

The State of Income Tax on Rent in Zambia: The Way Forward

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ABSTRACT

The aim of the study was to develop a framework of measures that could be employed by The Zambia Revenue Authority (ZRA) to increase revenue from house rentals. A qualitative phenomenological study involving ZRA staff was employed. Data was collected using in-depth interviews and future search conference techniques (presentations, discussions at plenary sessions and document review). Data was analysed using modified content analysis which has an extension of Katherine Charmaz's Constructivist Grounded Theory. In this sense, the research focused on the meanings attributed by the participants to the research phenomenon and in this case Rental Income Tax. The main findings in this study are that the quantum of the tax that is remitted by the tax payer was based on a self-assessment estimate principle. ZRA did not assess property, not even the lease agreement to ensure that it received a commensurate quantum of the Tax. As from January 2022, the authority changed the Income Tax Rental (ITR) liability which initially was placed on the tenant to the landlord. The landlord as an income earner is now mandated to remit the rental tax as Rental Income Tax (RIT). There are several barriers that influenced tax compliance including the low tax knowledge by the citizenry, the perception of equity and fairness, low citizenry tax education, cultural factors where the citizenry are not committed to pay taxes, tax under-declaring and poor record keeping. Following a change in targeting tenants to landlords, the month-on-month income figures for the tax from the time it was changed, self-withholding tax in 2023 has increased. The study concludes that RIT is not being paid as expected because there are barriers on the tax payer's and ZRA sides. There are a number of viable ways that have been proposed to break ground as far as reaching out to all landlords. This tax collection system should be imposed in general and evenly. This principle of justice must always be upheld and used as an absolute requirement for tax collectors to achieve prosperity in society.

Keywords-- Withholding Tax, Revenue, Property, Zambia Revenue Authority

it can mobilise from tax revenue. This situation has been accentuated, on one hand by the high increase of the costs of public services, which become difficult to sustain, especially in the actual context of limitation of compulsory tax levies on goods and services, and on the other hand, by the pressure of public opinion requesting the optimization of the use of public funds through efficient taxation. Over the years, there have been revisions on taxation policy in Zambia with successes in some domains and failures in others.

Taxation policy, according to Joweria and John (2004), has always been a crucial tool for increasing income, particularly in emerging nations where it is the primary source of domestic revenue. Taxes are the main source of funds to finance essential services and to invest in public goods in the long run. The complexity of the tax system and the issues related to its governance in developing countries require the implementation of reforms to improve the relationship between tax administration and taxpayers in order to promote their adhesion and to integrate the evolution of social demand into the making of public policies for social economic development (Apere, 2003; Wambai and Hanga, 2013). One area in Zambia that requires exploration in order to increase tax revenue relates to tax on rented property. The ZRA is the institution mandated to collect tax in Zambia. One ZRA Commissioner General at a launch of the tax amnesty, called for the need to increase revenue and among some of the measures was the need to increase income tax on rent from rented property. The Commissioner General noted that a large proportion of tenants were not remitting income tax on rent. This accounted for 80% loss of the projected income tax on rent from rent annually. Considering the vast needs of the citizenry, this low level of tax collection from rent is adding as well to social economic development risks. What necessitated this study stems from the fact that it was not known what barriers the authority was facing in collecting the targeted quantum of income tax on rent every year. Solutions to this poor collection have been hard to find because it is yet to be known why ZRA had permitted the majority of tenants not remitting income tax on rent and hence this study.

I. INTRODUCTION

The Zambian state is challenged by the increasing needs of its citizens and by the limitedness of the resources

Before January 1st 2022, Zambia employed withholding tax as a tool to collect revenue from tenants. Tenants are no longer required to withhold and remit to Zambia Revenue Authority the tax withheld from rentals paid to the Landlord. Zambia's taxation policy on rented property was transformed such that from 1st January 2022, rental income is being taxed by way of turnover tax at the rate of 0% for gross rental income below ZMW 12,000, 4% for gross rental income between ZMW 12,000 and ZMW 800,000, and 12.5% for gross rental income above ZMW 800,000 per annum. The tax is payable by the landlord. This reform was hoped to change the landscape of tax revenue.

