

Consumers' Perception towards Value Added Tax (VAT) in the United Arab Emirates

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Abstract

The purpose of this paper is to study the consumer's perception towards Value Added Tax (VAT) in the United Arab Emirates. Consumers' perception and awareness are evaluated on the basis of their opinion to what extent they are aware of VAT and its impacts on their spending, consumptions and savings. The paper also aims at presenting the importance of VAT among the consumers and shows how it can enhance the revenue of UAE. The data are collected through well-structured questionnaire distributed to 300 respondents in three different emirates, Dubai, Sharjah, and Ajman. For the purpose of analysis and interpretation, the researchers have used the statistical tools of EXCEL and SPSS software. The analysis of results showed that most of the respondents are either aware of VAT or they are neutral. The respondent's also feel that the VAT has some impact on their consumptions and savings, which ultimately had some impact on their allocation of resources and adverse effect on their living cost. A recommendation was made by putting more effort to enhance public awareness on VAT matters through media campaigns and organized workshops for specific groups and low-income people. Such knowledge and awareness has the tendency to promote voluntary tax compliance amongst the taxpayers in the future.

Keywords: Consumer Awareness, Perception, Value Added Tax (VAT).

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1. Introduction

Although, paying taxes might not be very acceptable among people, but with passing time citizens tend to understand its important role in the development of the country's economy. Taxes could be defined as the amount or fee imposed by governments around the world, either at the federal level, state level or local level. Taxes could be imposed on individual corporations and all kinds of businesses and consumer products. In general, taxes are of two types: direct and indirect; direct taxes are directly levied on consumers' salaries and indirect taxes are of various types, such as, Goods and Services Tax (GST) and Value Added Tax (VAT). VAT tax could be defined

as a tax on a consumption at each stage in its supply chain starting from its production stage and ending at its sales point.

It was in the early years of the 20th century that the concept VAT was introduced by two people, Wilhelm Von Siemens and Thomas S. Adam. Wilhelm Von Siemens used VAT as a method to solve problems that appeared in a business when implementing sales taxes and gross turnover taxes. Whereas Thomas S. Adam revised the corporate income tax to come up with a better VAT outlay. The first introduction of VAT was during the 1960s and 1970s, where most of the European countries endorsed VAT as a taxation system, with France being the first European nation to introduce VAT on a

countrywide level. It was later then introduced in industrialized nations, such as, Australia, Canada and Japan. Finally, VAT was expanded to other nations in Asia and Africa.

In the United Arab Emirates, taxes were first introduced on 1 January 2018 by the Ministry of Finance and are collected indirectly through the VAT (Value Added Tax) system. It was decided that the rate of VAT would be 5%. Expectantly, taxes will provide a new source of income for the government, which will ultimately help in providing high quality services for the public. The VAT is generally applied on all the goods and services with few exemptions known as zero rates. Zero-rate goods and services include exports of goods and services, the first sale of residential buildings and the investment of precious metals. Expectedly, taxes will bring change to individuals and groups, the cost of living might go up for some people depending on income levels. Therefore, UAE's government requires that businesses put the final price, which includes the VAT, on products, so that customers can decide whether they want to buy or not. Additionally, a business is obligated to register for VAT if its imports are more than AED 375,000 yearly. However, registered businesses can only charge customers the required rate of 5% only.

Problem Statement

The tax system plays an important role in any economy. The introduction of tax will improve the overall administration to the existing tax system and bring an opportunity for future administration. The welfare of the state, along with other factors, also depends on the taxation system. VAT tax in UAE initially a new system, however, it is becoming an important type of indirect taxes across all over the world. One of the reasons for gaining popularity of indirect VAT tax compare to another type of taxes is to create a uniform tax bracket in the country along with simplifying tax structure. It is crucial

for the citizens and residents to keep themselves updated with the new changes and changing scenarios. The study aims at investigating the perception of taxpayers towards taxes in UAE.

Research Questions

Do businesses, individuals, students, and academia really know about VAT?

Does the knowledge about taxes affect an individual's financial decisions?

Does the level of income and education have any relation to financial decisions?

Objectives of the Study

To examine and analyze the perception of people towards VAT.

To analyze the level of awareness of people based on age, gender, occupation, and income level.

To analyze the level of awareness with respect to the different types of working sectors.

To assess the challenges faced by authorities and administration in the implementation of VAT.

Significance of the Study

Studies on the perception of consumers on Value Added Tax (VAT) in UAE do not exist yet. In fact, this would be the first attempt to study and analyze this issue, especially after the introduction of VAT on January 2018. This study attempts to fulfill this gap and helps understand this new source of income and its effects. Specifically, the study aims to study the consumer's perception towards Value Added Tax and also aims at presenting its importance among the consumers and shows how it can enhance the revenue of UAE.

2. Literature Review

Taxation is one of the critical components in overseeing national income, especially in developed countries and it has acquired a very essential position in enlightening social orders

since their introduction to the world thousands of years prior. As indicated by Kirchler (2007), tax consistency is taxpayers' ability to settle their government obligation risk according to charge laws and controls. By large, agreeing to the tax laws and controls implies to regulation of the tax bases, documentation of government forms and installment of the sum payable to concerned tax authority and right assurance of the taxation rate (Andreoni, Erard, and Feinstein, 1998). In both developing and developed nations accomplishing large amounts of deliberate expense consistency is the point of concern. In our paper, we will concentrate mostly on VAT and its impacts on people. Taxes are ordinarily direct or indirect. Direct income taxes are collected on the salary, benefit, capital gain an abundance of people and organizations, the most well-known direct tax being individual pay impose. Then again, backhanded assessments are demanded on exchanges, merchandise and administration, not straightforwardly forced on organizations and people. Value Added Tax (VAT) is one of those peculiar assessments. The value added at each phase of creation is the contrast between the vender's material expenses and the offering cost.

