be coded and used for academic purposes only. The report will use the data in aggregate format to protect all the participants.

Questionnaire for the Tax Consultants

SECTION A: BIOGRAPHIC INFORMATION

1. Please indicate your gender

Male [] Female []

2. What is your age group?

Below 20 [] 21 to 25 [] 26 to 30 [] 31 to 35 []

Above 35 []

3. What years of experience do you have as a Tax consultant?

1-5 years [] 5-10 [] 10-15 [] 4 and above []

Post graduate []

4. Indicate the category of your academic course of study

Business and Economics [] Accounting [] Science & Technology []

Finance []

5. Professional certification (if any):

[] Zambia Institute of Chartered Accountants Chartered Accountants (ZICA CA)

[] Association of Chartered Certified Accountants (ACCA)

[] Chartered Institute of Management Accountants (CIMA)

[] Certified Internal Auditor (CIA)

[] Certified Management Accountant (CMA)

Other (specify).....

SECTION B: TAX AMNESTY

1. Do your client's have any overdue or outstanding tax payments with Zambia Revenue Authority after the tax amnesty program?

a) Yes

b) No

2. What component of the taxes should the Zambian Tax Amnesty focus on?

Import and Domestic VAT

Company income tax

Withholding tax

Mineral royalty

Trade taxes

Excise duties)

All

3. Did ZRA ensure that they resolve the taxpayers tax audits issues before evoking Tax Amnesty?

Yes No

4. What is the best way in which ZRA can configure Tax Amnesty on Penalties and Interests on Tax Online system?

Ensure that tax online system is working effectively before evoking Tax Amnesty

ZRA should improve the IT infrastructure to support Tax Amnesty

Engage a third party with regard to the online tax system to support the Tax Amnesty

SECTION C: TAX AMNESTY KNOWLEDGE

1. Challenges confronting the tax officials in enhancing tax payments through a tax amnesty?

- Bureaucracy
- Low participation rate by Taxpayers in the Tax Amnesty Program
- Resistance by Taxpayers to provide accounting records
- Inadequate information to structure a good tax amnesty model for the period
- Cost overruns (from ZRA)
- Lack of knowledge by Taxpayers

Others please specify

2. How can Tax amnesty program help Zambia Revenue Authority (ZRA) to collect the overdue or outstanding tax payments from taxpayers?

- Reviewing of the tax rate
- Increase Tax amnesty period
- Tax official's visitation of Taxpayers to educate them
- Allowing a longer time to pay period
- Enhance the Knowledge of the Taxpayers on the tax amnesty and other policies

3. What is the recommended time range for Tax payers to file in their unfiled tax returns on implementation of tax amnesty?

- 1 month
- 1 to 3 months
- 3 to 6 months
- 6 to 1year

SECTION D: TAX AMNESTY BENEFITS

Please indicate by a tick (√) your level of agreement with the following statements on a scale between 1 and 5, where 1=strongly disagree, 2 = disagree, 3 = neutral, 4 = agree and 5=strongly agree.

- | | 1 | 2 | 3 | 4 | 5 |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| 1. Did your clients declared tax returns increase due to the Tax Amnesty Program | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Taxpayer understand that tax amnesty program would increase tax payments and help in having clear tax records with ZRA if the model is well structured | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Where you adequately knowledgeable about the ZRA 2017 Tax Amnesty Program (tax amnesty objectives by ZRA, its benefits to your client’s and how it operated) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. From your point of view as a tax consultant, did your client’s perceive that the tax amnesty policy will generally have a positive impact on tax payments to ZRA | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Should ZRA consider engaging the third party with regard configuring the system for tax amnesty? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. Tax amnesty should never be applied | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

SECTION E: WHAT MAKES A SUCESSFUL TAX AMNESTY

Please indicate by a tick (√) your level of agreement with the following statements on a scale between 1 and 5, where 1=strongly disagree, 2 = disagree, 3 = neutral, 4 = agree and 5=strongly agree.

- | | 1 | 2 | 3 | 4 | 5 |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| 1. ZRA should have an accurate Taxpayers' database | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Tax amnesty practices should provide incentives to encourage amnesty participation | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. There must be a conviction that no other tax amnesty couldn't be practiced in the future | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. The identity of tax amnesty beneficiaries should be hidden, | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Length period of tax amnesty should be sufficient | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. Tax amnesty should be implemented simultaneously with measures to strengthen the tax system. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. From your point of view as a tax consultant, did your client's perceive that the tax amnesty policy will generally have a positive impact on tax payments | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

THANK YOU FOR YOUR TIME IN COMPLETING THIS QUESTIONNAIRE.