Statement of the Problem

The ability to collect taxes is central to a country's capacity to finance social services such as health and education, critical infrastructure such as electricity and roads, and other public goods. One ZRA Commissioner General at a launch of the tax amnesty, called for the need to increase revenue and among some of the measures was the need to increase Income tax on rent from rented properties. The Commissioner General noted that a large proportion of tenants were not remitting Income tax on rent. This accounted for 80% loss of the projected Income tax on rent from rent annually. Considering the vast needs of the citizenry, this low level of tax collection from rent is adding as well to social economic development risks. It is not yet known what barriers ZRA is facing to fail to collect the targeted quantum of Income tax on rent every year. Solutions to this poor collection have been hard to find because it is yet to be known why ZRA has allowed the majority of tenants not remitting Income tax on rent and hence this study.

Given the statement of the problem, the purpose of this study was to pave the way forward by developing a framework of measures that could be employed by ZRA to increase revenue from rented properties especially houses..

II. EMPIRICAL LITERATURE REVIEW

Zambia is one of the most urbanized countries in Sub-Saharan Africa, with an urbanization rate of 4.35%, higher than the population growth rate that currently stands at 2.93%. About 44% of Zambia's population lives in cities or urban areas, while 56% lives in rural areas. The national housing deficit stands at more than 1.5 million units and is projected to double by 2030, according to UN Habitat. Due to the lack of affordable housing, about 70% of urban dwellers live in unplanned settlements with poor housing and inadequate access to safe and clean water, sanitation, hygiene and extension facilities. This rapid increase in its urban population has placed a huge demand for housing. It is very clear that in Zambia, the process of

formal investment in housing has not taken root. The typical urban house for an average Zambian is a house built in the informal sector on illegal land, thus without title deeds and built without following building regulations and standards (Zulu and Oyama, 2017). Where houses have been built with title deeds and built following building regulations and standards, occupants are predominantly tenants. If Zambian Government has to finance and provide public services and goods, she requires money, and this can only be by way of taxation. Tax on rented property is one such a source. This scenario highlights the need for increase revenue mobilisation through a full proof and robust property tax reform. Elsewhere in Africa, Nigeria and Tanzania for instance, have embarked on property tax reform with minimal or no success in implementation. It has been noted that property tax is a potential source for revenue generation especially in developing countries because it is economically efficient, easy to enforce, and difficult to avoid (Bahl and Martinez-Vazquez, 2007; Rosengard, 2012 Fjeldstad et al., 2019). Unfortunately, revenue generation through property tax in these developing countries has been abysmally low due to some barriers that are well documented in the literature – for instance and notably works by Fjeldstad and Heggstad (2012) and Awasthi et al. (2020).

Property tax is a levy mainly charged on buildings usually paid by the owners of such assets to the state. Property taxation is widely recognised as the most progressive, viable, efficient, and equitable means of generating revenue for either the municipal/local government or central government. In Zambia, property tax relating to rent is paid the central government. The revenue generated is used to provide public services and goods such as water, sewerage, refuse collection and the construction and maintenance of roads schools inter alias (Slack and Bird, 2014; Monkam and Moore, 2015, Alsharari, 2019). Property tax in Zambia is not the principal source of revenue. However, there are operational challenges relating to collection. The quantum that is collected remains very relatively low across countries especially in low-income developing countries (Monkam and Moore, 2015; Awasthi et al., 2020,). Awasthi et al. (2020) compiled some statistics for comparison purposes and found that the average percentage contribution of property taxes to GDP in developed economies from 1990 to 2014 was 1.7%. That from emerging market economies 0.48% and averaged 0.2% in low income economies. It is surprising that in advanced economies such as the UK, US and Canada, property taxes contribute around 3% to the GDP a piece; the reason being that property taxes are the core of municipal/local government revenue. The above statistics give credence to why countries across the globe continually undertake property tax reforms. However, tax

reforms in Zambia have not helped matters (Fjeldstad and Heggstad, 2012).