Demirew Getachew (2004) said that VAT is only a general sales tax that is gathered at different stages. The VAT is a key source of government income in a large portion of the countries. It was presented in more developed nations of Europe and Latin America. Ethiopia's assessment change program has presented VAT at the rate of 15% (fifteen percent) on January 1, 2003, to supplement the business charge announcement and gives an exclusion to essential necessities, residential transportation, and zero rating to support fares and capital speculations. Dissimilar to the business impose a tax, VAT gives all business an input, including capital products and business, uses and will facilitate businesses by providing a

zero rating to the worldwide transport of merchandise and travelers. Since locally created products mitigated of the VAT, they will be more aggressive inside universal markets. In the Ethiopian setting of VAT framework, a limit of a large portion of a million Birr is a level above which enrollment for VAT is legitimately necessary.

Glen P, Jenkins HJ, Chun YK (2006) mentioned in their studies the distinctive impact VAT and its implications. The government requires a huge amount of cash in the release of its established duties. Despite the fact that there are numerous sources of such income, impose is a critical perspective. It can influence the economy in various ways from national and neighborhood monetary development to how people deal with their own funds. Although tax collection itself is unavoidable, regardless of whether charges have a positive or negative impact on the general financial state of the nation is the subject of much discussion. The VAT is a kind of utilization impose that it put on an item at whatever point esteem is included at a phase of creation and at the conclusive deal. The measure of value-added included tax that the client pays is the expense of the item, less any of the expenses of materials utilized in the item that has just been burdened. Numerous VAT frameworks can be portrayed as having a fundamental rate, extraordinary rates for a few merchandise and enterprises, and exception status for certain monetary exercises or products and ventures. These highlights impact the country's total compelling duty base. One unavoidable change in conditions going with any duty change and bearing on ensuring financial advancements is the conceivable utilization of new revenues. The VAT is a tax on utilization; the more you purchase the more tax you pay. It is likewise an impartial expense on organizations and it doesn't speak to a genuine expense to anybody yet the end buyer. Everyone settles regulatory obligation to the

Government at whatever point they buy merchandise or administrations. This tax is gathered for the administration by the provider of those merchandise and enterprises. VAT income has turned into a critical wellspring of government revenue around the globe.

Kulbhushan Chandel DR .S.S Narta and Sudhanshu sood (2006) have analyzed "An integrated Approach to Value Added Tax in the Emerging Economic Scenario". They contend that value-added tax (VAT) is a tax forced on business at all levels of creation and dependent on the expansion in at each level. It is a general utilization tax evaluated on the extra value added to products and enterprises. They stress that it is a utilization assess on the grounds that it is borne at last by the last customer; it isn't charged as a level of costs which implies that genuine taxation rate is obvious at each phase in the generation and circulation. In the generation and dissemination chain, it is gathered partially by means of an arrangement of derivation whereby an assessable individual can deduct VAT risk from the measure of tax; they have paid on the assessable individual on buys for their business exercises. They guarantee that in this instrument the assessment is characteristic of paying little mind to what number of exchanges are included.

Wollela Abihodie Yesigat (2008) explained how sales tax and VAT are both a sort of utilization tax. For a layman, there is no contrast between the sales tax and the VAT. Some may likewise imagine that there is no distinction between the working of both taxes however broadly there is some key contrast between both taxes. The sales tax is the one that is forced on the taxpayers just at the last stage. VAT also is forced on every single step of creation such as imports of administrations and merchandise to guarantee and keep up a legitimate working of tax. The inclination is given to VAT rather than different sales taxes in light of the fact that, in the VAT, the entrepreneurs or the organizations

go about as the tax authority for the legislature, as it is a more modern type of tax.

Agha A, Haughton J (1996) talked about the main VAT which shows how details are set out in the First Schedule to the VAT Principal Act. Those carrying on exempted activities cannot, with some minor exceptions, register for VAT. Then, there is Zero Rate which shows details of goods and services taxable at this rate are set out in the Second Schedule to the Principal Act, the next rate is at 13.5%, details of goods and services taxable at this rate are set out in the Sixth and Eighth Schedules to the Principal Act. Finally, there is a 21% rate, which shows how all goods and services that do not fall into the categories mentioned above are liable to VAT at this rate.

Habtamu Dheressa, K.K Reddy, and Debela Yadeta (2015) talked about some advantages and disadvantages of VAT. They concluded that as compared to other types of taxes, VAT is difficult to oversee, where a huge measure of revenue is created on a low tax rate through VAT. Some of the disadvantages of VAT as they concluded is that since VAT depends on a full charging framework, its execution is costly and it will influence the destitute individuals more than the rich since they spend more extent from their income.

Mahesh CP (2001) talked about the VAT in the Middle East and how VAT is not really common. In 2015, only five of the 13 economies in paying taxes had a VAT framework. Governments of the six Gulf Cooperation Council (GCC) nations have moved to the up and coming presentation of the VAT. The GCC States have conceded to a typical legitimate structure to present VAT in the area. Following the formal VAT structure declaration in the GCC, every member state will issue its very own national VAT enactment dependent on concurred basic standards. It is visualized that the VAT framework which is connected to the GCC is a standard completely

fledged VAT, with most supplies of products and enterprises being exhausted.

Guilherme Pinho (2018) suggested that UAE and the other GCC countries continue the appropriate implementation of VAT: Allocate spending plan for VAT (associations ought not think little of the measure of the undertaking ahead and its related expenses), Engage with a tax consultant as quickly as time permits. The VAT affect appraisal is a business-basic exercise, understand your VAT consistence, lawful commitments, and related monetary dangers. Identify potential IT framework holes for VAT execution. In particular, while inspecting your current charging frameworks, distinguish what VAT consistency information is accessible and not accessible for VAT figuring and revealing, so a guide can be created on what should be changed or updated among now and later and Evaluate which VAT revealing model you might want to apply to your association and plan for the fitting operational choices and its outcomes. At long last, it's fitting to see VAT consistency as an association-wide test. This isn't a change that the IT or records office ought to deal with in seclusion on the grounds that each business region, from HR to data innovation, should have an impact in preparing the organization VAT. Guilherme Pinho (2018) also talked about the Advantages and Disadvantages of VAT in UAE.to the extent Government is concerned, VAT will be an extra source of revenue for the UAE Government. The VAT is a simpler method to gather income by Governments. UAE (and all other GCC nations) will have an extra edge for open spending. Its inconvenience will, for the most part, be for business which will have extra consistency and money streams load. Additionally, organizations need to contribute nicely looking adds up to actualize VAT as VAT is probably going to affect every one of the parts of organizations e.g. acquisition, deals, fund, IT, HR and so on. For

end buyers and overall population, the typical cost for basic items will increment over the coming years.