Barriers to tax collection there is a horde of barriers that are at the centre of low incidences tax

collection. Most of the barriers relate to tax system implementation challenges as shown in Table 1.

Table 1: Barriers to Tax Collection

Author	Barriers
Slack and Bird (2014) Grover et al. (2019) Fjeldstad and Heggstad (2012)	The major barriers they face are mainly political barriers, lack of political will to enforce property tax
Awasthi et al. (2020)	Incomplete and outdated property tax register, complicated tax rates and classification, lack of specialised skills required to develop a complete geo-referenced property database, copious exemptions, and feeble fiscal effort.
Grover et al. (2019)	Incomplete list of tax register and insufficient data on transaction prices.
Fjeldstad and Heggstad (2012)	Outdated property roll or not having at all, not fully formed property markets, limited equipment and administrative capacity, narrow tax base as a result of wide-ranging legal exemptions, and political interference in revenue collection, and lack of qualified valuers to set up or maintain valuation rolls.
Jibao and Prichard (2015; 2016), Nyabwengi and K'Akumu (2019), Nyabwengi (2020)	Incomplete and outdated property tax registers, too many legal exemptions from the tax base, non-adoption of mass valuation, and a lack of independent body to monitor valuation process and property tax implementation problems.

Theoretical Literature Review

Qualitative research hardly utilises explanatory theories that are evident in quantitative research. Instead, qualitative research is grounded in five approaches which are mistakenly considered to be theories (Creswell et al., 2017). Phenomenology is the appropriate qualitative approach to reveal the lived experiences of participants in research (Speziale and Carpenter, 2007; Sohn et al., 2017). The underlying philosophy is based on Husserl and Heidegger's concepts that 'truth' is determined by how people perceive their own true-life experiences. Heidegger's hermeneutic approach was chosen because it offers a process for a researcher to construct or interpret these life experiences, through a method called 'interpretative phenomenological analysis' (IPA). The aim of IPA is to listen to each participant's experience and attempt to make sense of these experiences through a reflexive process. In the process of undertaking this inquiry, we became a part of the process, as we describe and explain human phenomena surrounding taxation, collaborating with participants, to achieve an in depth understanding of experiences. We then use phenomenology to derive meaning through interpretation (Friesen et al., 2012; Van-Manen, 2014).

III. RESEARCH METHODOLOGY

Research Design

We opted to anchor our study within the qualitative paradigm. We desired to present subjective accounts of stakeholders and as such the paradigm was appropriate. Thus, the type of knowledge being investigated in the research project was etic in nature (May, 2011). The etic perspective typically represents the internal language and meanings of a defined in a given culture (Merriam, 2009) and in this study, it is the culture in the ZRA Tax Revenue Unit. Regardless of how a culture's scope is defined, "an etic perspective that we adopted attempts to capture participants' indigenous meanings of real-world events" (Yin, 2010: 11) and "looks at things through the eyes of members of the culture being studied" (Willis, 2007: 100) while suppressing the researcher's culture.

We employed the abductive research strategy as the logic of going about doing research. Norman Blaikie defines it as "the process used to produce social scientific accounts of social life by drawing on the concepts and meanings used by social actors, and the activities in which they engage" (1993:176). This is a logic that sits within the nominalist ontology and based on the post positivist epistemology. Abduction will be used in this study as an approach to generate social scientific accounts or meanings of concepts from the social actor's perspective to derive meanings of inter subjective technical concepts and

interpretation of social life (Blaikie, 1993; 2000; Yu Chong Ho, 1994) around Income tax on rent. "Meaning" in this context may be of two kinds. The term may refer first to the actual existing meaning in the given concrete case of a particular social actor, or to the average or approximate meaning attributable to a given plurality of social actors; or secondly to the theoretically conceived pure type of subjective meaning attributed to the hypothetical social actor or actors in a given type of action. In no case does it refer to an objectively "correct" meaning or one which is "true" in some metaphysical sense. We found phenomenology to be appropriate to ground our field work and explication of our findings.

Thus, this section provides links between content analysis and hermeneutic phenomenological dimensions and the choice of methodology, and the methodology in turn shapes and develop the research design. As the research questions seek to gather the constructions and lived experiences of individual Actors, it has been considered that the exploratory nature of the research questions drives the use of phenomenology. The view taken in this thesis is that the phenomenology acknowledges the theoretical dimensions of gathering data from the ground (Charmaz, 2006; Chamberlain-Salaun et al., 2013).

IV. POPULATION OF THE STUDY

This qualitative hermeneutic phenomenological study comprised 4 experts in the departments of Research and Corporate Strategy and Customer Experience and 150 delegates who attended a tax sensitization workshop which was organized by the ZRA with Real Estate Agents. The workshop engaged real estate property agents on matters relating to rental income and property transfer tax. We were invited to the workshop by ZRA as a source of additional information concerning a bigger project, we were engaged in to beef up information. The workshop was attended by 150 delegates. The workshop was drawn from stakeholders that included property owners, real estate agents, property managers, valuation surveyors, lawyers and accountants.

V. DATA COLLECTION

Data was collected using in-depth unstructured interviews as well as from workshop proceedings. The journey toward understanding lived experience of income tax on rent began with us researchers, continually moving back and forth between interviewing the participants and collecting the data focusing on the assumptions of hermeneutic phenomenology. The hermeneutic phenomenological approach allowed us to reflect on the excerpts of the lived experiences as a property owner, real estate agent, property manager, valuation surveyor, lawyer and accountant (Ho et al., 2007; Van Manen, 2016) in relation with rental tax. The focus of employing hermeneutic phenomenology then was to interview participants and listen to their presentations with a view to explore and describe how these individuals experience the phenomenon of Income tax on rent by gathering detailed narrative data from a small number of participants. The goal was to generate a deep understanding and the meaning of this phenomenon as much as possible from the perspective of the individual (Dahlberg et al., 2008; Creswell and Creswell, 2017).

Data Analysis

We employed modified content analysis which has an extension of Katherine Charmaz's Constructivist Grounded Theory because the modification reshaped the interaction between ourselves and participants in the research process and in doing so, the analysis brought to the fore the notion of the researchers as authors. In this sense, the research was designed to focus on the meanings attributed by the participants to the research phenomenon and in this case income tax on rent.

Grounding the Findings

The findings that are presented in this section are from interviews with 4 experts in the departments of Research and Corporate Strategy and Customer Experience, document reviews and the proceedings of the workshop.

Demographic Profile

The sample for this study is categorized in two as follows:

Table 2: Respondent Profile

<i>Category</i>	<i>Number</i>
a) Staff of ZRA and	4
b) Real estate property agents	33

The ZRA staff had attained University education whereas real estate property agents had varying levels of education starting from lower secondary education to college or University education (Table 2). As seen in Table 2, out of N = 33 real estate properties just over half n = 18

had college education whereas n = 15 had secondary education.

Table 3: Level of Education

<i>Level of education</i>	<i>Frequency</i>	<i>Percent</i>
Secondary education	15	45.4
College education	18	55.5
Total	33	100.0

The sample mean age was 34 (\pm 6.1 SD). The youngest and oldest respondents were 25 and 46 years. It was evident that these agents had been in this business on average 5 years (\pm 4.4 SD). The longest one has been in the trade for nine years and the shortest was 2 years.

Current ZRA Practices of Tax on Rented Household Properties

The quantum of Rental Income Tax was remitted by the taxpayer was based on a self-assessment estimate principle. The Taxpayer who happened to be the landlord submits the tax as required by law. The landlord submits an estimated chargeable tax from rental income accrued for the current period which may be a month or three months or six months as the case may be. ZRA does not assess the lease agreement to affirm as to whether the remitted quantum is commensurate. This is shown in the following excerpts.

The norm according to this law on RIT was that the tenant was responsible for payment. However, this was not the case as presented below.

We have been paying withholding tax to our landlord and the quantum is 10%. What we are not sure is if the amount is remitted.

Self-assessment of RIT arising from lack of standardized rates was one current practice and this is shown as follows.