Bor Borselli et al. (2012) clarified how the most piece of studies with respect to VAT rates and their impact on taxable income are not identified with the arrangement parts of lessened rates. The difference between present VAT incomes and hypothetical VAT incomes is figured if add up to definite private utilization by are to be saddled at the standard rate of the VAT. This distinction is impacted by different elements like exclusion, misrepresentation, enrollment edges, assess shirking and certain VAT plans like level rate tax assessment and edge plans. Two kinds of VAT rates are ascertained by the European Commission: implicit tax rate on utilization (add up to VAT income on utilization which is registered as level of potential assessment base) and reduced VAT rate and base pointer, which is the distinction between the typical VAT rates and the VAT part relating to the certain duty rate on utilization. Different elements impact these rates by decreasing the VAT incomes. EU permits at most two lessened rates and the least one ought to be 5% or more. As per the Directive of EU Member States, as far as possible for the standard rate of the VAT is 15%.

VAT gap was figured by Reckon who contrasted genuine VAT receipts and hypothetical net VAT obligation (Reckon 2009). The VAT hole incorporates VAT extortion and the income misfortunes dictated by assessment shirking plans or bankruptcies. The trust in results relies upon the fulfillment and exactness of the Member States' national records. A relapse examination was performed to distinguish the determinants of VAT Gap in 24 nations of EU states. (Žídková 2014) (last private utilization and the non-benefit association's utilization, size of the shadow economy, number of VAT charges, share in

intra-network exchange, last utilization of inn administrations and eateries).

Carlson, Patrick (1989) said when nations have a comparable expense base comparable VAT rates that apply to similar products and enterprises, VAT weight can even now separate at a national level and at the level of salary gatherings. Utilization designs decide some portion of the VAT weight. VAT diminishes in a nation that, for instance, spends a considerable measure on sustenance, as nourishment is exposed to a lower VAT rate. Use on nourishment and other fundamental necessities diminishes as an extent of aggregate consumption with a rising way of life or GDP. Not simply the level of wage (use) is pertinent, yet additionally the dissemination of salary. With rising GDP and a more equivalent wage dispersion, individuals begin to purchase varieties of comparable items and administrations. The high-pay bunches purchase more costly assortments; however, VAT is connected to classes of merchandise and ventures and not reliant on value levels inside these classifications. Thus, the social and work impacts of changes in VAT rates will vary between the Member States, not just because of the duty base and the assessment rates, yet in addition on account of changes in the appropriation and the level of pay and use and the examples of utilization. The buyer eventually pays for VAT, as it builds the cost of purchased items. A VAT framework where just deterioration is permitted to be deducted from deals is known as a net pay framework. The expense base is the national item or total net esteem included. With a gross item sort of VAT not even deterioration might be deducted.

E. A. Ogundele (1996) referred that VAT confirmation has two structures, in particular, the room (or office) check and the field confirmation. The point of VAT confirmation is to advance authorization of duty laws while VAT review goes for limiting tax avoidance.

Tank review could be straightforward or inside and out review. Nonetheless, a powerful VAT review requires arranging, review systems and review program, and review agenda. It has been recommended that VAT review framework ought to be incorporated with the pay charge review; a successful assessment review framework improves the level of the expense consistency. VAT examination is for the most part upon the doubt of criminal expense misrepresentation or tax avoidance. Duty extortion has three components, to be specific, the activity, the results, and responsibility. There are various acts, which could add up to impose misrepresentation. These incorporate inability to enroll, unreported deals or buys, abuse or use without right of a citizen's receipt; and misrepresented discount claims. Others are oversight of self-conveys; wrong depiction or arrangement of merchandise in a various rates framework, distortion of books, records and different archives and introduction of score as though they are genuine; inability to appear or submit books, records and different reports, to inability to make good on government expense previously retained and so on. Any of these classes of people could be at risk for criminal expense extortion: VAT payers, an agent of a firm, (for example, the chief, secretary or a director) an approved individual (intermediary), and a representative of the citizen. Punishments exist for different offenses of VAT laws. These range from an installment of fine (both of particular total of cash or a specific level of measures of assessment lost to the administrations because of the demonstrations of tax avoidance) to detainment.

There are some authors who have discussed the influence or the effect of VAT implementation. For instance, Bhowal and Singh (2009) researched about the gap between the desires for dealers before usage of VAT when contrasted with deals charge and the experience of the brokers after execution of VAT when

contrasted with deals assess. Singh and Agarwal (2010) have done a research to know the view of the citizens concerning the expense related to VAT. In any case, in this investigation, they have not considered the appraisal part of a VAT.

Grandcolas (2004) Khadka (2000) worried upon the requirement for assets to be dedicated to getting ready proper enactment, creating an authoritative methodology, preparing staff, enrolling citizens, and instructing the two citizens and people in general in regard to the activity of the new expense. Jen-Ruei Fu (2004) discovered that the learning and collecting the data of the citizens help people in understanding the duty related issues better. Turner (1994) upheld for the exceptional treatment to the smaller firms regarding the consistency with the VAT related issues.

In summary, Value Added Tax has likewise turned into an imperative part of tax change in developing nations. It is the most critical tax advancement of the second half of the twentieth century. In accordance with this recognition, an expanding number of creating nations have changed over their business expense to Value Added Tax (VAT).