In my case, I make a personal assessment of how much rent my tenant has to pay....This depends on the quality of the house and the area. Then 10% is remitted by me to ZRA.

Estate property Agent and Landlord

It was observed that authority did not assess property and not even the lease agreement to ensure that it received a commensurate quantum of RIT. In essence RIT is merely received and accounted for.

We do not have the mandate to inspect the premises as you know, it does not help since we have no law that sets standards for rented property.

Inspector of Taxes

During the workshop, it was later learnt that as from January 2022, the authority had changed the RIT liability which initially was placed on the tenant to the landlord. The landlord as an income earner is now mandated to remit the rental tax. (The authority changed from RIT to Rental Income Tax. Rental Income is paid on accrual basis as it is law. i.e whether the landlord receives

rental income or not, the tax should be paid at the end of a tax period.)

One Inspector Made this Observation

In addition to the transfer of liability from a tenant to a landlord, the tax regime reform also involved the revision of rental income tax from 10% on rental value to 4 percent for taxpayers generating less than K800, 000 in rental income and 12% for those earning K800, 000 and above. This was meant to harmonize with the corporate income taxation and Turnover tax regime.

The current manner of payment of tax varies from person to person. Rental income tax can be declared and remitted through the following tax systems: TaxOnline, TaxOnApp, TaxOnPhone.

The commonest according to ZRA staff was TaxOnline

We have more payments from taxOnline than any other

ZRA Assessment Officer

Barriers

The researcher now examines the second research question which is “What barriers does ZRA face in targeting tenants to increase revenue from rented household properties?”

There were several barriers that influenced tax compliance including the improbability of conducting audit, low tax knowledge by the citizenry, and the perception of equity and fairness, low citizenry tax education, lack of transparency due to weak news media, cultural factors, such as weak national identity where the citizenry are not committed to paying taxes, tax evasion, tax under declaring and poor record keeping.

Tax Evasion in the form of Non-Registration and under-Declaration

This tax is highly evaded – registration as of 2015 was at 5%. Using the Living Conditions Monitoring Survey of 2015, approximately 600,000 dwellings were being rented in 2015. Out of these, only 32,719 houses, or 5%, were registered for withholding tax on rental income. About K394 million could have been collected as rental tax revenue from individuals for 2015, if the tax policy of 10% withholding had been effectively enforced.

Under Declaration was One Serious Barrier to RIT Collection

Under-declaration of real rental values: Taxation in Zambia operates under the principle of voluntary compliance. Taxpayers are entrusted with the power to

self-assess their tax liabilities and declare current amounts in their returns. - Interview

No or Poor Record Keeping

No records of the number of rented properties in the country and who the landlords are. The exact number of rented properties is not known. Improved administration of taxation in the housing sector, particularly rental properties, offers a promise as one of the options to increase tax revenues especially if more taxpayers are captured under this tax net –Interview

Tax Evasion

Tax evasion was presented as illegal non-payment or under-payment of taxes, usually by deliberately making a false declaration or no declaration to tax authorities – such as by declaring less income, profits or gains than the amounts actually earned, or by overstating deduction.

Knowledge by the Citizenry and- Low Citizenry Tax Education

ZRA reports have documented low knowledge by the citizenry and- low citizenry tax education. The following excerpts show this barrier.

Taxpayer Education and Advisory Services program by ZRA, its impact has been limited as the program is based only at the Lusaka headquarters and Kitwe Office. Outreach to other areas only happens within special arrangements (ZRA 2016). The survey on rental income taxation revealed that only one in five households were aware of Income tax on rent on rental income.

Lack of Management Will Enforce Compliance Levels

Administrative hurdles were observed in form of inefficient tax collection systems that made it difficult to make payment, such as few tax pay points and the resultant long queues. Additionally, most defaulters got away with non-payment because of the weak capacity in detecting

evasion and poor enforcement of the tax exhibited by the tax authority. –An unpublished ZRA report

Corruption

Corruption was singled out as one of the barriers to payment of RIT. It was sited that not only does it lower the tax-GDP ratio but also causes long-term damage to the economy by increasing the size of the informal economy, distorting tax structures and corroding the tax morality of taxpayers. All of these in turn further reduce the long-term revenue generating potential of the economy. Interviews with ZRA staff showed that this scourge was rampant. It was responsible for tax evasion, non-compliance as well as under declaration.

A few times we have done inspections, we have found that tenants have evidence that they have paid tax....In the system you do not see any trace of payment. Corruption is actually one evil we need to deal with.

ZRA Inspector 2

Tax loss

In a 2018, working paper on rental taxation: curbing non-compliance and improving administration by ZRA staff, described the gravity of tax losses as stated.

The possible collection is also much higher than the K10.5 million that was mobilized from this tax in 2016. Had the K394 million been collected, it would have been sufficient to pay for the labor costs of constructing primary school infrastructure development in Lusaka Province for the whole of 2015.

Following a change in targeting tenants to landlords, the month-on-month income figures for the tax from the time it was changed, self-withholding the tax in 2023 has increased as shown in Table 3 below.

Table 4: Trending RIT from Tennant to Landlord

<i>Month (2022)</i>	<i>Rental Income Tax (K'million)</i>	<i>Target(K'million)</i>
Jan	23.3	19.9
Feb	14.5	32.4
Mar	31.3	30.4
Apr	31.7	32.9
May	12.2	39.0
Jun	11.2	31.9
Jul	31.6	44.3
Aug	12.0	35.1
Sep	11.8	29.1
Oct	38.0	28.3

Operational Tax Policy Measures would be Appropriate to Increase Revenue

The problem of tax compliance was discussed in the workshop. Proposals covered the taxpayer side and the Authority side. Government policies were singled out as the most critical. The workshop addressed tax corruption, human resources training, law enforcement improvements

in the administration system, modernization of organizational strategy, good governance, and a whistle blowing system were seen to have significant effects on personal decisions to pay tax compliance. The workshop proposed measures, and these were ranked as shown in the Table 4 below.

Table 5: Framework of Measures

<i>Barrier</i>	<i>Proposal of Mitigation measures</i>	<i>Ranking</i>
Tax revenue and knowledge, tax understanding,	The authority should develop effective taxpayer education strategies on the taxation of rental income and consider utilizing public private partnerships to spearhead targeted taxpayer awareness programs across all potential taxpayers especially residential property owners in medium and low-cost areas. The ultimate goal is enhancing compliance and increasing the number of taxpayers	2
Inefficiency	The Authority should invest in user friendly taxpayer platforms and link them to all available payment platforms including mobile money to simplify registration, filing and payment of rental income tax especially for low and medium cost property owners. Create a mobile registration and payment application. The absence of robust mobile telephony solutions in tax payment hinders capturing those that may have mobile phones and not the internet. ZRA should ensure that a registration and payment mobile application is created and made mandatory for all landlords to sign up. Such an application will cover those landlords that do not have bank accounts but have basic mobile phones.	3
Low or no synergy	The authority should collaborate with the local authorities, National Planning Authority, Ministry of lands and ZESCO and other relevant private public stakeholders to map out all rented properties across the country and build a live registry/database of real estate properties to support enforcement of rental taxation.	4
Targets	The authority should invest in tax field inspectors to spearhead the responsibility of enforcing registration, filling and payment of rental income tax. Increase the work scope of tax collection agents seeing that enforcement costs of the tax may be higher in certain locations than the actual amounts paid. ZRA should allocate the appointed rental income agents to defined geographic locations called blocks. ZRA should ensure that a registration and payment mobile application is created and made mandatory for all landlords to sign up.	1

VI. RESEARCH RESULTS AND ANALYSIS

Discussion

The main findings are that the quantum of RIT that is remitted by the taxpayer was based on a self-assessment estimate principle. ZRA did not assess property and not even the lease agreement to ensure that it received a commensurate quantum of RIT. In essence RIT is merely received and accounted for. As from January 2022, the authority changed the RIT liability which initially was placed on the tenant for the landlord. The landlord as an income earner is now mandated to remit the rental tax. There are several barriers that influenced tax compliance including the improbability of conducting audit, low tax knowledge by the citizenry, and the perception of equity and fairness, low citizenry tax education, lack of transparency due to weak news media, cultural factors, such as weak national identity where the citizenry are not committed to pay taxes, tax evasion, tax under declaring,

poor record keeping. Following a change in targeting tenants to landlords, the month-on-month income figures for the tax from the time it was changed from self-withholding the tax to income rented tax in 2023 has increased.