Defenders of the value-added tax have recommended that VAT may have the capacity to enhance financial execution by encouraging a decrease in different expenses, for example, individual and corporate wage charges. A wide based sales tax would in all likelihood contort financial decisions not as much as the income taxes does. Also, a vital favorable position of the value-added included type of sales tax is the way that tax is gathered as items move from stage to arrange in the generation conveyance process. In this way when an item achieves the retail organize, quite a bit of its aggregate value has just been taxed.

3. Research Methodology

In this section, we are trying to show a clear description of the research methodology based on the objective and the questions of the research paper. Collecting information to investigate specific behavior must be supported with writing approach to get an accurate result.

Kothari (2004) referenced that a methodology is a systematical method for taking care of an issue. There are two fundamental types of methodologies that must be used in the research paper. On one hand, a qualitative approach is a subjective information gathered by opinions, attitude, and practices. In fact, it is designed to discover the underlying intentions and desires. Then again, a quantitative approach is estimated data of amount or measure of a numerical model that is valuable to understand the future conditions with indicated numbers. In our research, we have mainly used the quantitative method. This methodology has sub-classified inferential, exploratory and simulation strategies in the research. The inferential strategy derives the attributes and connections using survey form to study the sample out of the population and expect to have comparable results of the population qualities. In addition, the other two strategies utilized by observing the factors greater control on the research environment or by controlled conditions practices (numerical structure in the dynamic procedure).

Moreover, there are two ways of collecting data methods to get the appropriate data, which are primary and secondary data. The primary data could be collected either by experiment or a survey. We used the primary data to conduct a survey to the target group to get the most accurate data. The questionnaires will be distributed to reach the main objective that would be asked to conclude the study with the expectation that the respondents will understand the questions and answer them honestly. As for the secondary data, are the data collected within

reports, books, articles, journals and other online sources that have been already collected by other researchers, which will help the primary data with past evidence and attitudes. In our research paper, we have gathered reliable and suitable information.

Types of Sampling Design

Kothari (2004) explained different types of sampling design based on two factors. In the representation factor, the sample can be in probability sampling or non-probability sampling, which means either random sampling or non-random sampling. In the element selection factor technique, it could be used by unrestricted or restricted sampling.

- **Non-Probability Sampling:**

Which implies that no assessing for the probability in the population and the chosen sample. This sample is known as deliberate, purposive and judgment sampling. In the non-probability sample, the researcher selects the sample intentionally as a specific unit out of the big population. An example of non-probability configuration is Quota sampling which the questioners are allowed to direct, and judge chosen items to an offered amount to filled diverse layers or strata.

- **Probability Sampling:**

This type of sampling is called random sampling or chance sampling, which the population has an equivalent opportunity to occur or to be chosen in the example and assume that the entire population has similar attributes. The random sampling viewed as the best system to use in the representative sample selection.

Research Design

To study a huge population in one targeted field, the researchers usually use the sampling technique, which is the process of selecting the respondents to a sample survey. A sample design is framing the planned procedure to a

selected sample from a given population. In our research the taxpayers from all the emirates were chosen however the focus was on Sharjah, Ajman and Dubai were used for the research purpose. A set of 18 structured questionnaire that includes multiple questions of about age, gender, sex, income level, and occupation. Likert scale was employed to test the awareness and knowledge of the taxpayer.

Description of Sample Population and Size

The study was conducted in UAE with a population consisting of people from all emirates but concentrating on emirates of Sharjah, Dubai, and Ajman. The targeted population has people from all discipline such as businesses, professionals, students, and laymen. The primary data for research was collected through non-probability sampling survey. The survey collected was of about 250 out of 300 distributed. Due to time and resource constraints, it was not possible to reach the desired sample from UAE VAT taxpayer. University students were appointed as enumerators to distribute the questionnaire for the face-to-face process. When feasible, the respondents were provided with the questionnaire for self-administration. The survey was conducted at the end of 2018 with the help of trained graduate students.

4. Findings and Analysis

Among the 300 questionnaire that distributed in the three different emirates, Dubai, Sharjah, and Ajman, 252 responses were received and the following main analysis could be drawn: Out of the total respondents, 59% were female and 41% were male that is 148 females and 103 males, respectively, figure (1) in the attached Appendix.

Variables	Frequency	Percentage (%)
Gender		
Male	103	40.9%
Female	148	58.7%
Age		
20 -30	166	57.9%
31-40	50	19.8%
41-50	37	14.7%
More than 51	18	7.1%
Education level		
High school	35	13.9%
Diploma	34	13.9%
Bachelors	129	51.2%
Master	53	21%
Nationality		
U.A.E national	54	21.4%
GCC	18	7.1%
Asia	90	35.7%
Africa	31	12%
European	11	4%
other	40	16%
Marital status		
Single	128	51%
Married	108	43%
widow	4	1.6%
divorced	6	2.4%
single parent	3	1.2%
working or employed		
Employee	165	66%
Self-employed	27	11%
Not working	59	23%
If you are employed state the type of organization		
Public	78	31%
Private	126	50%
Int.private	12	5%
Regional private	4	2%
Type of occupation		
Executive	20	8%
Management	62	25%
Academic	37	15%
Technical	31	12%
Admin	24	10%
	34	14%

Students	35	14%
other		
Gross monthly income	49	19%
Less than 5,000	81	32%
5,000-10,000	47	19%
11,000-20,000	36	14%
21,000-30,000	16	6.3%
31,000-40,000	9	3.6%
41,000 more		
Awareness about VAT	13	5.2%
Strongly disagree	29	11.5%
Disagree	100	39.7%
Neutral	57	22.6%
Agree	53	21%
Strongly agree		
Impact of VAT on spending behavior	14	5.6%
Strongly disagree	42	16.7%
Disagree	92	36.5%
Neutral	61	24.2%
Agree	43	17.1%
Strongly agree		
Impact of VAT on current job	32	12.7
Strongly disagree	60	23.8
Disagree	83	32.9%
Neutral	45	17.9%
Agree	27	10.7%
Strongly agree		
Impact of VAT on resource allocation	24	9.5%
Strongly disagree	40	15.9%
Disagree	108	42.9%
Neutral	45	17.9%
Agree	32	12.7%
Strongly agree		
Source of Information about VAT	64	25.4%
Social media	41	16.3%
Government	42	16.7%
Websites	44	17.5%
Friend and family	57	22.6%
News		
	31	12.3%
Change of habits after introduction of VAT.	56	22.2%
Electronic item	30	11.9%
	34	13.5%

Personal consumption	28	11.1%
Outing such as restaurant's	72	28.6%
Entertainment		
Petrol		
No change	83	32.9%
	165	65.5%

Adverse effect of VAT on living cost

No	121	48.5%
Yes	128	50.8%

Implementation of VAT

NO	18	48%
YES	8	50.8%

	30	.4%
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Salary should increase in comparison of VAT implementation	45	99.2%
	151	.8%

Strongly disagree

Disagree

Neutral

Agree

Strongly agree

The majority of the respondents, 58% are between 20-30, 20% are between 31-40, 15% are between 41-50, and 7.1% are 51 and above, figure (2).

Regarding the education levels of the respondents, 14% have a high school diploma, while 51% hold a bachelor's degree, and around 21% of them have a master's degree, figure (3). Moreover, 21% of the respondents were UAE nationals, while 7.1% belonged to the other GCC countries, 36% were Asians, about 12% were Africans, approximately 4.4% were Europeans and finally 16% of the respondents identified as other, figure (4).

Based on the marital status of the respondents, 51% are single, 43% are married, 1.6% are widowed, 2.4% are divorced and 1.2% are single parents. Around 1.2% of the data was missing in this question, figure (5).

Concerning their employment status, 66% of the respondents are employees and 11% are self-employees, whereas 23% of the respondents are not working. 31% of the respondents are in public sectors, 50% of them

are in private sectors, 5% of them work in international private and 1.6% in regional private. 13% of the respondents did not answer this question, figure (6).

When asked about the respondents' occupations, about 25% and 15% work in the management and academic fields, respectively. In addition, executives and technicians make about 8% and 12% of the respondents, respectively, while others make about 28%, figure (7).

In terms of their income, around 19% of the respondents have a salary less than 5,000, 32% have a salary between 5,000-10,000. Whereas, 6.3% and 3.6% of the respondents have a salary of 31,000-40,000 and more than 41,000 respectively, figure (8).

In question ten, we asked our sample if they are aware of VAT. 21% responded with strongly agree, 22.6% responded with agree, 39.7% are neutral, 11.5% disagree and 5.2% strongly disagree, which shows that approximately 44% of our respondents are aware of VAT, while the remaining, 56%, are either neutral or unaware of it, figure (9).

In the next question, we wanted to find out if they know the impacts of VAT on their spending, consumptions and savings. The results were as follows, 17.1% strongly agree, 24.2% agreed, 36.5% are neutral, 16.7% disagree and 5.6% strongly disagree, which illustrates that around 41% of our respondents know the impact of VAT but again more than half of the respondents don't exactly know the impact of VAT on their spending, consumptions and savings, figure (10).

The below figure present the effect of VAT on their options to continue in the current job or current-business. The responses were as follows, 10.7% strongly agree, 17.9% agreed, 32.9% are neutral, 23.8% disagree and 12.7% strongly disagree which shows that around 29% of our respondents think that VAT may affect

their options to continue in the current job or current-business, figure (11).

In the next question, we asked our respondents about the significance of VAT on their allocation of resources. The results were, 12.7% strongly agree, 17.9% agreed, 42.9% are neutral, 15.9% disagree and 9.5% strongly disagree, figure (12). The results indicate that around 31% of our respondents agreed that there is a significant relation of VAT and their allocation of resources.

In question fourteen, we wanted to find out from where our respondents obtained information about VAT. We found that 25.7% of the respondents obtained information from social media, 22.6% from news outlets, 17.5% from friends and family, 16.7% from websites and 16.3% from the government, figure (13).

In the next question, we mainly focused about whether there were any changes to the respondents' habits on any of the following consumptions: electronic items, personal consumption, outings, entertainment and petrol. 28.6% of the respondents had no changes on any of those consumptions, but the rest, which are more than 70% of the respondents, changed their habits. 22.2% of the respondents changed their personal consumption, 13.5% changed their consumption on entertainment, 12.3% changed their consumption on electronic items, 11.9% changed their consumption on outings and finally, 11.1% changed their consumption on petrol, figure (14)

When asked if our respondents think that VAT has created an adverse effect on their living costs, 65.5% of the respondents believe that VAT has created an adverse effect on their living costs. While on the other hand, 32.9% believe that VAT has not created an adverse effect on their living costs, figure (15).

Then we asked if our respondents think that VAT is properly implemented, and we found that 50.8% of them answered with Yes and 48% answered with No. This suggests that a very

large number, almost half of respondents, believe that VAT is not properly implemented, figure (16).

In the last question, we wanted to know if our respondents agree or disagree to whether salaries should increase after the introduction of VAT. Based on the question, 59.9% strongly agree, 17.9% agreed, 11.9% are neutral, 7.1% disagree and 3.2% strongly disagree, figure (17). In other words, the majority of the respondents believe that there should be an increase in salaries after the introduction of VAT, despite the fact that VAT is not based on taxpayers' income.