Based on the findings, we see a number of studies with similar phenomena. The problem of tax compliance is old as taxes themselves, especially in developing countries as shown in research (Besley and Persson, 2014). However, the findings have their own cultural orientation. The findings are supported by previous research that opines that there is the relationship between tax revenue and knowledge, tax understanding, and tax compliance both partially and simultaneously (Omagor and Mubiru, 2008; Aladejebi, 2018; Newman et al., 2018; Kwok and Yip, 2018). Further, there is a relationship between tax revenue and the state's tax system in terms of human resource, police adherence, laws as well as level of technological development. These seem to relate to this case study. Just like previous research has demonstrated, revenue is affected by the improbability of

audit, taxpayer knowledge, and the perception of equity and fairness (Inasius, 2018), taxpayer education (Kwok and Yip, 2018; Aladejebi, 2018), cultural factors, such as weak national identity low level of level of understanding (Adiasa, 2013; Agustiniingsih and Isroah, 2016; Manual and Xin, 2016). The findings by Susyanti (2014) could be used to argue less for instance that the lack of tax knowledge and understanding of taxpayers could be the main detention in fulfilling tax obligations. The researcher is arguing to the contrary that the authority is riddled with management matters Therefore, it is necessary to focus more on the Authority than the tax payer. Therefore, while there are measures looking at innovation and diversification in taxation and the system, there is a need to continually grow public awareness and compliance of taxpayers to fulfill tax obligations in accordance with applicable regulations.

One surprising finding relates to the lack of electronic data of property owners. A creative economy is an economic concept that prioritizes accurate data. A creative economy relies on ideas and knowledge of persons who are involved in business activities (Alexandri et al., 2019). It appears that this has not happened within ZRA. With effective systems in place like tracking of property owners, record keeping, and public education on taxation, there could be an improvement in quantum of RIT. In is not in dispute that RIT was an obligatory contribution to the state owed by individuals or entities that are forced-based on the law, with no direct compensation and is used for the country's needs for the greatest prosperity of the people (Marhuenda and Ortuno-Ortin, 1997; Mascagni et al., 2014; Susyanti and Dahlan, 2020). ZRA had not placed RIT in its tax reform. ZRA has not introduced innovations and has not moved to changing the behavior of tax collection as only an administrative problem. A political perspective shows the importance of putting taxes in their proper place in the realm of public policy and political contestation.

Changing the tax payer from the tenant to the landlord will not change the amount of tax payments to the state. Authorities that want to be responsive to truly raise revenue will have a data bank of property owners connected to several government departments for ease of tracking. Building human resource to track tax payers has been seen to be one of the most effective strategies in tax systems especially for creative economy business actors in the field of accounting and taxation implementation (Susyanti,2014; Susyanti and Aminah, 2019). What has not been done in Zambia is to create a synergy of all parties, namely taxpayers, tax administration and the support of social, cultural, economic and political conditions. The researcher is arguing that the success of Zambia's RIT as a component of tax revenue depends on the synergy of all these parties (Subroto, 2020).

The problem of tax compliance which has been seen in this study in a developing country like Zambia is as old as taxes themselves, especially in developing countries (Bird et al., 2007; 2010; Besley and Persson, 2014). Tax compliance is affected by a poor management system. Aryati and Putritanti (2017) found that a modern tax administration system, modernization of organizational strategy, good governance, and a whistle blowing system tend to have a significant effect on personal taxpayer compliance. Compliance is obedience in carrying out all tax regulations, both formal and material compliance. If the taxpayer fills the Tax Return honestly, properly and correctly in accordance with the provisions in the Taxation Law, the taxpayer has fulfilled material compliance (right paid).