5. Conclusion

Value Added Tax (VAT) has become a very important component in the economy. The existence of the system in the twentieth century had given a great boost to many economies where as some countries are even opting to VAT compared to sales tax. The analysis of the results showed that most of the respondents are between the ages of 20 to 30, whereas 44% are aware of VAT, 37% are neutral and 17% unaware. The majority of the respondents were from managerial levels, academics, and students with an annual income of 10,000 Dirham or less in which they have been strongly affected by VAT, especially on their consumptions and savings, which ultimately had some effect on their allocation of resources and adverse effect on their living cost. 71.3% of the respondents said that habits on their consumption have changed since the introduction of VAT, personal consumption and entertainment were among the most that have changed accordingly, whereas around 29% said that they had no changes at all. The results somewhat is not align with empirical results where the impact of VAT on consumer perception was great, however in UAE, since it's a new beginning and the implementation has been done very carefully, the impacts has minimum effect on people.

Although there is an adequate knowledge about VAT among all segments of the population, especially academics and students, a recommendation will be made of more and widespread public awareness on VAT matters through media and organized workshops for specific groups and low-income people. Such knowledge and awareness has the tendency to promote voluntary tax compliance amongst the taxpayers in the future.

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Appendix

Figure (1)

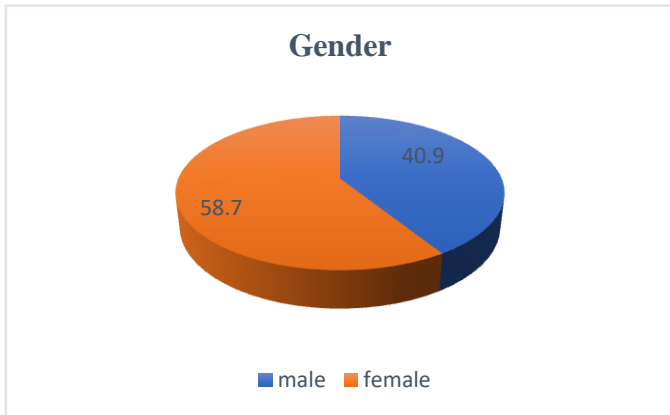


Figure (2)

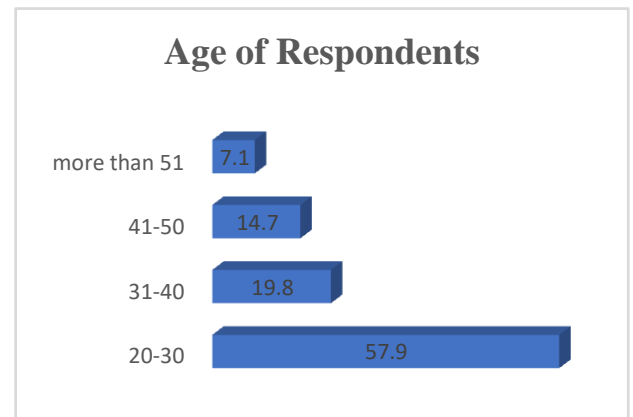


Figure (3)

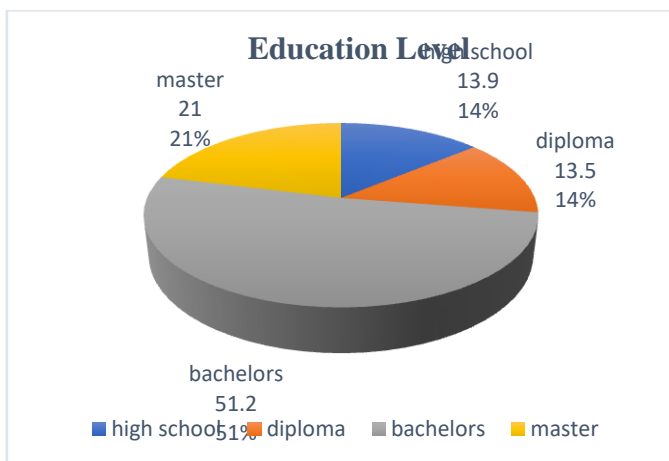


Figure (4)

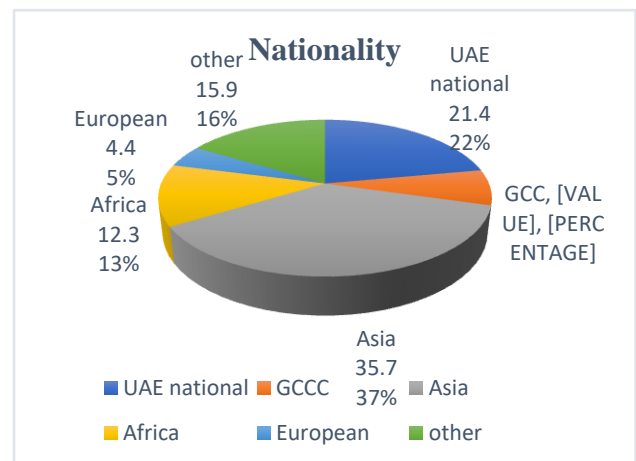


Figure (5)

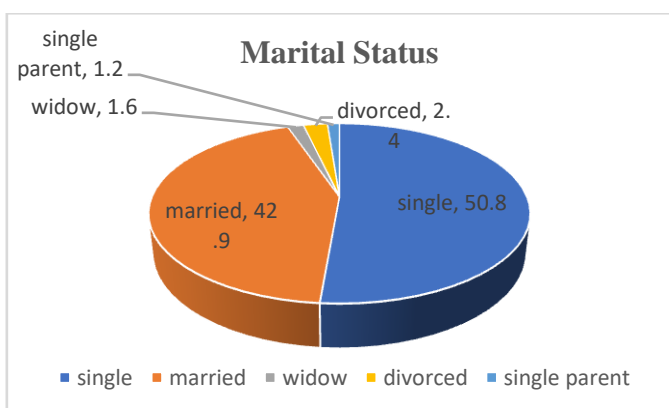


Figure (6)

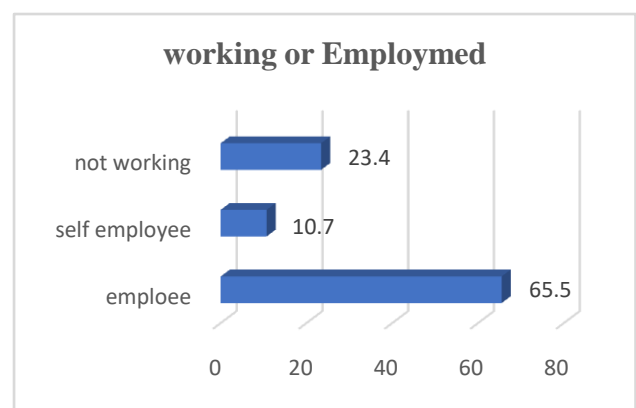


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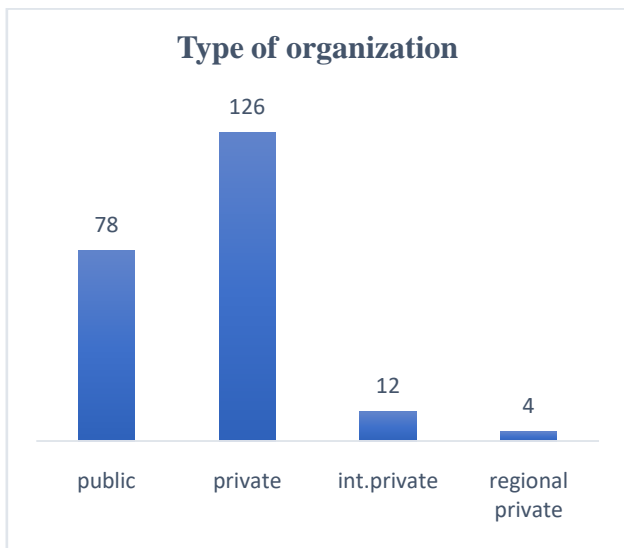


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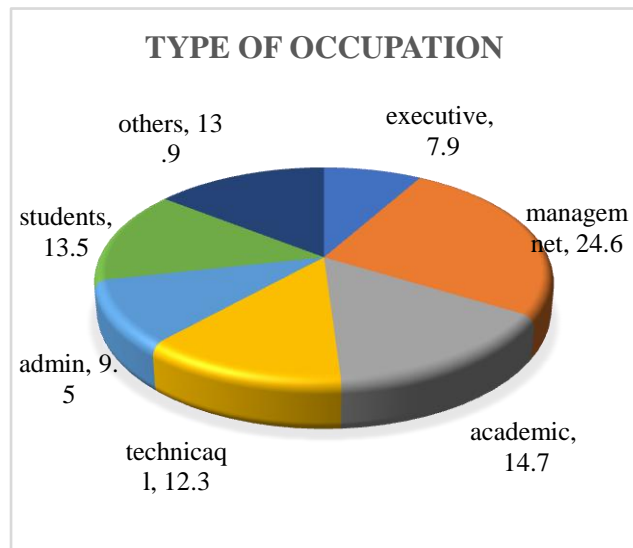


Figure (9)



Figure (10)

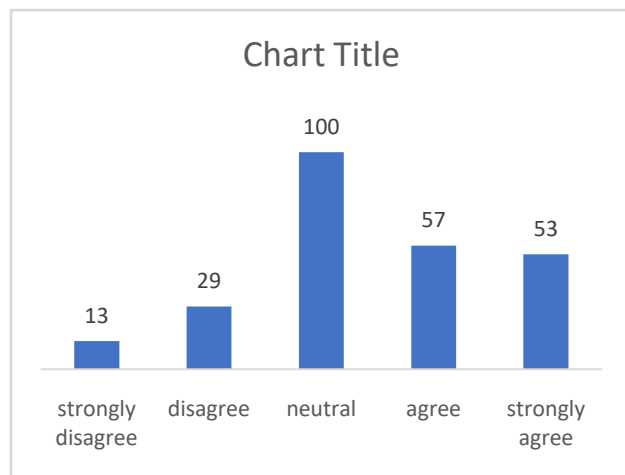


Figure (11)

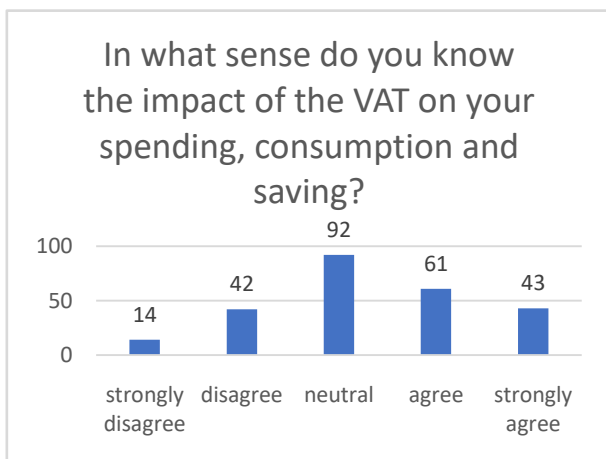


Figure (12)