There is a common belief that tax withholding systems and property tax tend to work but only in economies where record keeping and tracing mechanisms exist. However, little was known about the barriers existing in Zambia on rented tax. The empirical results from the workshop and interviews have shown that tax remitted by the tax payer was based on a self-assessment estimate principle. ZRA did not assess property and not even the lease agreement to ensure that it received a commensurate quantum of RIT. However, following a change in targeting tenants to landlords, the month on month income figures for the tax from the time appear to have increased revenue. The current change in tax policy could be made better by implementing the framework proposes in Table 4.

VII. SUMMARY, CONCLUSION AND RECOMMENDATIONS

Summary of Findings

The main findings in this study are that the quantum of the tax that is remitted by the tax payer was based on a self-assessment estimate principle. ZRA did not assess property and not even the lease agreement to ensure that it received a commensurate quantum of the Tax. In essence this tax is merely received and accounted for. As from January 2022, the authority changed the Income Tax Rental (ITR) liability which initially was placed on the tenant to the landlord. The landlord as an income earner is now mandated to remit the rental tax as Rental Income Tax (RIT). There are several barriers that influenced tax compliance including the improbability of conducting audit, low tax knowledge by the citizenry, and the perception of equity and fairness, low citizenry tax education, lack of transparency due to weak news media, cultural factors, such as weak national identity where the citizenry are not committed to pay taxes, tax evasion, tax under-declaring and poor record keeping. Following a change in targeting tenants to landlords, the month-on-

month income figures for the tax from the time it was changed, self-withholding tax in 2023 has increased.

Conclusions

The study points to the fact that tax from rent was not being paid as expected because there were barriers on the tax payer's side and ZRA side. There are a number of viable ways to break ground as far as reaching out to landlords is concerned now that ZRA is targeting property owners and not tenants. There is need for designing effective measures.

Recommendations

There are however solutions that focus on the tax payer. Broadly the following could be employed to ensure that the framework of measures that have been suggested work.

- 1) ZRA to consider facilitating compliance with simplified record keeping requirements. Innovating into IT will be the best way to go.
- 2) The authority should develop effective taxpayer education strategies on the taxation of rental income and consider utilizing public private partnerships to spearhead targeted taxpayer awareness programs across all potential taxpayers especially residential property owners in medium and low-cost areas. The ultimate is enhancing compliance and increasing the number of tax payers.
- 3) The Authority should invest in user friendly taxpayer platforms and link them to all available payment platforms including mobile money to simplify registration, filing and payment of rental income tax especially for low and medium cost property owners.
- 4) Create a mobile registration and payment application. The absence of robust mobile telephony solutions in tax payment hinders capturing those that may have mobile phones and not the internet.
- 5) ZRA should ensure that a registration and payment mobile application is created and made mandatory for all landlords to sign up to. Such an application will cover those landlords that do not have bank accounts but have basic mobile phones.
- 6) The authority should collaborate with the local authorities, National Planning Authority, Ministry of lands, Zambia Electricity Supply Corporation and other relevant private public stakeholders to map out all rented properties across the country and build a live registry/database of real estate properties to support enforcement of rental taxation.
- 7) The authority should invest in tax field inspectors to spearhead the responsibility of enforcing registration, filling and payment of rental income tax. Increase the work scope of tax collection agents seeing that enforcement costs of the tax may be higher in certain locations than the actual amounts paid. ZRA should

allocate the appointed rental income agents to defined geographic locations called blocks.

Finally, the study points to the fact that tax from rent was not being paid as expected because there were barriers on the tax payer's side and ZRA side. The number of viable ways that have been proposed to break ground as far as reaching out to all landlords hence the above recommendations. There has to be application of Justice in revenue collection. So this tax collection system should be applied fairly. Fair in a statutory regulation is that taxes must be imposed in general and evenly. This principle of justice must always be upheld, not only in principle but also enforced in everyday life. The principle of justice must also be used as an absolute requirement for tax collectors to achieve prosperity in society.

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