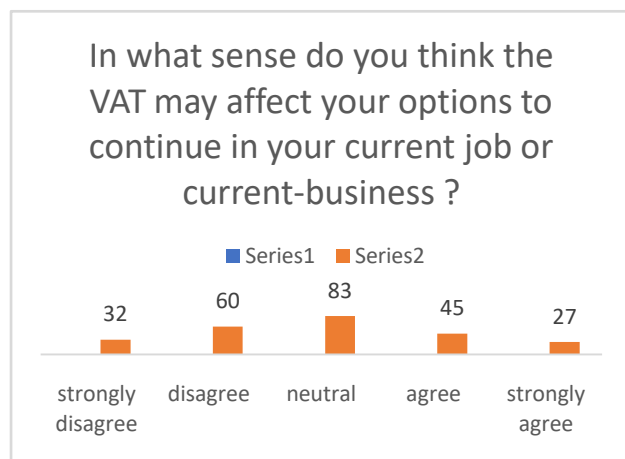


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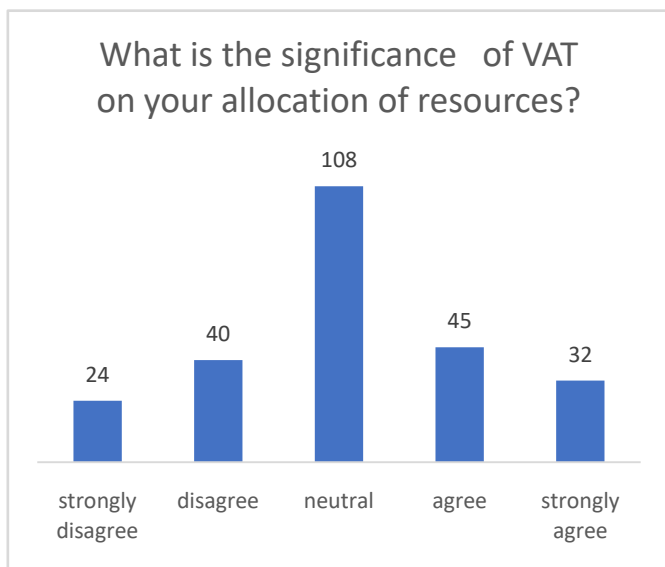


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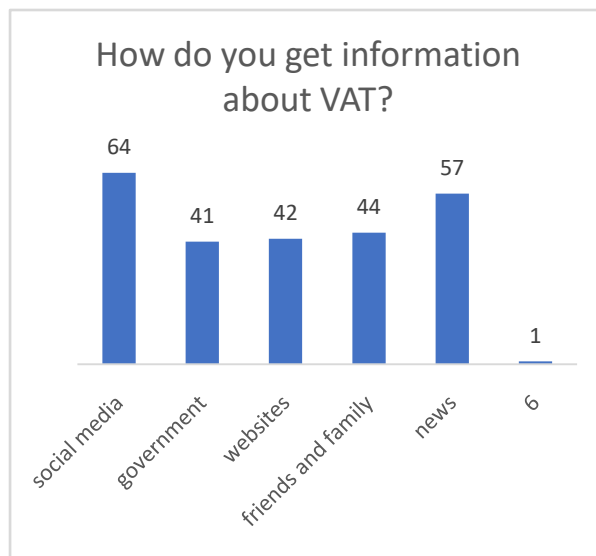


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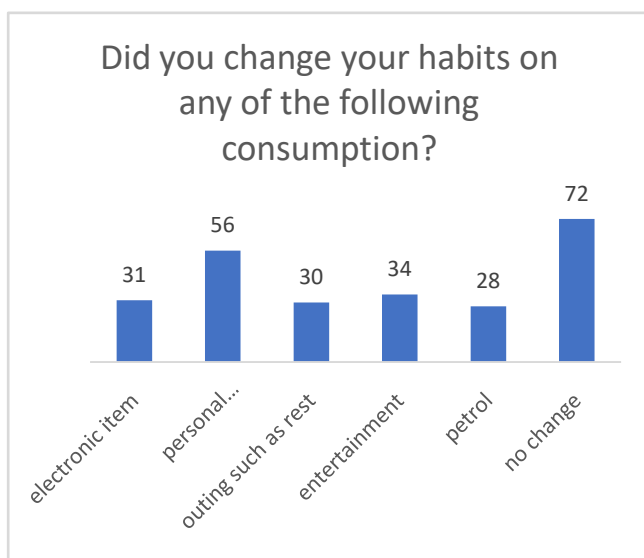


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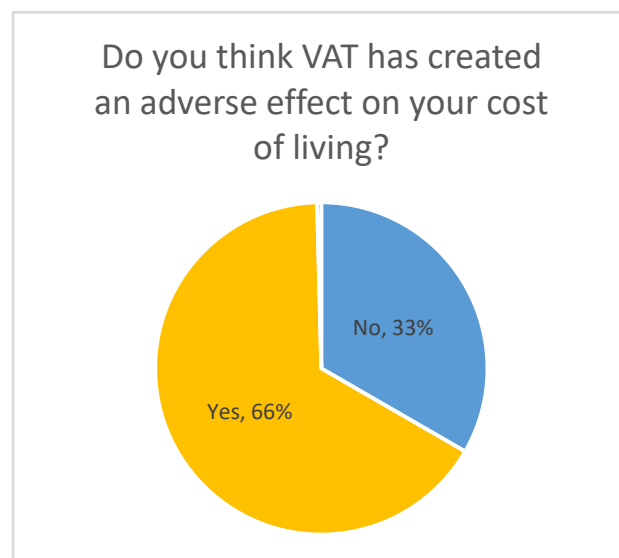


Figure (17)

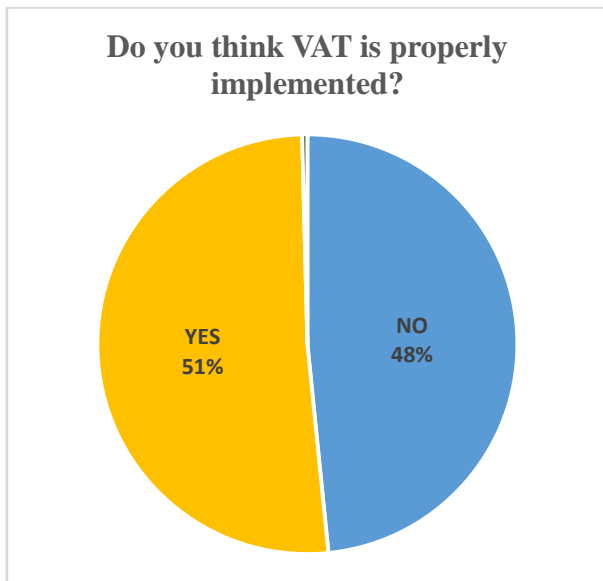


Figure (18)

